NOTICE OF BOND INSURANCE

$250,000,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2003 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:

FGIC®

Financial Guaranty Insurance Company

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

Insuring the payment when due of the principal of and interest on the $250,000,000 State of Wisconsin Transportation Revenue Bonds, 2003 Series A **(2003 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 2003 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 2003 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 November 6, 2003, for information about the 2003 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 2003 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.

GOLDMAN, SACHS & CO.

November 6, 2003

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OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2003 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.

$250,000,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2003 SERIES A

Dated: November 1, 2003 **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 2003 Series A Bonds is excludable from gross income, and is not included as an item of tax preference, for federal income tax purposes. Interest on the 2003 Series A Bonds is subject to State of Wisconsin income and franchise taxes—*Pages 11-12*.
Redemption	The 2003 Series A Bonds maturing on or after July 1, 2015 are subject to optional redemption at par on any date on or after July 1, 2014—*Page 2.*
Security/Priority	The 2003 Series A Bonds have a first claim on vehicle registration fees, which are a substantial portion of pledged Program Income, and other vehicle registration-related fees including but not limited to vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. The 2003 Series A Bonds are issued on a parity with previously issued Bonds. The 2003 Series A Bonds are not general obligations of the State—*Pages 6-8.*
Purpose	Proceeds are being used to finance certain State transportation facilities and highway projects, to fund reserves, and to pay costs of issuance—*Page 3*.
Interest Payment Dates	January 1 and July 1
First Interest Payment Date	July 1, 2004
Closing/Settlement	On or about November 25, 2003
Denominations	Multiples of $5,000
Book-Entry-Only Form	The Depository Trust Company—*Pages 4-5.*
Trustee/Registrar/Paying Agent	Bank One Trust Company, National Association, or successor thereof
Bond Counsel	Quarles & Brady 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 23, 2002.

The 2003 Series A Bonds were sold at competitive sale on November 6, 2003. The interest rates payable by the State, which are shown below, resulted from the award of the 2003 Series A Bonds.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	First Optional Call Date (July 1)	Call Price
977123 RV2	2005	$ 7,560,000	2.50%	Not Callable	-
977123 RW0	2006	7,940,000	4.00	Not Callable	-
977123 RX8	2007	8,335,000	4.00	Not Callable	-
977123 RY6	2008	8,750,000	5.00	Not Callable	-
977123 RZ3	2009	9,190,000	3.00	Not Callable	-
977123 SA7	2010	9,650,000	5.00	Not Callable	-
977123 SB5	2011	10,130,000	5.00	Not Callable	-
977123 SC3	2012	10,640,000	5.00	Not Callable	-
977123 SD1	2013	11,170,000	5.00	Not Callable	-
977123 SE9	2014	11,730,000	5.00	Not Callable	-
977123 SF6	2015	12,315,000	5.25	2014	100%
977123 SG4	2016	12,930,000	5.25	2014	100
977123 SH2	2017	13,580,000	5.25	2014	100
977123 SJ8	2018	14,255,000	5.00	2014	100
977123 SK5	2019	14,970,000	5.00	2014	100
977123 SL3	2020	15,720,000	5.00	2014	100
977123 SM1	2021	16,505,000	5.00	2014	100
977123 SN9	2022	17,330,000	5.00	2014	100
977123 SP4	2023	18,195,000	5.00	2014	100
977123 SQ2	2024	19,105,000	5.00	2014	100

Purchase Price: $264,544,850.80

November 6, 2003

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 2003 Series A Bonds. Further information on this Commitment and the Municipal Bond New Issue Insurance 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 2003 Series A Bonds. This document is not an offer or solicitation for the 2003 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 2003 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 2003 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 2003 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 2003 SERIES A BONDS

BUILDING COMMISSION MEMBERS

Voting Members	**Term of Office Expires**
Governor Jim Doyle, Chairperson	January 8, 2007
Senator Fred A. Risser, Vice-Chairperson	January 3, 2005
Senator Robert Cowles*	January 3, 2005
Senator Carol Roessler	January 3, 2005
Representative Spencer Black	January 3, 2005
Representative Jeff Fitzgerald	January 3, 2005
Representative Daniel Vrakas	January 3, 2005
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor

*On October 15, 2003, Senator Robert T. Welch replaced Senator Robert Cowles. On or about October 20, 2003, Senator Robert Cowles replaced Senator Robert T. Welch.

Nonvoting, Advisory Members

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

Ms. Peggy A. Lautenschlager State Attorney General	January 8, 2007
Mr. Marc J. Marotta, Secretary Department of Administration	At the pleasure of the Governor
Mr. Frank J. Busalacchi, 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 2003 SERIES A BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2003 Series A Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Bonds, 2003 Series A.
Principal Amount:	$250,000,000
Denominations:	Multiples of $5,000
Date of Issue:	November 1, 2003
Interest Payment:	January 1 and July 1, commencing July 1, 2004
Maturities:	July 1, 2005-2024—*See front cover.*
Record Dates:	December 15 and June 15.
Optional Redemption:	2003 Series A Bonds maturing on or after July 1, 2015 are subject to optional redemption at par on any date on or after July 1, 2014—*See page 2.*
Form:	DTC book-entry—*See pages 4-5.*
Paying Agent:	All payments of principal and interest on the 2003 Series A Bonds will be made by Bank One Trust Company, National Association, or successor thereof **(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:	2003 Series A Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	2003 Series A Bond proceeds are being used to finance certain State transportation facilities and highway projects, to fund reserves, and to pay costs of issuance.
Security:	2003 Series A Bonds are first claim revenue obligations payable solely from vehicle registration fees, other vehicle registration-related fees (including but not limited to vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance fees), and any other pledged Program Income. 2003 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 expected to be funded in an amount equal to the maximum annual interest due on the Outstanding Bonds, which by definition includes the 2003 Series A Bonds—*See pages 6-8.*
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 2003 Series A Bonds. Further information on this Commitment and the Municipal Bond New Issue Insurance Policy can be obtained from the Underwriters and FGIC.
Prior Bonds and Notes:	As of October 15, 2003, there were $1,066,250,000 outstanding Prior Bonds on parity with the 2003 Series A Bonds and $125,828,000 outstanding Notes subordinate to the Outstanding Bonds.
Additional Bonds:	The State may issue additional transportation revenue obligations. Additional Bonds may be issued on parity with the Prior Bonds and the 2003 Series A Bonds upon meeting certain conditions—*See Page 9*.
Legality of Investment:	State law provides that the 2003 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 on the 2003 Series A Bonds is excludable from gross income and not an item of tax preference for federal income tax purposes—*See pages 11-12*. Interest on the 2003 Series A Bonds is subject to State of Wisconsin income and franchise taxes—*See page 12.*
Legal Opinion:	Validity and tax opinion to be provided Quarles & Brady LLP—*See page C-1*.

OFFICIAL STATEMENT

$250,000,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE BONDS, 2003 SERIES A

INTRODUCTION

This Official Statement sets forth information concerning the $250,000,000 State of Wisconsin Transportation Revenue Bonds, 2003 Series A (**2003 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 23, 2002 **(2002 Annual Report)**.

The 2003 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 amended and supplemented by resolutions adopted by the Commission on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and a Series Resolution adopted by the Commission on October 15, 2003 (**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 transportation revenue 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 2003 Series A Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2003 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 2003 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 the Resolution.

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. The Department is also the State agency responsible for the collection of the vehicle registration fees and other vehicle registration-related fees, which are pledged as security for the Bonds and Notes, which are subordinate to the Bonds.

Information concerning the Department is included as APPENDIX A to this Official Statement, which includes by reference Part V of the 2002 Annual Report.

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 B, which includes by reference Part II of the 2002 Annual Report. This APPENDIX B includes updated information on the State's 2002-03 fiscal year and the 2003-05 biennial budget.

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 2003 SERIES A BONDS

General

The 2003 Series A Bonds are the eighteenth Series of Bonds to be issued under the General Resolution. The cover of this Official Statement sets forth the maturity dates, amounts, and interest rates for the 2003 Series A Bonds. The Legislature has authorized the issuance of $2.096 billion of revenue bonds for this purpose, excluding revenue bonds issued to refund Outstanding Bonds. To date $1.612 billion of such bonds and notes (not including refunding bonds) have been issued.

The 2003 Series A Bonds will be dated November 1, 2003 and will bear interest from that date payable on January 1 and July 1 of each year, beginning on July 1, 2004. Interest on the 2003 Series A Bonds will be computed on the basis of a 30-day month and a 360-day year.

The 2003 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 2003 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, or successor thereof, is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2003 Series A Bonds. On July 24, 2003, Bank One Corporation, the parent corporation of the Trustee, and J.P. Morgan Chase & Co. announced that the companies had reached an agreement for J.P. Morgan Chase & Co. to purchase the Trustee's corporate trust business. The transaction is expected to close prior to the end of calendar year 2003.

Optional Redemption

The 2003 Series A Bonds maturing on or after July 1, 2015 shall be subject to optional redemption, at the option of the Commission, on July 1, 2014 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 2003 Series A Bonds to be redeemed.

Selection of 2003 Series A Bonds

The 2003 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 2003 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 2003 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 2003 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 2003 Series A Bonds are in book-entry form, a notice of the redemption of any of said 2003 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 2003 Series A Bonds are outstanding in certificated form, a notice of the redemption of any of said 2003 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 2003 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 2003 Series A Bonds. Interest on any 2003 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 2003 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 2003 Series A Bonds and the Outstanding Bonds.

Sources and Applications of Funds

It is expected that the proceeds of the 2003 Series A Bonds, other than accrued interest, shall be applied as follows. Investment earnings on unspent 2003 Series A Bond proceeds deposited into the Program Account are not included with the amounts below but will be applied to cost of the certain State transportation facilities and highway projects **(Projects)**.

Sources	
Principal Amount of the 2003 Series A Bonds	$250,000,000.00
Net Original Issue Premium	15,865,332.05
Total Sources	$265,865,332.05
Applications	
Deposit to the Program Account to pay	
Costs of Projects	$240,737,000.00
Costs of Issuance	170,000.00
Deposit to the Principal and Interest Account	14,544,850.80
Deposit to Reserve Fund	9,093,000.00
Underwriters Discount	1,320,481.25
Total Applications	$265,865,332.05

Book-Entry Form

DTC will act as securities depository for the 2003 Series A Bonds. The Trustee will register all 2003 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 2003 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2003 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 2003 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 2003 Series A Bonds, except in the event that use of the book-entry system for the 2003 Series A Bonds is discontinued.

To make the system work more smoothly, all 2003 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 2003 Series A Bonds are; its records show only the identity of the Direct Participants to whose accounts the 2003 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 2003 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 2003 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 2003 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 2003 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 2003 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 2003 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 2003 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 2003 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 2003 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 2003 Series A Bond is surrendered for transfer, the Registrar shall deliver 2003 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 2003 Series A Bond. The Registrar shall not be obliged to make any transfer or exchange of 2003 Series A Bonds:

(1) after the fifteenth day of the month preceding an Interest Payment Date on the 2003 Series A Bond,

(2) fifteen calendar days preceding the date of the mailing of a notice of redemption of 2003 Series A Bonds selected for redemption, or

(3) after such 2003 Series A Bond has been called for redemption.

SECURITY FOR THE 2003 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 A, which includes by reference Part V of the 2002 Annual Report. Appendix A also includes audited financial statements for the Program for the fiscal year ending June 30, 2003.

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
Transportation Revenue Bonds, 2002 Series A **(2002 Series A Bonds)**	October 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 matured or 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, 2002 Series A Bonds (collectively, **Prior Bonds**) and the 2003 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 2003 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 October 15, 2003, the amount of outstanding Prior Bonds is $1,066,250,000. As of October 15, 2003, there remains outstanding $125,828,000 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 2003 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

Security

The 2003 Series A Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2003 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.

Increase and Expansion of Program Income

Prior to the State's 2003-05 biennial budget bill (2003 Wisconsin Act 33), Program Income included only vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes. Provisions of 2003 Wisconsin Act 33 provided (1) a $10 increase to the vehicle registration fees for automobiles, and (2) additional vehicle registration-related fees that can be pledged as Program Income. The supplement to the General Resolution approved by the Commission on October 15, 2003 amended the definition of Program Income in the General Resolution to include the additional vehicle registration-related fees. The additional vehicle registration-related fees include, but are not limited to; vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. As a result of the increase in vehicle registration fees for automobiles and the pledge of additional vehicle registration-related fees, the amount of Program Income is expected to increase by approximately $85 million for the 2004-05 fiscal year. APPENDIX A includes further information on and projections of all Program Income.

Flow of Funds; Other

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 2003 Series A Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund and each 2003 Series A Bond shall contain on its face a statement to that effect. The State is not generally liable on the 2003 Series A Bonds, and the 2003 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 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 2003 Series A Bonds shall be $9,093,000. The Debt Service Reserve Requirement for the 2003 Series A Bonds will be funded with proceeds from the 2003 Series A Bonds.

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 subtracts any accrued interest or other amounts 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.

On May 27, 1993, and 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, the 2001 Bonds, and the 2002 Series A Bonds, the Surety Bond was exchanged for a larger Surety Bond that funded the Debt Service Reserve Requirement for all the then-Outstanding Bonds. The Surety Bond is currently in the amount of $51,258,600 and is noncancelable until it expires on the earlier of July 1, 2023 or when all Bonds are paid-in-full. See APPENDIX A for information on Ambac Assurance.

The Surety Bond is an asset of the Reserve Fund. The sum of Surety Bond amount and Reserve Fund deposit equals the maximum annual interest due (fiscal year basis) on the Outstanding Bonds.

Additional Bonds

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects, funding reserves, paying costs of issuance, and refunding 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 A, which includes by reference Part V of the 2002 Annual Report.

BORROWING PROGRAM

The sale of the 2003 Series A Bonds is the first issuance of transportation revenue bonds in calendar year 2003.

The Commission has 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 2003 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

The Commission has also authorized the issuance of not to exceed $250 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any refunding bonds depend on market conditions. If the refunding Bonds are issued, they will be on parity with the Prior Bonds, the 2003 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

UNDERWRITING

The 2003 Series A Bonds were purchased at competitive bidding on November 6, 2003 by the following account (**Underwriters**). Goldman, Sachs & Co., book-running manager; UBS Financial Services Inc.; Citigroup Global Markets Inc.; and U.S. Bancorp Piper Jaffray, managers; William Blair & Company, L.L.C.; Raymond James & Associates; Commerce Capital Markets, Inc.; Hutchinson, Shockey, Erley & Co.; Edward D. Jones & Co.; Kirlin Securities, Inc.; Morgan Keegan & Co., Inc.; NBC Capital Markets Group, Inc. (subsidiary of National Bank of Commerce); Stephens Inc.; Stone & Youngberg LLC; in association with RBC Dain Rauscher Inc. and CIBC World Markets, managers; Advest, Inc.; Davenport & Co. L.L.C.; Stifel, Nicolaus & Co. Inc. Hanifen Imhoff Division; Howe Barnes Investments, Inc.; Northern Trust Securities, Inc.; Ryan, Beck & Co.; and Wachovia Bank, National Association

The Underwriters paid $264,544,850.80, resulting in a true interest cost rate to the State of 4.341933%.

CUSIP NUMBERS, REOFFERING YIELDS AND PRICES

The tables appearing below and on the cover include information about the 2003 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.

$250,000,000
State of Wisconsin
Transportation Revenue Bonds, 2003 Series A

Dated Date: November 1, 2003
First Interest Date: July 1, 2004
Closing/Settlement Date: November 25, 2003

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (July 1)	Call Price
977123 RV2	2005	$ 7,560,000	2.50%	1.319%	101.863%	Not Callable	-
977123 RW0	2006	7,940,000	4.00	1.710	105.798	Not Callable	-
977123 RX8	2007	8,335,000	4.00	2.080	106.624	Not Callable	-
977123 RY6	2008	8,750,000	5.00	2.460	110.981	Not Callable	-
977123 RZ3	2009	9,190,000	3.00	2.760	101.235	Not Callable	-
977123 SA7	2010	9,650,000	5.00	3.060	111.511	Not Callable	-
977123 SB5	2011	10,130,000	5.00	3.370	110.845	Not Callable	-
977123 SC3	2012	10,640,000	5.00	3.620	110.116	Not Callable	-
977123 SD1	2013	11,170,000	5.00	3.750	109.996	Not Callable	-
977123 SE9	2014	11,730,000	5.00	3.870	109.745	Not Callable	-
977123 SF6	2015	12,315,000	5.25	3.960	111.074 [a]	2014	100%
977123 SG4	2016	12,930,000	5.25	4.040	110.345 [a]	2014	100
977123 SH2	2017	13,580,000	5.25	4.100	109.802 [a]	2014	100
977123 SJ8	2018	14,255,000	5.00	4.300	105.904 [a]	2014	100
977123 SK5	2019	14,970,000	5.00	4.400	105.035 [a]	2014	100
977123 SL3	2020	15,720,000	5.00	4.490	104.259 [a]	2014	100
977123 SM1	2021	16,505,000	5.00	4.570	103.576 [a]	2014	100
977123 SN9	2022	17,330,000	5.00	4.650	102.898 [a]	2014	100
977123 SP4	2023	18,195,000	5.00	4.730	102.225 [a]	2014	100
977123 SQ2	2024	19,105,000	5.00	4.810	101.558 [a]	2014	100

[a] These bonds are priced to the July 1, 2014 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 2003 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 2003 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 2003 Series A Bonds. There is no litigation of any nature now pending or, threatened in writing, to the knowledge of the State, restraining or enjoining the issuance, sale, execution or delivery of the 2003 Series A Bonds, or in any way contesting or affecting the validity of the 2003 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 2003 Series A Bonds, the existence of the Department or its power to charge and collect vehicle registration fees and other vehicle registration-related fees and pledge them for the payment of the 2003 Series A Bonds.

LEGALITY

All legal matters incident to the authorization, issuance and delivery of the 2003 Series A Bonds are subject to the opinion of Quarles & Brady 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 2003 Series A Bonds to determine the regularity and validity of such proceedings. In the event certificated 2003 Series A Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2003 Series A Bond.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2003 Series A Bonds under existing law substantially in the form set forth in APPENDIX C.

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 2003 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 2003 Series A Bonds.

In the opinion of Bond Counsel, the 2003 Series A Bonds are not “private activity bonds” under Section 141(a) of the Code.

The initial offering prices of certain of the 2003 Series A Bonds (**Premium Bonds**) are more than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with original issue premium on such 2003 Series A Bonds.

Any Premium Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

Prospective purchasers of the 2003 Series A Bonds should be aware that ownership of the 2003 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2003 Series A Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2003 Series A Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the 2003 Series A Bonds. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the 2003 Series A Bonds) issued prior to enactment.

State Taxes

The interest on the 2003 Series A Bonds is not exempt from present Wisconsin income or franchise taxes. Prospective purchasers should consult their tax advisors with respect to the state and local tax consequences of owning a 2003 Series A Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2003 Series A Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Report)**. By about 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 2002 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: November 6, 2003

STATE OF WISCONSIN

By: /S/ JIM DOYLE
Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

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

By: /S/ FRANK J. BUSALACCHI
Frank J. Busalacchi, Secretary
State of Wisconsin Department of Transportation

APPENDIX A

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 23, 2002 (**2002 Annual Report**) is included by reference as part of this APPENDIX A.

This appendix also includes information on the following:

- Information on additional vehicle registration-related fees that have been added to the definition of Program Income and pledged for the payment of the Bonds.
- Audited financial statements for the Transportation Revenue Bond Program for the fiscal year ending June 30, 2003.

Part V to the 2002 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.

The 2002 Annual Report has been filed with each nationally recognized municipal securities information repository **(NRMSIR)**. As of the date of this Official Statement, Part V of the 2002 Annual Report is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.state.wi.us/capitalfinance

Copies of the 2002 Annual Report 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

After publication and filing of the 2002 Annual Report, certain changes or events have occurred that affect items discussed in the 2002 Annual Report. Listed below, by reference to particular sections of the 2002 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; Sources of Payment (Pages 142-143). Update with the following:

Provisions of the State's 2003-05 biennial budget bill (2003 Wisconsin Ac 33) provided (1) a $10 increase to the vehicle registration fees for automobiles, as authorized under Section 341.25 of the Wisconsin Statues, and (2) additional vehicle registration-related fees that can be pledged as Program Income. The supplement to the General Resolution approved by the Commission on October 15, 2003 amended the definition of Program Income in the General Resolution to include the additional vehicle registration-related fees. The additional vehicle registration-related fees include, but are not limited to; vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. The following table provides further information on the amount of (1) vehicle registration fees and the specific additional vehicle registration-related fees listed above, and (2) the amount of all Program Income collected during the past six years and projected for the upcoming ten years.

FY	**Actual and Projected Vehicle Registration Fees (Section 341.25)**	**Projected Vehicle Registration Fees Resulting from $10 Increase[(1)]**	**Title Transaction Fees [(1)]**	**Counter Service Fees and Personalized License Plates**	**Subtotal**	**Other Miscellaneous Vehicle Registration-Related Fees**	**Total Program Income**
1998	$ 280,645,781		$ 16,206,906	$ 9,196,061	$ 306,048,748	$ 13,526,542	$ 319,575,290
1999	294,460,170		24,315,238	9,847,987	328,623,395	13,204,194	341,827,589
2000	310,850,969		24,977,188	10,227,975	346,056,132	17,222,306	363,278,438
2001	314,396,189		24,115,343	10,006,286	348,517,818	14,520,814	363,038,632
2002	323,762,318		24,904,447	10,383,485	359,050,250	17,791,440	376,841,690
2003	320,295,950		25,088,025	10,315,603	355,699,578	16,729,500	372,429,078
2004	349,981,400	$ 25,587,200	31,500,000	11,036,800	418,105,400	16,814,700	434,920,100
2005	355,835,000	34,924,500	39,000,000	11,379,600	441,139,100	16,902,600	458,041,700
2006	372,485,700	35,745,400	39,000,000	11,733,600	458,964,700	16,993,300	475,958,000
2007	377,005,500	36,588,100	39,000,000	12,099,300	464,692,900	17,086,800	481,779,700
2008	394,754,800	37,432,300	39,000,000	12,475,689	483,662,789	17,178,488	500,841,277
2009	400,087,000	38,326,800	39,000,000	12,863,786	490,277,586	17,270,669	507,548,255
2010	418,314,400	39,255,600	39,000,000	13,263,957	509,833,957	17,363,344	527,197,301
2011	424,345,800	40,208,100	39,000,000	13,676,576	517,230,476	17,456,516	534,686,992
2012	443,364,100	41,192,700	39,000,000	14,102,031	537,658,831	17,550,189	555,209,019
2013	450,142,100	42,212,900	39,000,000	14,540,721	545,895,721	17,644,364	563,540,085

(1) Reflects effective date of October 1, 2003 for $10 increase in vehicle registration fees for automobiles and $10 increase in title transaction fees.
Source: Wisconsin Department of Transportation.

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 2003 Series A Bonds and based on the Department's estimated vehicle registration fees, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees for 2004-2013. There can be no assurance that the estimated vehicle registration and vehicle registration-related fees will be realized in the amounts shown.

Estimated Debt Service on the 2003 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[a][b]	Estimated Revenue (Millions) [c]	Estimated Coverage Ratio[d]
2004			8,041,008	8,041,008	106,402,724	54,035,773	118,204,554	418.10	3.54
2005	7,560,000	2.500%	12,061,513	19,621,513	112,018,485	56,012,054	136,142,197	441.10	3.24
2006	7,940,000	4.000%	11,872,513	19,812,513	111,823,838	60,351,350	143,471,268	459.00	3.20
2007	8,335,000	4.000%	11,554,913	19,889,913	111,522,688	57,032,600	143,277,330	464.70	3.24
2008	8,750,000	5.000%	11,221,513	19,971,513	106,235,820	53,577,333	138,110,963	483.70	3.50
2009	9,190,000	3.000%	10,784,013	19,974,013	101,251,105	49,950,118	133,170,548	490.30	3.68
2010	9,650,000	5.000%	10,508,313	20,158,313	89,471,070	46,554,383	121,623,563	509.80	4.19
2011	10,130,000	5.000%	10,025,813	20,155,813	89,506,421	43,282,234	121,720,926	517.20	4.25
2012	10,640,000	5.000%	9,519,313	20,159,313	87,196,784	39,831,096	119,483,401	537.70	4.50
2013	11,170,000	5.000%	8,987,313	20,157,313	87,337,014	36,344,326	119,703,156	545.90	4.56
2014	11,730,000	5.000%	8,428,813	20,158,813	87,008,536	32,572,349	119,463,954		
2015	12,315,000	5.250%	7,842,313	20,157,313	79,021,186	28,588,499	111,577,704		
2016	12,930,000	5.250%	7,195,775	20,125,775	70,665,105	24,820,880	103,295,610		
2017	13,580,000	5.250%	6,516,950	20,096,950	61,317,530	21,324,480	94,041,235		
2018	14,255,000	5.000%	5,804,000	20,059,000	61,372,630	18,176,630	90,652,773		
2019	14,970,000	5.000%	5,091,250	20,061,250	61,513,763	14,995,013	81,575,013		
2020	15,720,000	5.000%	4,342,750	20,062,750	53,324,784	11,627,534	73,387,534		
2021	16,505,000	5.000%	3,556,750	20,061,750	53,331,949	8,433,699	73,393,699		
2022	17,330,000	5.000%	2,731,500	20,061,500	37,043,428	5,144,928	57,104,928		
2023	18,195,000	5.000%	1,865,000	20,060,000	16,011,038	2,591,038	36,071,038		
2024	19,105,000	5.000%	955,250	20,060,250	0	955,250	20,060,250		
	250,000,000		158,906,571	408,906,571	1,679,691,477		2,243,577,427		

(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 2003 Series A Bonds in the year ending July 1, 2004 and a portion of the interest due on the 2003 Series A Bonds in the year ending July 1, 2005.

(b) Includes debt service for assumed $126 million bond issue that could be issued to fund currently outstanding transportation revenue commercial paper notes.

(c) Excludes interest earnings, but includes certain vehicle registration-related fees that the State added to pledged revenues, or "Program Income", effective October 15, 2003.

(d) Assumes that no additional bonds will be issued and continuation of current registration and registration-reated fees. Estimates of revenue and coverage beyond 2013 are not shown.

Registration Fees (Page 147). Add the following new section:

Vehicle Registration-Related Fees

Provisions of the 2003 Wisconsin Act 33 provided (1) a $10 increase to the vehicle registration fees for automobiles, and (2) additional vehicle registration-related fees that can be pledged as Program Income. The supplement to the General Resolution approved by the Commission on October 15, 2003 amended the definition of Program Income in the General Resolution to include additional vehicle registration-related fees. These additional vehicle registration-related fees include, but are not limited to; vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. Similar to certain vehicle registration fees collected pursuant to Section 341.25 of the Wisconsin Statutes, all additional vehicle registration-related fees that have been pledged are collected by the Trustee, or the Department as agent of the Trustee, and deposited outside the State Treasury in the Redemption Fund that is held by the Trustee.

Vehicle Title Transaction Fees

Wisconsin Statutes require all motor vehicles and trailers exceeding 3,000 pounds to be titled. Titling occurs prior to vehicle registration and the resulting Certificate of Title is evidence of vehicle ownership. The Department issues a title when ownership of the vehicle has been confirmed. This occurs when a vehicle is purchased from a dealer, or when vehicles are transferred between individuals in a non-dealer sale. Titling occurs only when vehicle ownership changes and is not an annual reoccurring fee.

The Certificate of Title document is issued on secured paper stock and contains the following information: name and address of owner, description of vehicle (make, year, color, vehicle type, vehicle identification number), name of the secured party or lien holder, odometer reading information, license plate number assigned to the vehicle, and other required information.

The title fees are enumerated in Section 342.14 of the Wisconsin Statutes. Effective October 1, 2003, the State title fee was increased from $25 to $35 and is comprised of three components; $18.50 title fee, $7.50 supplemental title fee, and $9 environmental impact fee. The $35 title fee is paid by the owner when filing an application for first certificate of title, and by the buyer when filing an application for certificate of title after transfer of ownership of the vehicle. The titling fees are paid to the Department at the same time the vehicle is registered. Replacement title fee is $8 and replacement titles are issued for lost, stolen or mutilated titles.

Only the $18.50 title fee and the $7.50 supplemental title fee are included in the definition of Program Income. The environmental impact fee is collected for the Department of Natural Resources (**DNR**) and funds collected are transferred to DNR each month. The environmental impact fee is scheduled to sunset on December 31, 2005.

From fiscal year 1999 to 2002, the Department issued approximately 1.5 million titles each year, whereby a title fee was collected. In fiscal year 2003, the Department issued 1.518 million titles.

Registration and Title Counter Service Fees

Customers have the option of processing their vehicle titling and registration transactions by mail or in person at a Division of Motor Vehicle Customer Service Center **(CSC)**. If the transaction is processed at the CSC, the customer is charged an additional fee for that service. The additional fee is intended to recover some of the cost of providing that face-to-face service. Before the customer receives the various products, the counter fee, and titling and/or vehicle registration fees are collected.

The counter fee is enumerated in Section 341.255 of the Wisconsin Statutes. For transactions that renew a vehicle registration, the counter fee is $3, however a $5 counter fee is charged for transactions relating to the issuance of a certificate of title, issuance of temporary license plates, issuance of temporary or permanent parking permits for disabled persons, transactions involving both titling and registration for the same vehicle, or transactions relating to only vehicle registration (but not renewals).

The average volume of registration renewals for calendar years 1999 to 2001 was 483,500 transactions at the CSC. The calendar year 2002 volume at the CSC for renewals was 462,300. The average volume of titling, temporary plates, hang tags, registrations for calendar years 1999 to 2001 was 754,200 transactions at the CSC. The calendar year 2002 volume at the CSC for titling, temporary plates, hang tags and registrations was 783,800.

Personalized License Plate Fees

Personalized license plates are license plates whereby the registration number is composed of a maximum set of numbers or letters or both specifically requested by the customer. The personalized license plate is only available for certain vehicle types: automobiles, motorcycles, motor homes, motor trucks with a gross weight of no more than 8,000 pounds, and farm trucks with a gross weight of no more than 12,000 pounds.

During the initial vehicle registration process or any time a registrant desires to change a license plate message, an applicant must complete and return to the Department a special application form specifying the desired personalized message and provide two alternate messages. Subject to approval by the Department, the customized license plate is then manufactured and sent to the customer.

The personalized license plate fee is enumerated in Section 341.145 of the Wisconsin Statutes. The $15 annual fee must be submitted with the application and is also due annually at the time of vehicle registration renewals. This fee is in addition to the regular registration fees. For motorcycles and farm trucks that receive biennial license plates, the personalized license plate fee is also $15 a year, due with the initial application. The fee to maintain a personalized plate issued on a biennial basis is $30, payable during registration renewal and is in addition to the regular biennial registration fee.

Annually, the Department processes nearly 33,000 new requests for personalized license plates, based on an average of the actual transactions process during 1999 to 2002. The average number of personalized license plates displayed on authorized vehicles during fiscal years 1999 to 2002 was 283,500. At the end of fiscal year 2003, the State had 281,800 authorized personalized license plates.

Table V-4; Current Section 341.25 Registration Fees (Page 148). Update the table with the following:

Current Section 341.25 Registration Fees

Vehicle	Annual Fee
Automobile	$55*
Trucks	Weight-based fee ranging from $48.50 to $1,969.50.
Bus	Fee equal to the fee for a truck of the same weight.
Trailer 12,000 lbs. and under	Fee equal to one-half of the fee for a truck of the same weight.
Trailer over 12,000 lbs.	Fee equal to the fee for a truck of the same weight.
Motor Homes	Weight-based fee ranging from $48.50 to $119.50.
Mobile Homes and Camping Trailers	$15
Motorcycle/Moped	$23 biennial fee.

* Increased from $45 to $55 effective October 1, 2003.

Source: Wisconsin Department of Transportation

Table V-5; Motor Vehicle Registrations (Page 148). Update the table with the following:

Motor Vehicle Registrations
1994 to 2003
(Millions of Vehicles)

Fiscal Year (June 30)	Automobiles	Trucks [a]	Other Vehicles [a]	Total	% Change
1994	2.43	1.31	.41	4.15	—
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
2003	2.40	2.10	.59	5.09	2.83

[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 149). Replace the table with the following:

Section 341.25 Registration Fee Revenues
1994 to 2003
(Amounts in Millions)

Fiscal Year (June 30)	Non-IRP Fees	Pledged IRP Fees	Total	% Change
1994	$198.5	$37.1	$235.6	—
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
2003	267.3	53.0	320.3	(1.1)

Source: Wisconsin Department of Transportation

The total amount of Section 341.25 registration fee revenues for fiscal year 2003 is generated from three broad categories of vehicles.

(1) 49.1% of total revenues generated from registration of passenger vehicles (automobiles, mini-van, conversion vans, and sport-utility vehicles).

(2) 17.3% of total revenues generated from registration of small trucks (8,000 pounds or less gross weight).

(3) 33.6% 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 151). Replace the table with the following:

Projected Section 341.25 Registration Fee Revenues
2004 to 2013

Fiscal Year	Revenues[(a)] (Amounts in Millions)	% Change
2004	$375.6	—
2005	390.8	4.0%
2006	408.2	4.5
2007	413.6	1.3
2008	432.2	4.5
2009	438.4	1.4
2010	457.6	4.4
2011	464.6	1.5
2012	484.6	4.3
2013	492.4	1.6

[(a)] Includes both International Registration Plan (IRP) and non-IRP Section 341.25 revenues. Reflects $10 increase in automobile registration fees effective October 1, 2003.

Source: Wisconsin Department of Transportation

Appendix A; Audited Financial Statements (Page 176). Update with the following financial statements for the fiscal year ended June 30, 2003:

The following are audited financial statements for the year ended June 30, 2003, and include (1) for the Transportation Revenue Bond Program, the Report of Independent Public Accountants, dated September 16, 2003 (except for Note #9 as to which the date is October 15, 2003), together with unaudited supplementary information pertaining to the Program Revenues, and (2) for the Transportation Revenue Commercial Paper Program, the Report of Independent Public Accountants, dated September 16, 2003 (except for Note #7 as to which the date is October 15, 2003), together with unaudited supplementary information pertaining to the Program Revenues.

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM
1991 SERIES A, 1992 SERIES A, 1992 SERIES B, 1993 SERIES A, 1994 SERIES A, 1995 SERIES A, 1996 SERIES A, 1998 SERIES A, 1998 SERIES B, 2000 SERIES A, 2001 SERIES A, 2002 SERIES 1, 2002 SERIES 2 AND 2002 SERIES A

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002, SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2003 AND INDEPENDENT AUDITORS' REPORT

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of cash receipts and disbursements of the 1991 Series A, 1992 Series A, 1992 Series B, 1993 Series A, 1994 Series A, 1995 Series A, 1996 Series A, 1998 Series A, 1998 Series B, 2000 Series A, 2001 Series A, 2002 Series 1, 2002 Series 2 and 2002 Series A bonds of the Wisconsin Department of Transportation Revenue Bond Program (the "Program") for the years ended June 30, 2003 and 2002. These statements are the responsibility of the Program's directors. Our responsibility is to express an opinion on these statements based on our audits.

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

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

In our opinion, the 2003 and 2002 financial statements presents fairly, in all material respects, the cash receipts and disbursements of the 1991 Series A, 1992 Series A, 1992 Series B, 1993 Series A, 1994 Series A, 1995 Series A, 1996 Series A, 1998 Series A, 1998 Series B, 2000 Series A, 2001 Series A, 2002 Series 1, 2002 Series 2 and 2002 Series A bonds of the Wisconsin Department of Transportation Revenue Bond Program for the years ended June 30, 2003, 2002, on the basis of accounting described in Note 2.

Our audits were made for the purpose of forming an opinion on the statements of cash receipts and disbursements taken as a whole. The supplemental information required by the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution on pages 10 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental information is the responsibility of the Program's directors. This information has been subjected to the auditing procedures applied in our audit of the 2003 statement of cash receipts and disbursements and, in our opinion, is fairly stated in all material respects in relation to the 2003 statement of cash receipts and disbursements taken as a whole.

Deloitte & Touche LLP

September 16, 2003, except for Note 9,
as to which the date is October 15, 2003

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
CASH AND INVESTMENTS, BEGINNING OF YEAR	$ 91,233,912	$ 66,416,659
RECEIPTS:		
Motor vehicle registration fees retained by Trustee	93,972,180	81,112,328
Investment income	1,982,105	2,326,644
Revenue bond proceeds - par value	200,000,000	140,000,000
Revenue bond proceeds - accrued interest and original issuance premium, net of underwriter's discount	12,110,251	5,968,034
Revenue refunding bond proceeds - par value	-	310,795,000
Revenue refunding bond proceeds - accrued interest and original issuance premium, net of underwriter's discount	-	15,476,067
Total receipts	308,064,536	555,678,073
DISBURSEMENTS:		
Debt service - principal	38,115,000	36,560,000
Debt service - interest	52,737,965	46,453,884
Highway program expenditures	146,215,924	121,878,543
Program expenses	71,264	104,913
Advance to commercial paper program	318,125	383,993
Bond issue costs	250,809	1,252,649
Defeasance of debt - purchase of securities for escrow account	-	324,226,838
Total disbursements	237,709,087	530,860,820
CASH AND INVESTMENTS, END OF YEAR	$ 161,589,361	$ 91,233,912
Cash and investments reserved for debt service	$ 82,661,737	$ 66,795,672
Cash and investments reserved for program expenses	170,914	211,972
Cash and investments reserved for highway expenditures	78,756,710	24,226,268
	$ 161,589,361	$ 91,233,912

See notes to statements of cash receipts and disbursements.

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

1. NATURE OF PROGRAM

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Receipts and Disbursements:

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

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

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

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

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

Program Expenses - Program expenses are recorded when paid.

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

3. REVENUE BONDS

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

A summary of these revenue obligations outstanding as of June 30, 2003 and 2002 is as follows:

	2003	2002
Transportation Revenue Bonds, 1992 Series A and B, varying fixed interest rates from 5.1% to 5.2%, interest payable semiannually, annual principal payments of variable amounts through 2002	$ -	$ 15,800,000
Transportation Revenue Bonds, 1993 Series A, varying fixed interest rates from 4.2% to 5.0%, interest payable semiannually, annual principal payments of variable amounts through 2012	88,055,000	88,720,000
Transportation Revenue Bonds, 1994 Series A, varying fixed interest rates from 5.0% to 7.5%, interest payable semiannually, annual principal payments of variable amounts through 2005	13,735,000	17,860,000
Transportation Revenue Bonds, 1995 Series A, varying fixed interest rates from 4.45% to 6.25%, interest payable semiannually, annual principal payments of variable amounts through 2007	24,095,000	28,230,000
Transportation Revenue Bonds, 1996 Series A, varying fixed interest rates from 5.0% to 6.0%, interest payable semiannually, annual principal payments of variable amounts through 2008	31,115,000	35,475,000

	2003	2002
Transportation Revenue Refunding Bonds, 1998 Series A and B, varying fixed interest rates from 4.0% to 5.5%, interest payable semiannually, annual principal payments of variable amounts through 2019	$ 212,225,000	$ 221,255,000
Transportation Revenue Bonds, 2000 Series A, varying fixed interest rates from 5.3% to 5.5%, interest payable semiannually, annual principal payments of variable amounts from 2012 through 2021	93,100,000	93,100,000
Transportation Revenue Bonds, 2001 Series A, varying fixed interest rates from 3.0% to 5.0%, interest payable semiannually, annual principal payments of variable amounts through 2022	140,000,000	140,000,000
Transportation Revenue Refunding Bonds, 2002 Series 1 and 2, varying fixed interest rates from 3.0% to 5.75%, interest payable semiannually, annual principal payments of variable amounts through 2022	310,795,000	310,795,000
Transportation Revenue Refunding Bonds, 2002 Series A, varying fixed interest rates from 3.0% to 5.0%, interest paid semiannually, annual principal payments of variable amounts through 2023	200,000,000	-
	1,113,120,000	951,235,000
Less: current maturities	46,870,000	38,115,000
	$ 1,066,250,000	$ 913,120,000

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

Future maturities of bonds payable as of June 30, 2003 are as follows:

Year Ending June 30,	
2004	$ 46,870,000
2005	57,885,000
2006	60,760,000
2007	63,345,000
2008	66,045,000
Thereafter	818,215,000
	$ 1,113,120,000

4. DEFEASED REVENUE BONDS

From time to time, the Program issues revenue bonds to defease older revenue bonds in order to take advantage of market conditions. The proceeds from the issuance of revenue bonds, together with assets transferred from the refunded bond series, are deposited with a trustee bank in a separate Escrow Account. These funds are invested by an escrow agent in U.S. Treasury obligations and certain other government securities so that sufficient monies are available to pay the principal, interest and redemption price of the defeased bonds. The defeased bonds are not included in the outstanding revenue bonds summarized in Note 3. Also, the related securities in the Escrow Accounts are not included in the Program's cash and investments. Once defeased, no related activity in the Escrow Accounts is reported in the Program's Statement of Cash Receipts and Disbursements. The following is a summary of these defeased bonds at June 30, 2003.

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

Series	Maturity	Principal Amount	Redemption Date	Redemption Price
1991 Series A	July 1, 2010	$ 8,495,000		
	July 1, 2011	9,085,000		
		$17,580,000	Maturity	Par

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

Series	Maturity	Principal Amount	Redemption Date	Redemption Price
1994 Series A	July 1, 2007	$ 5,375,000		
	July 1, 2008	5,685,000		
	July 1, 2009	6,020,000		
	July 1, 2010	6,375,000		
	July 1, 2011	6,760,000		
	July 1, 2012	7,170,000		
		37,385,000	July 1, 2004	Par
1995 Series A	July 1, 2012	7,070,000	July 1, 2005	Par
1996 Series A	July 1, 2011	6,885,000		
	July 1, 2012	7,270,000		
	July 1, 2013	7,685,000		
	July 1, 2014	8,130,000		
	July 1, 2015	8,600,000		
	July 1, 2016	9,100,000		
		47,670,000	July 1, 2006	Par
		$92,125,000		

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

Series	Maturity	Principal Amount	Redemption Date	Redemption Price
1994 Series A	July 1, 2006	$ 5,090,000		
	July 1, 2013	7,605,000		
	July 1, 2014	8,075,000		
		20,770,000	July 1, 2004	Par
1995 Series A	July 1, 2009	5,950,000		
	July 1, 2010	6,295,000		
	July 1, 2011	6,670,000		
	July 1, 2013	7,495,000		
	July 1, 2014	7,955,000		
	July 1, 2015	8,440,000		
		42,805,000	July 1, 2005	Par
1996 Series A	July 1, 2009	6,180,000		
	July 1, 2010	6,520,000		
		12,700,000	July 1, 2006	Par
1998 Series B	July 1, 2010	5,400,000		
	July 1, 2011	5,645,000		
		11,045,000	July 1, 2009	Par
2000 Series A	July 1, 2012	9,700,000	July 1, 2010	Par
		$ 97,020,000		

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

Series	Maturity	Principal Amount	Redemption Date	Redemption Price
1995 Series A	July 1, 2008	$ 5,630,000	July 1, 2005	Par
2000 Series A	July 1, 2013	10,200,000		
	July 1, 2014	10,700,000		
		20,900,000	July 1, 2010	Par
		$ 26,530,000		
Total of all defeased bonds outstanding at June 30, 2003:		$233,255,000		

5. DEBT SERVICE RESERVE FUND REQUIREMENT

The General Resolution creates a Debt Service Reserve Fund requirement which is provided from bond program proceeds and other available monies, and is intended to be used to provide for any deficiency in the Bond Redemption Fund for the payment of principal and interest. Series resolutions authorizing the issuance of additional bonds will set forth the Debt Service Reserve requirements for each issue which will be aggregated to determine the Debt Service Reserve Fund requirement for all outstanding bonds. The General Resolution provides that monies in the Debt

Service Reserve Fund are to be provided for any deficiency in the Principal and Interest Account in the Bond Redemption Fund. If there is any deficiency in the Debt Service Reserve Fund, the Trustee shall, after setting aside the principal and interest amount in the Bond Redemption Fund, the principal of and interest on outstanding bonds accruing in such year and an amount in the Program Expense Fund equal to the Department's budgeted program expenses for that year, deposit Program Income into the Debt Service Reserve Fund in an amount sufficient to remedy such deficiency.

The Debt Service Reserve Fund requirements and the Bond Redemption Fund balances, with securities stated at cost, are as follows at June 30, 2003:

	Debt Service Reserve Fund Requirement	Redemption Fund Fund Balance
1991 Series A	$ -	$ 163
1992 Series A	-	-
1992 Series B	-	-
1993 Series A	-	8,125,801
1994 Series A	2,058,000	4,804,528
1995 Series A	3,425,000	4,996,712
1996 Series A	6,100,000	5,420,018
1998 Series A	-	3,374,142
1998 Series B	-	6,138,034
2000 Series A	3,535,000	2,527,949
2001 Series A	3,908,600	12,587,920
2002 Series 1	-	20,584,043
2002 Series 2	-	1,818,784
2002 Series A	3,340,000	12,282,053
Program income fund	-	1,590
	$22,366,600	$82,661,737

The General Resolution provides that in lieu of a deposit to Debt Service Reserve Fund, the State may provide for a letter of credit, municipal bond insurance policy or surety bond in an amount at least equal to the Debt Service Reserve Fund requirement. The Department has obtained a surety bond in an amount sufficient to meet the Debt Service Reserve requirements for each series of bonds. Currently, the Surety Bond is in an amount of $51,258,600 which is the maximum annual interest due on outstanding bonds.

6. COMMITMENTS

The Department and the State are currently authorized by State Statutes to use bond proceeds for right-of-way acquisition and construction of projects and certain transportation facilities. The Department has statutory authority (as amended) as of June 30, 2003, to issue a total of $1,753,067,500 of obligations (including defeased bonds), in order to partially finance the costs of the authorized projects, in addition to proceeds from State general obligation debt, federal aid and other money in the Transportation Fund of the State of Wisconsin. As of June 30, 2003, the Department has remaining authority to issue $141,153,176 of additional obligations. The 2003-05 biennial budget (2003 Wisconsin Act 33, enacted on July 24, 2003) increased the authority to issue new obligations by $342,516,400, resulting in a total authority of $2,095,583,900. Of this total authority, $275,000,000 is available for commercial paper under the Department's Commercial Paper Program.

7. CASH AND INVESTMENTS

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

For fiscal years 2003 and 2002, the trustee invested the Program's funds in money market funds and U.S. government securities. These program assets are reported at cost. The following table summarizes the cost, fair value, and GASB Statement No. 3 risk classification for each of these investments:

	June 30, 2003		June 30, 2002		Risk
	Cost	Fair Value	Cost	Fair Value	Classification
Money market fund	$ 156,199,502	$ 156,199,502	$ 64,855,500	$ 64,855,500	Catetory 3
U.S. government securities	5,389,859	5,344,319	26,378,412	25,742,233	Category 1
Total	$ 161,589,361	$ 161,543,821	$ 91,233,912	$ 90,597,733	

The money market fund consists entirely of the Bank One Group Treasury Only Money Market Fund Class I.

Money market funds are categorized as risk category 3 in accordance with GASB Statement No. 3 as the investments are not insured or collateralized. The U.S. Treasury Notes were registered and held by the Program's agent in the Program's name. Therefore, these investments are categorized as risk category 1.

8. ADMINISTRATIVE EXPENSES

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

9. SUBSEQUENT EVENTS

The State of Wisconsin's biennial budget (2003 Wisconsin Act 33, enacted on July 24, 2003) includes provisions which affect the Program. 2003 Wisconsin Act 33 includes provisions which increase the annual vehicle registration fee for automobiles by $10, from $45 currently to $55 effective October 1, 2003. In addition, the legislation expanded the fees pledged to repay debt issued under the Program to include other fees. On October 15, 2003, the Building Commission approved a supplement to the General Resolution to implement this legislative action and to change the General Resolution to reflect all of the provisions included in 2003 Wisconsin Act 33. The Department estimates the increase in the vehicle registration fees along with the additional fees, if all are pledged to the Program, will generate approximately $67 million of additional pledged revenues in fiscal 2004.

* * * * * *

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - SCHEDULE OF MONTHLY MOTOR VEHICLE REGISTRATION FEES RETAINED BY TRUSTEE
JUNE 30, 2003

Month	Program Income Fund	1991 Series A	1992 Series A	1992 Series B	1993 Series A	1994 Series A	1995 Series A	1996 Series A	1998 Series A	1998 Series B	2000 Series A	2001 Series A	2002 Series 1	2002 Series 2	Total
July 2002*	$ 68,922	$(1,889)	$(271)	$(112)	$ 2,568,285	$1,336,681	$1,432,763	$1,589,161	$1,661,601	$2,068,800	$1,250,770	$ 2,764,568	$ 7,788,531	$1,168,738	$23,696,548
October 2002	38,500				2,578,932	1,281,484	1,410,663	1,565,989	1,670,470	2,051,127	1,258,695	3,929,425	8,133,311	1,289,175	25,207,771
January 2003	134,525				2,481,237	1,265,709	1,360,902	1,513,118	1,673,244	2,006,505	1,260,346	2,962,805	6,209,363	793,505	21,661,259
April 2003	129,100				2,486,634	1,337,505	1,397,472	1,550,968	1,667,470	2,039,694	1,255,821	3,905,991	6,729,318	906,627	23,406,600
	$371,047	$(1,889)	$(271)	$(112)	$10,115,088	$5,221,379	$5,601,800	$6,219,236	$6,672,785	$8,166,126	$5,025,632	$13,562,789	$28,860,523	$4,158,045	$93,972,178

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

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1993 SERIES A
JUNE 30, 2003

Maturity July 1,	Rate	Principal
2003	4.40 %	$ 6,050,000
2004	4.50	6,340,000
2005	4.50	6,645,000
2006	4.60	6,955,000
2007	4.70	13,090,000
2008	4.75	13,725,000
2009	4.80	14,395,000
2010	4.90	6,620,000
2011	5.00	6,945,000
2012	4.75	7,290,000
		$ 88,055,000

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1994 SERIES A
JUNE 30, 2003

Maturity July 1,	Rate	Principal
2003	7.50 %	$ 4,340,000
2004	7.50	4,575,000
2005	5.30	4,820,000
		$ 13,735,000

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1995 SERIES A
JUNE 30, 2003

Maturity July 1,	Rate	Principal
2003	6.25 %	$ 4,345,000
2004	6.25	4,565,000
2005	4.80	4,800,000
2006	4.90	5,055,000
2007	5.00	5,330,000
		$ 24,095,000

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1996 SERIES A
JUNE 30, 2003

Maturity July 1,	Rate	Principal
2003	5.00 %	$ 4,570,000
2004	5.00	4,795,000
2005	6.00	5,035,000
2006	6.00	5,290,000
2007	5.25	5,565,000
2008	5.40	5,860,000
		$31,115,000

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1998 SERIES A
JUNE 30, 2003

Maturity July 1,	Rate	Principal
2003	4.00 %	$ 35,000
2004	4.125	40,000
2005	5.00	9,530,000
2006	5.00	10,355,000
2007	5.00	5,310,000
2008	5.00	5,590,000
2009	5.50	6,625,000
2010	5.50	7,345,000
2011	5.50	14,665,000
2012	5.50	22,580,000
2013	5.50	16,915,000
2014	5.50	7,915,000
2015	5.50	8,360,000
2016	5.50	8,825,000
		$ 124,090,000

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 1998 SERIES B
JUNE 30, 2003

Maturity July 1,	Rate	Principal
2003	4.25 %	$ 4,050,000
2004	4.50	4,210,000
2005	4.25	4,380,000
2006	4.25	4,565,000
2007	4.25	4,755,000
2008	4.25	4,955,000
2009	5.25	5,170,000
2012	5.00	5,905,000
2013	5.00	6,180,000
2014	5.00	6,475,000
2015	5.00	6,790,000
2016	5.00	7,125,000
2017	4.75	7,480,000
2018	4.75	7,850,000
2019	4.75	8,245,000
		$ 88,135,000

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2000 SERIES A
JUNE 30, 2003

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

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2001 SERIES A
JUNE 30, 2003

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

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2002 SERIES 1
JUNE 30, 2003

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

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2002 SERIES 2
JUNE 30, 2003

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

WISCONSIN DEPARTMENT OF TRANSPORTATION
REVENUE BOND PROGRAM

SUPPLEMENTAL INFORMATION - BONDS OUTSTANDING - 2002 SERIES A
JUNE 30, 2003

Maturity July 1,	Rate	Principal
2004	3.00 %	$ 6,050,000
2005	3.00	6,350,000
2006	3.00	6,670,000
2007	3.00	7,000,000
2008	5.00	7,350,000
2009	4.00	7,720,000
2010	5.00	8,105,000
2011	5.00	8,510,000
2012	5.00	8,935,000
2013	5.00	9,385,000
2014	5.00	9,850,000
2015	5.00	10,345,000
2016	5.00	10,860,000
2017	5.00	11,405,000
2018	5.00	11,975,000
2019	5.00	12,575,000
2020	5.00	13,205,000
2021	4.75	13,865,000
2022	4.60	14,560,000
2023	4.75	15,285,000
		$ 200,000,000
Total bonds outstanding		$1,113,120,000

Supplementary Information

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

Wisconsin Department of Transportation
Revenue Obligation Programs

Schedule of Program Revenue (Unaudited)
For the Years Ended June 30, 2003 and 2002

	Total Program Revenues	Section 341.25 Registration Fees		Interest Earnings on 341.25 Revenues
		Non-IRP	IRP	
July 2002	$ 26,709,496	$ 22,220,804	$ 4,488,692	
August 2002	22,051,784	19,851,072	2,200,712	
September 2002	23,992,585	20,376,925	3,615,660	
October 2002	23,394,097	18,638,856	4,755,241	
November 2002	25,320,310	22,120,324	3,199,986	
December 2002	30,966,884	29,167,047	1,799,837	
January 2003	28,506,947	25,200,051	3,306,896	
February 2003	23,174,416	17,970,068	5,204,348	
March 2003	31,603,332	24,624,846	6,978,486	
April 2003	29,326,135	22,458,855	6,867,280	
May 2003	28,732,029	21,446,820	7,285,209	
June 2003	26,517,935	23,238,587	3,279,348	
Total for the Year Ended June 30, 2003	$ 321,934,362	$ 267,314,255	$ 52,981,695	$ 1,638,412
July 2001	$ 25,695,214	$ 22,760,235	$ 2,934,979	
August 2001	23,765,611	20,620,519	3,145,092	
September 2001	21,612,740	19,469,304	2,143,436	
October 2001	25,118,446	19,324,468	5,793,978	
November 2001	23,393,036	20,060,026	3,333,010	
December 2001	28,905,265	26,445,888	2,459,377	
January 2002	31,746,929	26,536,366	5,210,563	
February 2002	20,839,740	17,906,878	2,932,862	
March 2002	30,334,755	24,792,383	5,542,372	
April 2002	30,666,816	26,006,562	4,660,254	
May 2002	31,205,554	22,346,457	8,859,097	
June 2002	30,478,212	21,672,520	8,805,692	
Total for the Year Ended June 30, 2002	$ 324,966,802	$ 267,941,607	$ 55,820,712	$ 1,204,483

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

Source: Wisconsin Department of Transportation

Supplementary Information

Wisconsin Department of Transportation
Revenue Bond Program

Schedule of Motor Vehicle Registration Fees--Cash Basis (Unaudited)
For the Years Ended June 30, 2003 and 2002

	2003	2002
Motor Vehicle Registration Fees Remitted to Trustee	$ 320,295,950	$ 323,762,319
Less:		
Motor Vehicle Registration Fees Available for Commercial Paper Program	(7,164,879)	(6,842,808)
Motor Vehicle Registration Fees Available for Transportation Fund	(219,158,891)	(235,807,183)
Motor Vehicle Registration Fees Retained by Trustee	$ 93,972,180	$ 81,112,328

Source: Wisconsin Department of Transportation

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

Statements of Cash Receipts and Disbursements
for the Years Ended June 30, 2003 and 2002
Together with Independent Auditors' Report

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of cash receipts and disbursements of the Transportation Revenue Commercial Paper Notes of 1997, Series A, of the Wisconsin Department of Transportation Commercial Paper Program (the "Program") for the years ended June 30, 2003 and 2002. These statements are the responsibility of the Program's directors. Our responsibility is to express an opinion on these statements based on our audits.

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

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

In our opinion, the 2003 and 2002 financial statements presents fairly, in all material respects, the cash receipts and disbursements of the Transportation Revenue Commercial Paper Notes of 1997, Series A, of the Wisconsin Department of Transportation Commercial Paper Program for the years ended June 30, 2003 and 2002, on the basis of accounting described in Note 2.

Deloitte & Touche LLP

September 16, 2003, except for Note 7,
as to which the date is October 15, 2003

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

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
CASH AND INVESTMENTS, BEGINNING OF YEAR	$5,501,050	$ 6,088,130
RECEIPTS:		
Motor vehicle registration fees retained by trustee	7,164,879	6,842,808
Investment income	62,144	246,112
Total receipts	7,227,023	7,088,920
DISBURSEMENTS:		
Debt service - principal	5,295,000	5,060,000
Debt service - interest	1,605,000	2,616,000
Total disbursements	6,900,000	7,676,000
CASH AND INVESTMENTS, END OF YEAR	$ 5,828,073	$ 5,501,050
Cash and investments reserved for debt service	$ 5,828,073	$ 5,501,050

See notes to statements of cash receipts and disbursements.

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

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

1. NATURE OF PROGRAM

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Receipts and Disbursements -

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

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

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

Cash and Investments - The Program's investment policies are governed by the Program Resolution and Wisconsin Statutes. The Program is authorized by statute to invest in direct obligations of the United

States maturing no more than one year from the date of investment. In addition, statutes allow those funds not reserved for debt service to be invested in direct obligations of the United States, its agencies and corporations, certain banks, high-quality corporate commercial paper, and certificates of deposit.

For fiscal years 2003 and 2002, the Trustee invested the Program's funds in money market funds and U.S. Government securities. These program assets are reported at cost. At June 30, 2003, the cost of the Program's investments approximated their fair market value. As of June 30, 2003, $5,828,073 was invested in the Bank One Group Money Market Fund Class I. As of June 30, 2002, $2,781,008 was invested in the Bank One Group Money Market Fund Class I and $2,720,042 was invested in U.S. Treasury Notes. Money market funds are categorized as risk category 3 in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements,* as the investments are not insured or collateralized. The U.S. Treasury Notes were registered and held by the Program's agent in the Program's name. Therefore, these investments are categorized as risk category 1 in accordance with GASB Statement No. 3.

3. NOTES PAYABLE

The notes consist of interest-bearing obligations which are issued in initial denominations of $100,000 and additional increments of $1,000 above $100,000. There are notes payable outstanding of $131,378,000 and $136,673,000 at June 30, 2003 and 2002, respectively. At June 30, 2003, the notes had maturities ranging from July 7, 2003 to January 22, 2004 with a weighted average interest rate of 1.09%.

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

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

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

In order to assure the timely payment of principal and interest on the notes, the State obtained a credit agreement (the liquidity facility agreement) on May 7, 1997, which provided a commitment for the issuance of an irrevocable letter of credit in the stated amount up to $188,600,000. On May 6, 2002, the State replaced the irrevocable letter of credit with a line of credit having a commitment amount of $150,000,000 and on April 1, 2003 reduced this commitment amount to $140,000,000. The line of credit has an initial term of one year and can be extended as provided in the line of credit agreement.

The notes will mature no later than 270 days from the date of issuance provided that a liquidity facility agreement is in effect. No notes may be issued with a maturity date after the stated expiration of the liquidity facility agreement or after the stated date of a substitute liquidity facility agreement. The principal of and interest on the notes will be paid at maturity and are not callable prior to maturity. Each note bears interest from its date of issuance, at the rate determined on the date of issuance (which may not exceed 12% per annum).

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

4. SUBORDINATED DEBT SERVICE FUND

The General Resolution creates a Subordinated Debt Service Reserve Fund which is intended to be used to provide for the payment of principal and interest of the notes from Program Income deposited into this fund. The pledge of such Program Income to payment of the notes is subordinate to the pledge of Program Income to payment of outstanding State Transportation Revenue Bonds.

5. COMMITMENTS

The Department and the State are currently authorized by State Statutes to use note proceeds for right-of-way acquisition and construction of projects comprising major highway projects and certain transportation facilities. The Program resolution has authority to issue notes totaling $275,000,000 (including those issued under the 1997, Series A notes), in order to partially finance the costs of the authorized projects, in addition to proceeds from State general obligation debt, federal aid and other money in the Transportation Fund.

6. ADMINISTRATIVE EXPENSES

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

7. SUBSEQUENT EVENTS

The State of Wisconsin's biennial budget (2003 Wisconsin Act 33, enacted on July 24, 2003) includes provisions which affect the Program. 2003 Wisconsin Act 33 includes provisions which increase the annual vehicle registration fee for automobiles by $10, from $45 currently to $55 effective October 1, 2003. In addition, the legislation expanded the fees pledged to repay debt issued under the Program to include other fees. On October 15, 2003, the Building Commission approved a supplement to the General Resolution to implement this legislative action and to change the General Resolution to reflect all of the provisions included in 2003 Wisconsin Act 33. The Department estimates the increase in the vehicle registration fees along with the additional fees, if all are pledged to the Program, will generate approximately $67 million of additional pledged revenues in fiscal 2004.

* * * * * *

Supplementary Information

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

Wisconsin Department of Transportation
Revenue Obligation Programs

Schedule of Program Revenue (Unaudited)
For the Years Ended June 30, 2003 and 2002

	Total Program Revenues	Section 341.25 Registration Fees		Interest Earnings on 341.25 Revenues
		Non-IRP	IRP	
July 2002	$ 26,709,496	$ 22,220,804	$ 4,488,692	
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September 2002	23,992,585	20,376,925	3,615,660	
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Source: Wisconsin Department of Transportation

Supplementary Information

Wisconsin Department of Transportation
Commercial Paper Program

Schedule of Motor Vehicle Registration Fees--Cash Basis (Unaudited)
For the Years Ended June 30, 2003 and 2002

	2003	2002
Motor Vehicle Registration Fees Remitted to Trustee	$ 320,295,950	$ 323,762,319
Less:		
Motor Vehicle Registration Fees Available for Revenue Bond Program	(93,972,180)	(81,112,328)
Motor Vehicle Registration Fees Available for Transportation Fund	(219,158,891)	(235,807,183)
Motor Vehicle Registration Fees Retained by Trustee	$ 7,164,879	$ 6,842,808

Source: Wisconsin Department of Transportation

APPENDIX B

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 23, 2002 **(2002 Annual Report)** is included by reference as part of this APPENDIX B.

This appendix also includes information on the following:

- Estimated tax collections for the 2003-04 and 2004-05 fiscal years, as released by the Legislative Fiscal Bureau in a memorandum dated January 23, 2003.
- 2003-05 biennial budget bill, as signed into law with some partial vetoes by Governor Doyle on July 24, 2003 (2003 Wisconsin Act 33).
- Results for the 2002-03 fiscal year, as included in the Annual Fiscal Report (budgetary basis), dated October 10, 2003.

Part II to the 2002 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 2001-02
- 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 2002 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2002, 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 2002 Annual Report has been filed with each nationally recognized municipal securities information repository **(NRMSIR)**. As of the date of this Official Statement, Part II of the 2002 Annual Report is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.state.wi.us/capitalfinance

Copies of the 2002 Annual Report 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

After publication and filing of the 2002 Annual Report, certain changes or events have occurred that affect items discussed in the 2002 Annual Report. Listed below, by reference to particular sections of the 2002 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

State Budget; Budget for 2001-03 (Part II–Pages 24-28). Add the following new sections:

Projected Condition of General Fund for 2002-03 Fiscal Year

On January 23, 2003, the Legislative Fiscal Bureau provided projections of the ending General Fund condition for the 2002-03 fiscal year. These projections showed a gross ending balance (not including the statutory required reserve) of negative $373 million. This was approximately $188 million less than the balance that was projected as a result of the revenue estimates provided by the Department of Revenue on November 20, 2002. The difference was the result of:

- A decrease of $178 million in estimated tax collections.
- A decrease of $49 million in departmental revenues.
- A decrease of $39 million in expenditures.

These projections were part of a report that included tax collection estimates for the 2003-04 and 2004-05 fiscal years. A complete copy of the memorandum from the Legislative Fiscal Bureau appears on pages B-7 to B-23 of this Official Statement.

Budget Emergency Bill for 2002-03

On February 27, 2003, Governor Doyle signed into law the budget emergency bill for the 2002-03 fiscal year (2003 Wisconsin Act 1). As a result of this bill, the projected ending balance for the 2002-03 fiscal year was reduced by approximately $90 million to a negative $284 million.

A copy of 2003 Wisconsin Act 1 may be obtained from the State at the address at the top of this page.

Results of 2002-03 Fiscal Year

On August 29, 2003, the Department of Revenue reported that preliminary general purpose revenue collections for the 2002-03 fiscal year were only $24 million less than projections made by the Legislative Fiscal Bureau in January, 2003. With regard to the major reporting categories, the Department of Revenue reported that individual income and general sales and use tax collections fell short of projections by $68 million and $22 million, respectively, but that corporate franchise and public utility tax collections exceeded projections by $37 million and $16 million, respectively.

The Annual Fiscal Report (budgetary basis) for the 2002-03 fiscal year was published on October 10, 2003. It reports the State ended the 2002-03 fiscal year on a statutory and unaudited basis with an undesignated balance of negative $282 million, which is $2 million better than the balance projected after enactment of 2003 Wisconsin Act 1 in February, 2003. The State did not issue any operating notes during the 2002-03 fiscal year.

The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget, which did occur, and the Wisconsin Constitution also requires that if final budgetary expenses of any fiscal year exceed available revenues, the Legislature must take actions to balance the budget in *the succeeding fiscal year*. As shown below, the 2003-05 biennial budget provides for a balanced budget in the 2003-04 fiscal year.

A complete copy of the Annual Fiscal Report (budgetary basis) can be obtained from the State at the address on page B-1.

State Budget; Budget for 2003-05. Add the following new sections:

Budget for 2003-05

Governor Doyle's proposed budget for the 2003-04 and 2004-05 fiscal years was introduced on February 18, 2003. The Legislature approved a budget bill for the 2003-04 and 2004-05 fiscal years, which included differences from Governor Doyle's proposed budget. Governor Doyle signed the budget bill for the 2003-04 and 2004-05 fiscal years into law, with some partial vetoes, on July 24, 2003 (2003 Wisconsin Act 33). A two-thirds vote in each house is required to override any veto.

The budget for the 2003-04 and 2004-05 fiscal years (2003 Wisconsin Act 33) is summarized on pages B-4 through B-6. The tax collection estimates for the 2003-04 and 2004-05 fiscal years are taken from projections in a memorandum released by the Legislative Fiscal Bureau on January 23, 2003. A complete copy of the memorandum from the Legislative Fiscal Bureau appears on pages B-7 to B-23 of this Official Statement.

Additional information on 2003 Wisconsin Act 33 can be obtained from the State at the address on page B-1.

Updated Budget Tables

The tables on page B-4 provide a general summary, and the tables on pages B-5 and B-6 provide a more detailed summary, of (1) the budget for the 2002-03 fiscal year, through the budget emergency bill for that fiscal year (2003 Wisconsin Act 1), (2) the results for the 2002-03 fiscal year (Annual Fiscal Report, budgetary basis, dated October 10, 2003), and (3) the budget bill for the 2003-04 and 2004-05 fiscal years (2003 Wisconsin Act 33).

State Budget Summary
General Fund Basis
(Amounts in Millions)

	Actual 2003-03	Budget 2002-03	Budget 2003-04	Budget 2004-05
Beginning Balance	$ 54	$ 54	$ (284) [c]	$ 144
Tax Revenues	10,218	10,223	10,742	11,346
Tobacco Settlement Payments	154	149	n/a	n/a
Tribal Gaming Revenues	n/a	n/a	78	79
Nontax Revenues	10,312	8,240	7,561	9,294
Total Amount Available	$ 20,738	$ 18,666	$ 18,097	$ 20,863
Total Disbursements/Reserves	$ 20,985	$ 18,950	$ 17,988	$ 20,717
Estimated Gross Balance	$ (157)	$ (284)	$ 109	$ 146
GPR Designated and PR Balances[e]	(125)	n/a	n/a	n/a
Required Statutory Reserve	n/a	0[a]	35	40
Net Balance	$ (282)[b]	$ (284)[b]	$ 144	$ 186[d]

All-Funds Basis [f]
(Amounts in Millions)

	Actual 2003-03	Budget 2002-03	Budget 2003-04	Budget 2004-05
Beginning Balance	$ 54	$ 54	$ (284) [c]	$ 144
Tax Revenues	11,323	10,223	10,742	11,346
Tobacco Settlement Payments	154	149	n/a	n/a
Tribal Gaming Revenues	n/a	n/a	78	79
Nontax Revenues	19,805	20,988	20,557	20,462
Total Amount Available	$ 31,336	$ 31,414	$ 31,093	$ 32,031
Total Disbursements/Reserves	$ 31,493	$ 31,698	$ 30,984	$ 31,885
Estimated Gross Balance	$ (157)	$ (284)	$ 109	$ 146
GPR Designated and PR Balances[e]	(125)	n/a	n/a	n/a
Required Statutory Reserve	n/a	0[a]	35	40
Net Balance	$ (282)[b]	$ (284)[b]	$ 144	$ 186[d]

[a] The budget emergency bill for the 2002-03 fiscal year included an exemption from the statutory balance requirement for that fiscal year.

[b] The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget, which did occur, and the Wisconsin Constitution also requires that, if final budgetary expenses of any fiscal year exceed available revenues, the Legislature must take actions to balance the budget in the succeeding fiscal year.

[c] The actual ending balance for the 2002-03 fiscal year is negative $282 million.

[d] The Legislative Fiscal Bureau's estimated impact of the veto of property tax limits decreases individual income tax by $17 million and increases expenditures by $16 million over the 2003-05 biennium. This results in a balance at June 30, 2005 of $186 million. The Department of Administration's estimate of the impact of the veto of the property tax limits decreases individual income tax by $9 million and increases expenditures by $9 million over the 2003-05 biennium. This results in a balance at June 30, 2005 of $205 million.

[e] See Exhibit A-2 of the Annual Fiscal Report (budgetary basis) for the 2002-03 fiscal year.

[f] The all-funds budget assumes that certain categories of revenues are expended in like amounts. This includes federal funds, revenues paid into specific funds (other than the General Fund) for a specified program or purpose or which are credited to an appropriation to finance a specific program or agency, and proceeds of general obligation debt. In any given fiscal year, there may be a balance at year-end in the funds, specific program, or agency.

Table II-4; State Budget-General Fund (Part II–Page 27). Replace with the following:

State Budget–General Fund[(a)]

	Actual 2002-2003 [(b)]	Budget 2002-2003	Budget 2003-2004	Budget 2004-2005
RECEIPTS				
Fund Balance from Prior Year	$ 53,782,000	$ 53,782,000	$ (283,633,300) [(f)]	$ 144,469,900
Tax Revenue				
State Taxes Deposited to General Fund				
Individual Income	5,051,997,000	5,120,000,000	5,405,800,000	5,795,900,000
General Sales and Use	3,737,912,000	3,760,000,000	3,915,400,000	4,107,200,000
Corporate Franchise and Income	526,545,000	490,000,000	539,750,000	554,350,000
Public Utility	276,790,000	260,400,000	268,000,000	278,000,000
Excise				
Cigarette/Tobacco Products	309,205,000	307,900,000	305,200,000	302,600,000
Liquor and Wine	36,038,000	36,300,000	37,200,000	38,500,000
Malt Beverage	9,517,000	9,700,000	9,800,000	9,900,000
Inheritance, Estate & Gift	68,702,000	67,000,000	85,000,000	90,000,000
Insurance Company	114,897,000	105,000,000	105,000,000	95,000,000
Other	86,391,000	67,200,000	71,300,000	74,700,000
Subtotal	10,217,994,000	10,223,500,000	10,742,450,000	11,346,150,000
Nontax Revenue				
Departmental Revenue				
Tobacco Settlement	153,923,000	149,081,600	n/a	n/a
Tobacco Securitization	n/a	n/a	n/a	n/a
New Tribal Gaming Revenues	n/a	n/a	78,305,500	79,172,100
Other	253,879,000	278,613,700	331,285,900	329,447,800
Program Revenue-Federal	6,668,346,000	4,860,982,500	5,707,550,800	5,435,423,200
Program Revenue-Other	3,389,779,000	3,100,962,000	1,521,606,300	3,529,154,200
Subtotal	10,465,927,000	8,389,639,800	7,638,748,500	9,373,197,300
Total Available	$ 20,737,703,000	$ 18,666,921,800	$ 18,097,565,200	$ 20,863,817,200
DISBURSEMENTS AND RESERVES				
Commerce	$ 222,143,000	$ 228,319,500	$ 267,951,200	$ 270,736,800
Education	9,087,026,000	8,849,025,300	7,372,173,100	9,369,734,400
Environmental Resources	264,282,000	248,745,100	252,915,200	251,677,800
Human Relations and Resources	8,630,020,000	7,552,695,500	7,704,344,000	8,355,526,200
General Executive	646,171,000	637,880,200	622,251,300	627,647,400
Judicial	109,697,000	103,786,900	110,945,700	110,988,200
Legislative	61,219,000	57,649,200	62,468,300	62,479,800
General Appropriations	1,935,927,000	1,386,187,500	1,687,946,100	1,690,239,300
Subtotal	20,956,485,000	19,064,289,200	18,080,994,900	20,739,029,900
Less: (Lapses)	n/a	(208,894,700)	(237,052,500)	(224,586,700)
Compensation Reserves	n/a	79,815,500	109,152,900	163,019,600
Required Statutory Balance	n/a	0 [(e)]	35,000,000	40,000,000
Transfer to Tobacco Control Board	n/a	15,345,100	-	-
Changes in Continuing Balance	(61,576,000)	n/a	n/a	n/a
Total Disbursements & Reserves	$ 20,894,909,000	$ 18,950,555,100	$ 17,988,095,300	$ 20,717,462,800
Fund Balance	$ (157,206,000)	$ (283,633,300)	$ 109,469,900	$ 146,354,400
GPR Designated Balance	$ (6,402,000) [(c)]			
PR Balance	$ (118,613,000) [(c)]			
Undesignated Balance	$ (282,221,000) [(d)]	$ (283,633,300)	$ 144,469,900	$ 186,354,400 [(g)]

(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 dollars.

(c) See Exhibit A-2 of the Annual Fiscal Report (budgetary basis) for the 2002-03 fiscal year.

(d) The budget for the 2003-04 fiscal year anticipated a negative $284 million beginning balance and projects a balance of $144 million at June 30, 2004.

(e) A required balance for the 2002-03 fiscal year was not specified in State Statutes.

(f) The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget. Subsequent to adoption of the 2001-2003 biennial budget (2001 Wisconsin Act 16), there was in January 2002 a downward re-estimate of revenues resulting in projected negative ending balances. 2001 Wisconsin Act 109 eliminated the projected negative ending balances. The projected fund balance reflects the revenue estimates and projections contained in a memorandum released by the Legislative Fiscal Bureau on January 23, 2003 and the General Fund condition statement following enactment of the budget emergency bill for the 2002-03 fiscal year (2003 Wisconsin Act 1).

(g) The Legislative Fiscal Bureau's estimated impact of the veto of property tax limits lowers individual income tax by $17 million and increases expenditures by $16 million over the 2003-05 biennium. This results in a balance at June 30, 2005 of $186 million. The Department of Administration's estimated impact of the veto of property tax limits decreases individual income tax by $9 million and increases expenditures by $9 million over the 2003-05 biennium. This results in a balance at June 30, 2005 of $205 million.

Sources: Legislative Fiscal Bureau and Wisconsin Department of Administration.

Table II-6; State Budget-All Funds[a] (Part II–Page 28). Replace with the following:

	Actual 2002-2003 [b]	Budget 2002-2003	Budget 2003-2004	Budget 2004-2005
RECEIPTS				
Fund Balance from Prior Year	$ 53,782,000	$ 53,782,000	$ (283,633,300)	$ 144,469,900
Tax Revenue				
Individual Income	5,051,997,000	5,120,000,000	5,405,800,000	5,795,900,000
General Sales and Use	3,737,912,000	3,760,000,000	3,915,400,000	4,107,200,000
Corporate Franchise and Income	526,545,000	490,000,000	539,750,000	554,350,000
Public Utility	276,790,000	260,400,000	268,000,000	278,000,000
Excise				
Cigarette/Tobacco Products	309,205,000	307,900,000	305,200,000	302,600,000
Liquor and Wine	36,038,000	36,300,000	37,200,000	38,500,000
Malt Beverage	9,517,000	9,700,000	9,800,000	9,900,000
Inheritance, Estate & Gift	68,702,000	67,000,000	85,000,000	90,000,000
Insurance Company	114,897,000	105,000,000	105,000,000	95,000,000
Other	1,191,518,000	67,200,000 [c]	71,300,000 [c]	74,700,000 [c]
Subtotal	11,323,121,000	10,223,500,000	10,742,450,000	11,346,150,000
Nontax Revenue				
Departmental Revenue				
Tobacco Settlement	153,923,000	149,081,600	n/a	n/a
Tobacco Securitization	n/a	n/a	n/a	n/a
Tribal Gaming Revenues	n/a	n/a	78,305,500	79,172,100
Other	253,879,000	278,613,700	331,285,900	329,447,800
Total Federal Aids	7,518,310,000	5,687,824,500	6,341,233,000	6,098,611,900
Total Program Revenue	3,389,779,000	3,101,975,200	3,385,952,400	3,529,154,200
Total Segregated Funds	3,925,129,000	3,647,172,000	3,187,386,300	2,815,900,300
Bond Authority	646,000,000	383,000,000	475,000,000	485,000,000
Employee Benefit Contributions [d]	4,072,266,000	7,889,603,973	6,835,282,000	7,203,432,000
Subtotal	19,959,286,000	21,137,270,973	20,634,445,100	20,540,718,300
Total Available	$ 31,336,189,000	$ 31,414,552,973	$ 31,093,261,800	$ 32,031,338,200
DISBURSEMENTS AND RESERVES				
Commerce	$ 467,587,000	$ 417,323,800	$ 459,932,200	$ 466,314,600
Education	9,313,180,000	8,921,866,800	9,334,721,500	9,492,726,500
Environmental Resources	3,072,187,000	2,750,095,800	2,333,184,400	2,474,026,200
Human Relations and Resources	10,481,535,000	8,230,228,400	8,607,732,800	8,803,584,600
General Executive	5,056,589,000	771,359,700	775,791,000	782,718,500
Judicial	110,053,000	104,496,000	111,659,000	111,701,500
Legislative	61,219,000	57,649,200	62,468,300	62,479,800
General Appropriations	3,419,880,000	2,286,296,700	2,080,920,300	2,024,567,200
General Obligation Bond Program	348,603,000	383,000,000	475,000,000	485,000,000
Employee Benefit Payments [d]	3,979,708,000	3,830,081,149	4,028,899,000	4,428,317,000
Reserve for Employee Benefit Payments [d]	92,558,000	4,059,522,824	2,806,383,000	2,775,115,000
Subtotal	36,403,099,000	31,811,920,373	31,076,691,500	31,906,550,900
Less: (Lapses)	n/a	(208,894,700)	(237,052,500)	(224,586,700)
Compensation Reserves	n/a	79,815,500	109,152,900	163,019,600
Required Statutory Balance	n/a	- [g]	35,000,000	40,000,000
Transfer to Tobacco Control Board	n/a	15,345,100	-	-
Change in Continuing Balance	(4,909,704,000)	n/a	n/a	n/a
Total Disbursements & Reserves	$ 31,493,395,000	$ 31,698,186,273	$ 30,983,791,900	$ 31,884,983,800
Fund Balance	$ (157,206,000)	$ (283,633,300) [h]	$ 109,469,900	$ 146,354,400
GPR Designated Balance	$ (6,402,000) [e]			
PR Balance	$ (118,613,000) [e]			
Undesignated Balance	$ (282,221,000) [f]	$ (283,633,300)	$ 144,469,900	$ 186,354,400 [i]

(a) The amounts shown are based on statutorily required accounting and not on GAAP. The all-funds budget assumes that certain categories of revenues are expended in like amounts. This includes federal funds, revenues paid into specific funds (other than the General Fund) for a specified program or purpose or which are credited to an appropriation to finance a specific program or agency, and proceeds of general obligation debt. In any given fiscal year, there may be a balance at year-end in the funds, specific program, or agency.

(b) The amounts shown are unaudited and rounded to the nearest thousand dollars.

(c) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected $902 million of motor fuel taxes in the 2002-03 fiscal year.

(d) 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 Part II of the 2002 Annual Report.

(e) See Exhibit A-2 of the Annual Fiscal Report (budgetary basis) for the 2002-03 fiscal year.

(f) The budget for the 2003-04 fiscal year anticipated a negative $284 million beginning balance and projects a balance of $144 million at June 30, 2004.

(g) A required balance for the 2002-03 fiscal year was not specified in State Statutes.

(h) The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget. Subsequent to adoption of the 2001-2003 biennial budget (2001 Wisconsin Act 16), there was in January 2002 a downward re-estimate of revenues resulting in projected negative ending balances. 2001 Wisconsin Act 109 eliminated the projected negative ending balances. The projected fund balance reflects the revenue estimates and projections contained in a memorandum released by the Legislative Fiscal Bureau on January 23, 2003 and the General Fund condition statement following enactment of the budget emergency bill for the 2002-03 fiscal year (2003 Wisconsin Act 1).

(i) The Legislative Fiscal Bureau's estimated impact of the veto of property tax limits lowers individual income tax by $17 million and increases expenditures by $16 million over the 2003-05 biennium. This results in a balance at June 30, 2005 of $186 million. The Department of Administration's estimated impact of the veto of property tax limits decreases individual income tax by $9 million and increases expenditures by $9 million over the 2003-05 biennium. This results in a balance at June 30, 2005 of $205 million.

Sources: Legislative Fiscal Bureau and Wisconsin Department of Administration.

Legislative Fiscal Bureau

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State of Wisconsin

January 23, 2003

Senator Alberta Darling, Senate Chair
Representative Dean Kaufert, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Darling and Representative Kaufert:

Annually, this office prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation.

In the odd-numbered years, our report includes estimated revenues and expenditures for the current fiscal year and tax collection projections for each year of the next biennium. The purpose of this report is to present the conclusions of our analysis.

Comparison with the Administration's November 20, 2002, Report

On November 20, 2002, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified revenue projections for the 2002-03 fiscal year and the 2003-05 biennium. Our analysis indicates that for that three-year period, the state's general fund will have $656 million less than is reflected in the November 20 report.

The $656 million is the net result of: (1) a projected decrease in tax collections of $646 million for the three-year period; (2) a decline in departmental revenues of $49 million for 2002-03; and (3) reduced expenditures of $39 million for 2002-03.

Prior to addressing the reasons for this difference, it is important to note the nature of the November 20 document. The DOA/DOR report is required, by statute, to be submitted at that time to inform the Governor, Governor-Elect, and Legislature of the magnitude of agency budget requests and present a projection of tax collections. Given the report's timing in the 2002-03 fiscal year, sufficient data is not available to reestimate certain revenues and expenditures for the current fiscal year. Thus, as indicated in their report, departmental revenues and expenditures were not reestimated by DOA. This is consistent with previous November 20 reports.

2002-03 General Fund Condition Statement

Our analysis indicates that, unless addressed by the Governor and Legislature prior to the end of the current fiscal year, the gross balance of the general fund on June 30, 2003, will be -$373 million. This is shown in Table 1.

TABLE 1

Estimated 2002-03 General Fund Condition Statement

	2002-03
Revenues	
Opening Balance, July 1	$53,782,000
Taxes	10,223,500,000
Departmental Revenues	
Tobacco Settlement	149,081,600
Other	216,673,800
Total Available	$10,643,037,400
Appropriations	
Gross Appropriations	$11,121,564,300
Compensation Reserves	79,815,500
Transfer to Tobacco Control Board	15,345,100
Less: Lapses and Sum Sufficient Reestimates	-200,490,700
Net Appropriations	$11,016,234,200
Balance	
Gross Balance	-$373,196,800

The administration's November 20 report contained a 2002-03 general fund condition statement that showed a gross balance of -$185 million. Thus, the projected gross balance of this report (-$373 million) is $188 million less than that shown in the November 20 report.

The $188 million consists of a decrease in estimated tax collections of $178 million, a decrease in departmental revenues of $49 million, and decreased expenditures of $39 million. The reduction in departmental revenues is primarily due to a projected reduction of $27 million in interest earnings, and an $8.5 million decline in tobacco settlement monies because of a reduction in the volume of cigarettes shipped in, or to, the United States. The primary item of the expenditure reduction is a projected lapse of $24.3 million from the appropriation for SeniorCare (prescription drug program for the elderly). When the SeniorCare program was enacted in the 2001-03 biennial budget, it was not anticipated that federal funds would be available to support the program. That changed in July, 2002, when the U.S. Department of Health and Human Services waived a federal law and allowed the state to claim medical assistance (MA) matching funds for a portion of Wisconsin's eligible, elderly population. In addition, enrollments in the program are below budgeted estimates.

In reviewing the 2002-03 condition statement, the following points should be noted. First, it is currently estimated that MA and BadgerCare benefit costs will exceed amounts budgeted for these programs in 2002-03 by $64 million GPR. If this shortfall were to be addressed in 2002-03, the gross balance of -$373 million would instead be -$437 million. Second, it is uncertain at this time if the 2001-03 collective bargaining agreements and proposed amendments to the state compensation plan will be approved by the Legislature and Governor. If they do not take effect in 2002-03, the deficit figure shown above would improve by an estimated $33 million. Finally, the -$373 million is a gross balance figure and does not include a statutory reserve amount. If the Governor and Legislature were to address the gross deficit and maintain a statutory balance ($134 million), the total amount needed in 2002-03 would be $507 million.

2003-05 Projected Imbalance

In addition to projecting the $185 million deficit for 2002-03, the administration's November 20 report indicated a potential general fund imbalance for the 2003-05 biennium. In preparing the estimate, the November 20 report assumed the following: (1) a 2003-04 opening balance of -$185 million; (2) the general fund revenue estimates for each year of the next biennium as contained in the November 20 report; (3) general fund appropriation amounts requested by state agencies for 2003-05; and (4) the current statutory balance requirements of 1.6% of appropriations in 2003-04 and 1.8% in 2004-05. Using those assumptions, the November 20 report showed an imbalance in 2003-04 of $1,597 million and an additional imbalance of $972 million in 2004-05. Thus, for the 2003-05 biennium, the November 20 report showed an imbalance of $2,569 million ($1,597 million plus $972 million).

If the 2003-04 opening balance of -$373 million and the 2003-05 tax collections of this report were used along with the other assumptions of the November 20 document, the projected imbalance would be $1,999 million in 2003-04 and an additional $1,226 million in 2004-05 for a biennial total of $3,225 million. This is $656 million more than the $2,569 million imbalance figure of the November 20 report for the next biennium.

The imbalance figure above is shown for comparative purposes only. At this time, the level of appropriations, departmental revenues, compensation reserves, and other items of the Governor's budget recommendations and those of the Legislature for 2003-05 are unknown. Also, the Constitution requires that the Legislature adopt a balanced budget. Thus, any imbalance projections for 2003-05 will be addressed by the Governor and Legislature in upcoming budget recommendations and deliberations.

General Fund Tax Revenues

The following sections provide information related to general fund tax revenues for 2002-03 and the 2003-05 biennium. The information provided includes a review of the economy in 2002, a discussion of the national economic forecast for 2003 through 2005, and detailed general fund tax revenue projections for the current fiscal year and the next biennium.

Review of the Economy in 2002

Last January, this office prepared general fund revenue estimates for the 2001-03 biennium based on the January, 2002, forecast of the economy prepared by DRI-WEFA (a subsidiary of Global Insight, Inc. that was formed by integrating DRI and Wharton Econometric Forecasting Associates). Global Insight, Inc. now prepares the forecast. The forecast reflected the effects on the national economy of the recession that was declared to have started in March, 2001, by the National Bureau of Economic Research. The recession was projected to bottom out in the first quarter of 2002, followed by gradually accelerating growth during the rest of the year. Relatively strong growth was forecast for 2003. The forecast indicated that the federal tax cuts approved before the September 11, 2001, terrorist attacks, increased federal spending on education, security, defense, and intelligence, and monetary policy that enhanced liquidity and produced low interest rates would all contribute to an economic turn-around. The forecast also assumed a reversal of a build-up of inventories beginning in the first quarter of 2002, and increased expenditures for travel and leisure activities as the impact of September 11 began to fade.

Nominal gross domestic product (GDP) was projected to increase 1.9% in 2002 and 6.0% in 2003, while real GDP was forecast to increase by 0.6% in 2002 and 3.7% in 2003. Inflation would remain relatively low, with the consumer price index at 1.9% in 2002 and 2.6% in 2003. The economic slowdown would cause unemployment to increase to 6.2% in 2002 and then decrease slightly to 5.9% in 2003, as the economy rebounded. Reflecting increased unemployment and the sluggish economy, the growth in personal income was projected to slow in 2002, then pick up in 2003. Growth in personal income was anticipated to be 2.2% in 2002 and increase to 5.2% in 2003, as employment began to grow again. Consumer spending was expected to drop in early 2002 then increase and help spur economic recovery beginning in the spring of 2002. The January, 2002, forecast assumed growth in personal consumption expenditures of 2.3% in 2002 and 6.1% in 2003.

Based on estimated growth in real GDP, it appears that the recession ended in the fourth quarter of 2001, and positive growth occurred in each quarter of 2002. However, when the final numbers are computed for 2002, the economy's quarterly growth rates will exhibit an erratic pattern, with peaks of 5% and 4% of real growth in the first and third quarters and lower growth rates of 1.3% and 1.0% in the second and fourth quarters, respectively. Consumer spending was the primary force behind economic growth during the year, although spending patterns were somewhat inconsistent. Consumer spending increased by 4.5% last year, with growth rates ranging from 3.9% in the first quarter to 5.4% in the third quarter. Both total personal income and disposable personal income increased to support spending. In 2002, personal income increased 3.0%, while disposable income increased 5.9%. Low prices, product innovations, low interest rates, and the return of zero-percent financing for automobiles led to additional purchases. In addition, falling mortgage rates and increasing home values allowed consumers to tap into the equity in their homes for additional funds for consumer purchases. Although consumers generally kept spending through the year, their mood mirrored the erratic pattern of the economy. Consumer confidence improved over most of the first half of 2002, declined for five months, rebounded in November, and then dropped back at year-end. The Conference Board's index of consumer confidence was 80.3 for December, down from 84.9 in November. The University of Michigan's index of consumer sentiment increased in December to 86.7 from 84.2 in November. Overall, the confidence indices taken together made no strong gains through the end of the year. Consumers were concerned about the stagnant job market, falling stock market, and the possibility of war in the Middle East.

The continuing boom in the housing market made a significant contribution to economic growth during the year. Primarily as a result of low interest rates, sales of both new and existing homes posted their best year ever. Sales of new houses increased 7.6% over 2001 while existing home sales increased from about 5.3 million to 5.6 million, or 5.6% for the year. The increased demand for housing stimulated construction as housing starts were up 5.5% in 2002. The growing demand also bid up home prices as the average price for new homes increased from $210,100 in 2001 to $223,300 in 2002. Similarly, the average price of existing homes went from $184,200 in 2001 to $200,000 in 2002. Assisted by the expansionary monetary policy followed by the Federal Reserve, mortgage interest rates fell to historic lows. In November, the Federal Open Market Committee cut the target federal funds rate 50 basis points to 1.25%. This was the first decrease in 2002, but the twelfth rate cut in two years. The annual average conventional 30-year fixed mortgage rate dropped from 7.0% in 2001 to 6.5% in 2002. The combination of low interest rates and rising home values spurred homeowners to refinance. According to the Mortgage Bankers Association of America, an estimated $1.24 trillion in mortgages were refinanced in 2002, and a study by an economist at Goldman, Sachs & Co. found that refinancing provided an amount equal to 2% of disposable income during the first half of 2002.

The year-end employment picture was not good. Payroll contracted by 101,000 in December and there were downward revisions in reported employment for October and November. However, the monthly unemployment rate remained unchanged at 6.0%. For the year, the unemployment rate was 5.8%, up from 4.8% for 2001. The unemployment rate reflects weak labor force growth. Businesses have been reluctant to add employees. In addition, firms are uncertain about the potential economic impact of a war with Iraq, the standoff with North Korea, and any future terrorist attacks. This uncertainty has also contributed to a lack of business investment. Firms are not sure that demand will remain strong enough to justify an increase in capital budgets and to start new capital projects. In addition, operating rates at many companies are quite low. The average factory operating rate was 70% for 2002. Finally, strong productivity growth allows businesses to increase output without adding new machinery. Real nonresidential fixed investment decreased 5.7% for the year, while purchases of equipment and software declined 1.8%.

In 2002, productivity gains were the best in decades. Nonfarm output per hour increased 4.7%, while manufacturing output per hour increased 5.2%. In 2001, the rate of growth of those factors was 1.1% and 0.9% respectively. At the same time, compensation per hour increased 2.9% and unit labor costs actually declined 1.8%. As a result, businesses were able to increase employee pay and improve profitability. As noted, personal income increased 3.0% in 2002. After declining in 2001, after-tax corporate profits turned around and started increasing throughout the year. The bonus depreciation provisions enacted in the federal Job Creation and Worker Assistance Act of 2002 also increased business cash flow.

Inflation remained contained in 2002, with consumer prices increasing 1.6% for the year. Producer prices for finished goods declined by 1.3% for the year. However, energy prices jumped 9.0% in the last quarter, as a result of the strike against the Venezuela national oil company and concern over war with Iraq. Core CPI inflation was a stable 2.0% for the same quarter.

Although the value of the dollar began declining against most currencies of industrialized counties in 2002, it did not drop far enough to have a positive effect on international trade. As a result, trade was a drag on the U. S. economy for the year. The strong dollar makes imports relatively cheap, while U.S. exporting firms have difficulty selling products and services overseas. The annualized current account balance deficit was almost $500 billion. America is importing more than it exports, while the income it gets from foreign investments is less than the amount paid to foreigners for investments in the U. S. The combination of a relatively strong dollar and tough competition from countries with low production costs has led to elimination of two million jobs in the manufacturing sector of the economy since 2000.

A series of corporate governance scandals, major bankruptcies, and revelations of accounting fraud that began in late 2001 shook the financial markets in 2002. These events severely undermined confidence in the financial markets. Combined with sluggish economic growth and corporate earnings, rising unemployment, and apprehension about war and terrorism, the market declined in 2002. The market did rally some late in the year, climbing two straight months in the fourth quarter, the first time since March, 1998. However, this was not enough to offset the annual decline. By the end of 2002, the market value of household equity holdings had fallen by an estimated $3.2 trillion, bringing the three-year decrease to $7.0 trillion, or 22%. Similarly, for 2002, the Dow index was down 17%, the S&P 500 was down 24%, and the Nasdaq was down 33%. The last time the market saw a three-year run in losses was 1939 to 1941.

National Economic Forecast

The revenue estimates included in this report are based on the January, 2003, forecast of the economy by Global Insight, Inc.

As 2003 began, the United States faced a world filled with uncertainties that could have significant consequences beyond the effects on the economy. The possibility of war with Iraq looms, the North Korean government has revived a program for enriching uranium and threatened aggression if certain conditions are not met, and terrorist groups remain at large and dangerous. The events surrounding potential war in Iraq, the outcome of the confrontation with North Korea, and possible terrorist activities could have substantial impacts on the U. S. economy.

Many economists believe that apprehension by consumers and businesses regarding potential war in Iraq helped contribute to a slowdown in the economy at the end of 2002. The final quarter of 2002 is expected to have a real annual rate of GDP growth of 1.0%. Final demand, reflecting depressed consumer confidence, only increased at an annual rate of 0.3%. Industrial production dropped and the unemployment rate increased. However, according to Global Insight, Inc., the slowdown in growth and increase in unemployment in the fourth quarter of 2002 gives a misleading picture of the health of the economy. Personal income grew at an annual rate of 3.8% and consumer spending for nondurables and services increased more than in the third quarter. After-tax corporate profits were strong and real nonresidential fixed investment changed from a negative annual rate of growth to a positive increase of 3.3%. Government purchases also contributed to economic growth. Inflation remained constrained and interest rates were low.

The Global Insight, Inc. forecast incorporates the effects of a war with Iraq, new federal income tax cuts, and the extension of unemployment benefits into its economic projections for 2003 and beyond. Concern about possible setbacks and a jump in oil prices are expected to depress consumer confidence and the stock market. Consumer spending and business investment will be constrained until a successful outcome of the war is assured.

An additional $50 billion in federal spending is projected, with most of the initial spending for activating reserves and combat pay. Federal expenditures to replace equipment and munitions used in the war will occur in late 2003 and 2004. The tax cut package finally adopted by Congress and approved by the President and the extension of unemployment benefits is assumed to amount to another $50 billion. Thus the total fiscal stimulus provided by possible war with Iraq, federal tax cuts, and extended unemployment benefits is forecast to be $100 billion over the next 18 months.

A resolution of the situation in Iraq, combined with the underlying strengths in the economy and the fiscal stimulus provided by war expenditures, the federal tax cuts, and unemployment compensation benefits, are expected to propel economic recovery beginning in the second half of 2003 and carrying on into 2004. Economic expansion will continue in 2005, but at a lower rate. For the forecast period, moderating growth in consumer spending will be offset by the jump in federal spending, the reversal of business investment in equipment from annual decreases to annual increases, and a decline in the value of the dollar that will improve trade. Global Insight, Inc. estimates that real GDP will grow at an annual rate of 5.5% the last two quarters of 2003. For the year, real GDP will increase 3.1%, compared to 2.4% for 2002. Real GDP growth will increase to 4.7% in 2004, and then moderate to 3.3% in 2005. Nominal GDP, which increased 3.6% in 2002, is projected to increase 5.2% in 2003, 7.2% in 2004, and 5.7% in 2005.

Consumer spending was the primary force behind economic growth in 2002. Purchasing power was enhanced by zero-percent financing for autos, federal tax cuts, and low mortgage interest rates that allowed individuals to borrow from the equity of their homes through refinancing or by taking out new home-equity loans. Despite the year-end drop in consumer confidence and slowdown in spending, the consumer will continue to be a key contributor to economic growth. Since the factors, such as mortgage refinancings, that spurred consumer spending are likely to be less significant, increasing income is expected to be the primary source of additional spending. Continued productivity gains and slowly increasing employment will cause incomes to grow. Increasing productivity gives employers the opportunity to increase wages for their workers and still maintain or increase profit margins. The Global Insight, Inc. forecast estimates that personal income will increase 5.0% in 2003, 6.5% in 2004, and 5.6% in 2005. Productivity (output per hour) is projected to increase 3.3% in 2003, 2.5% in 2004, then slow to 2.0% in 2005. Although consumer spending is expected to continue pushing economic growth during the next three years, the anticipated war with Iraq will weaken consumer spending in the first half of 2003. Oil prices are forecast to increase to almost $32 per barrel in the first quarter and consumer confidence will fall. However, it is projected that later in 2003 oil prices will decline and consumer confidence and the stock market will surge. Spending is forecast to jump in late 2003 and 2004, as increasing incomes and the proposed federal tax cut provide consumers with more disposable income. Increased hiring over the forecast period will also raise the willingness of consumers to spend. The forecast estimates the annual growth in personal consumption expenditures will be 4.4% for the first half of 2003, then increase to 5.2% for the second half of the year. Annually, personal consumption expenditures are expected to increase 4.8% in 2003, 6.7% in 2004, and 5.8% in 2005. The consumer sentiment index is projected to jump almost ten points from 86.9 in 2003 to 96.4 in 2004. The index will then stabilize at 95.8 in 2005.

At the start of 2003, the state of affairs in the world is reinforcing risk-averse behavior in businesses. In addition to the possibility of war with Iraq and confrontation with North Korea, the strike against the national oil company in Venezuela has created fears of an oil-price spike. Until these situations are cleared up, businesses will be reluctant to undertake substantial investment projects. A strong economic recovery depends on businesses' willingness to take risks and invest. Without investment, businesses are not making commitments to future growth and new hires. The forecast assumes that, once the situation with Iraq is resolved, business investment will be a primary contributor to economic growth from the second half of 2003 through 2005. The underlying factors for increased investment seem to be in place. Businesses have engaged in cost-cutting activities over the past two years. Jobs have been pared, major capital investment projects have been delayed, and worker productivity has increased. As a result, income from sales is generally going directly to a firm's bottom line. Federal bonus depreciation tax provisions will provide additional short-term cash flow to certain businesses as well. Improved earnings and cash flow are expected to drive a rebound in capital spending. In addition, a weakening dollar should make exports more competitive and foreign goods more expensive. This will improve the pricing power of U. S. businesses. The forecast assumes that, in the aftermath of a successful resolution of the situation in Iraq, the economy will experience a substantial increase in growth. Finally, increasing consumer demand is helping raise earnings. Reflecting increased consumer spending and continued strong productivity, pre-tax corporate profits will surge to an annual rate of growth of

15.0% in 2003 and 16.5% in 2004. Businesses will make the capital purchases and start the capital investment projects that have been postponed the past two years. With the ratio of inventories to sales below the ten-year trend, new orders for replacements are likely. This should spur additional investment to support expanded output. Under the forecast, real nonresidential fixed investment is projected to increase 4.8% in 2003, 10.7% in 2004, and 8.2% in 2005. Similarly, real investment in equipment and software is expected to grow by 7.6% in 2003, 12.1% in 2004, and 7.0% in 2005.

The state of the labor market deteriorated in the fourth quarter of 2002, as the unemployment rate moved up to 6.0% and the economy lost jobs. Businesses have focused on reducing costs and have been reluctant to add workers. Moreover, increased productivity from the existing workforce lets businesses increase output without increasing the workforce. Employers will have to regain confidence in the stability of demand and profits before they begin hiring at a pace strong enough to significantly lower the unemployment rate. However, by historical standards, the 6.0% jobless rate is quite low at this stage of a recovery. Under the forecast, the unemployment rate is expected to edge up to 6.4% by the second quarter of 2003. Then, as the economy accelerates in the second half of the year, employment will improve gradually from the third quarter of 2003 through 2005. The annual unemployment rate is projected to be 6.2% in 2003, 5.3% in 2004, and 5.0% in 2005. After increasing only 0.7% in 2003, payroll employment will increase 2.6% in 2004 and 1.9% in 2005.

The housing market was a major contributor to economic growth in 2002. The historic low level of mortgage rates and decline of the stock market made housing a preferred investment. The low mortgage rates accelerated the transition of some households from renters to buyers, and allowed current owners to expand consumption of housing without significantly increasing their housing budgets. The Global Insight, Inc. forecast sees a reduced role for housing and construction as factors in economic growth. Early in 2003, a downswing in housing activity is anticipated once the negative impact of rising unemployment and weak wage gains outweigh the positive impact of low mortgage rates. Beginning in the second half of the year, increasing interest rates are expected to offset an improving employment outlook. The average conventional 30-year mortgage rate is projected to increase slightly from 6.5% in 2002 to 6.7% in 2003, and then jump to 8.1% in 2004, and 8.2% in 2005. Conversely, total housing starts are forecast to drop from 1.69 million units in 2002 to 1.56 million units in 2003, before rebounding somewhat to 1.64 million and 1.67 million units in 2004 and 2005, respectively. Sales of existing homes will follow a similar pattern, while sales of new homes will show annual declines. Real residential construction is projected to decrease 1.3% in 2003, and then increase 2.3% in 2004 and jump 5.4% in 2005.

The U. S. trade deficit is expected to set a record high in 2002, even though the dollar fell to a three-year low against the Euro by mid-January, 2003. Although the dollar has dropped from its peak in February, 2002, it has not fallen enough to create a competitive environment for U. S. exporters. In recessions and times of slow economic growth, trade deficits typically narrow as consumer spending weakens, and a weak economy tends to undermine the value of the dollar, and imports become more expensive and exports cheaper for foreign consumers. While U. S. economic growth has been sluggish, the economies of many of the United States' trading partners are growing more slowly, depressing overseas demand for U. S. goods, services, and financial assets. And even though the value of the dollar is falling relative to the currencies of other trading partners, many economists believe it could take up to two years for a drop in the currency to translate into noticeable export gains or declining imports. Rather than show a fairly smooth quarterly pattern of gradual expansion of the trade deficit, the forecast projects a minor improvement in trade for several quarters of 2003, as automotive manufacturers reduce North American production and imports of completed vehicles into the United States. The trade deficit is then expected to deteriorate until later in the forecast period when foreign economies improve. The trade deficit is forecast to increase from $414.9 billion in 2002 to $421.5 billion in 2003 and $431.1 billion in 2004, before dropping to $423.2 billion in 2005.

The forecast indicates that, despite recent jumps in energy prices, the inflation environment remains benign. While many broad measures of inflation have been showing modest acceleration recently, and inflation is expected to rise, Global Insight, Inc. does not consider the rise alarming. The annual rate of increase in core inflation (the Consumer Price Index, excluding food and energy) decreased through November. Part of the drop in core inflation was due to lower wage cost escalation. Lower labor cost increases may have been the single most important reason inflation has been trending down over the past few years. The annual increase in total labor costs decreased from 4.6% in 2000 to 3.7% in 2002. The annual growth in labor costs is projected to decrease to 3.3% in 2003, then to increase 4.0% in 2004 and 3.7% in 2005, as the economy rebounds. However, there is some concern about the rising cost of employee benefits, particularly health care. The producer price index (PPI) for finished goods is also seemingly under control, having declined 1.3% in 2002, partially due to decreased auto prices. The CPI and PPI are expected to increase in the first half of 2003, as a result of the strike against the Venezuelan national oil company and the possibility of war in Iraq. The PPI for energy is expected to increase 15.3% in the first quarter of 2003, while the CPI for energy will be up 17.7% for the same period. However, when these matters are resolved, energy prices are expected to drop. The drop in energy prices is expected to dampen the inflationary effects of the increased ability of producers to raise prices as the economy recovers beginning in the second half of 2003. Moreover, sluggish growth in the manufacturing sector and moderate increases in employment costs will keep prices under control. The annual change in the PPI is expected to be 1.2% in 2003 and 2004, and 1.4% in 2005. The annual increase in the CPI is projected to be 2.3% in 2003, 2.4% in 2004, and 2.6% in 2005. Finally, core inflation is forecast to grow 2.2% in 2003 and 2.7% in both 2004 and 2005.

For most of the past two years, monetary policy has been the primary government tool used to manage the economy. The Federal Reserve's actions to continuously cut interest rates have thus far prevented the economy from tumbling into a major recession. The rate reductions have had the greatest effect on the automotive, housing, and mortgage markets. However, the lower rates have not had a significant effect on business investment. Global Insight, Inc. does not expect the Federal Reserve to take any actions during the first two quarters of 2003. Once the situation in Iraq is successfully resolved, economic growth will begin to surge and pressure will increase on prices. The forecast indicates that, in order to head off any inflationary pressures related to the recovery, the Federal Reserve will approve a rate hike next summer. The timing could be affected by the situation in Iraq or passage of a version of the administration's fiscal package.

In early January, President Bush proposed a fiscal stimulus package of tax cuts, extended unemployment compensation benefits, and personal re-employment accounts, with a total cost of almost $700 billion over ten years. [The extended unemployment benefits package has already been enacted into law.] As noted, the forecast includes the estimated effect of a stimulus package on the economy. In addition, the forecast assumes that Congress will pass an omnibus budget bill that is close to the administration's target. Increased federal outlays are anticipated for income security, Medicare, Medicaid, and defense. The federal deficit is expected to be $300 billion or more for the next two years. A budget surplus is not projected until 2011.

Over the past six quarters, state and local governments, in aggregate, have been running an annual operating deficit of about $50 billion, or about 4% of their operating budgets. This amounts to about 20% of non-wage, non-transfer spending. Since state and local governments must have balanced budgets, these governments have worked to fund the deficits mainly through the use of reserve funds, accounting adjustments, and short-term borrowing. These devices are generally not permanent solutions. As a result, Global Insight, Inc. anticipates that, during the next few years, state and local governments will use layoffs and spending cuts to bring their budgets back into balance. Also, some revenue increases, beyond cigarette taxes and casino gambling, are anticipated.

Table 2 shows projected values for several economic indicators that underlie the general fund revenue estimates for 2002-03 and the 2003-05 biennium.

TABLE 2

Summary of National Economic Indicators
Global Insight, Inc.
January, 2003
($ in Billions)

	2002	2003	2004	2005
Nominal Gross Domestic Product	$10,448.9	$10,987.1	$11,775.8	$12,448.7
Percent Change	3.6%	5.2%	7.2%	5.7%
Real Gross Domestic Product	$9,437.7	$9,730.0	$10,188.0	$10,524.3
Percent Change	2.4%	3.1%	4.7%	3.3%
Consumer Price Index	1.6%	2.3%	2.4%	2.6%
Personal Income	$8,947.0	$9,391.6	$10,004.3	$10,566.7
Percent Change	3.0%	5.0%	6.5%	5.6%
Personal Consumption Expenditures	$7,299.0	$7,650.6	$8,164.6	$8,640.9
Percent Change	4.5%	4.8%	6.7%	5.8%
Corporate Profits Before Tax	$659.4	$758.4	$883.4	$851.1
Percent Change	-1.6%	15.0%	16.5%	-3.7%
Unemployment Rate	5.8%	6.2%	5.3%	5.0%

The January, 2003, Global Insight, Inc. economic forecast includes a fairly extensive list of risks that could have an effect on the U. S. economy in 2003, which are described below. Most of these risks would negatively impact the economy; however, the last three risks would lead to stronger growth.

Extensive War with Iraq. Although the effects of a short war with Iraq have been built into the forecast, there is a possibility that the war could be longer and more difficult. In such a scenario, oil prices would increase more and the negative impacts on the stock market and consumer confidence would be greater. The additional uncertainty and higher oil prices could trigger recessions in the United States and other countries.

Major Terrorist Attack. A major terrorist attack in the United States or Europe would severely damage business and consumer confidence and reduce the prospects for economic recovery.

Stock Market Dive. Lackluster earnings, further corporate scandals, and geopolitical events, such as a nuclear showdown with North Korea, could cause stock prices to drop again. Though unlikely, a further large decrease in key market indexes could significantly weaken consumer spending and prevent a recovery in capital expenditures.

Housing "Bubble" Bursts. About a dozen urban housing markets in the U. S. have exhibited some symptoms of "bubble" activity, especially at the high ends of the price spectrum. Recent data indicates that these "bubbles" are slowly deflating rather than bursting. A plunge in housing prices could only occur if interest rates jumped, which is a remote possibility in 2003. However, a drop in housing wealth could reduce consumer spending.

U. S. Dollar Crashes. If the U. S. dollar were to fall precipitously, both inflation and interest rates in the U.S. could spike. A plunge in the dollar would also undermine the export-led recoveries in Europe and Asia. Global Insight, Inc. indicates that the odds of a crash in the value of the dollar are low for two reasons. First, stronger growth in the U. S. relative to most other parts of the world will support the dollar. Second, if the dollar actually started a free-fall, the Federal Reserve and central banks in other countries would likely intervene to prevent disruption of global markets.

A Financial Crisis in a Foreign Country. Many analysts worry that a world financial crisis could be set off by a default in a large, emerging market such as Brazil, or by a financial meltdown in Japan. The likelihood of this scenario is low.

Capital Spending Accelerates. Typically, spending on equipment and structures tends to rebound strongly after a recession. It is believed that worldwide weak growth and large amounts of excess capacity are discouraging companies from making capital investments. However, ratios of inventories to sales and corporate sector net investment to GDP are at historically very low levels. There is a possibility that there is a pent-up demand for capital spending that could take off after the uncertainty about the war with Iraq dissipates. This could significantly increase economic growth above the forecasted level.

Stronger Economic Growth in Europe and Japan. The forecast anticipates weak growth in Europe and Japan. The European Central Bank is showing greater willingness to promote growth. This, combined with more flexibility on fiscal policy, could mean greater growth in domestic European demand. At the same time, banking reform could occur in Japan. If accompanied by macroeconomic policies to offset any initial negative impact on growth, the net result could benefit the worldwide economy.

No War with Iraq. The forecast assumes a short war with Iraq. An alternative would be no attack on Iraq. Under this scenario, there would be less short-term fiscal stimulus from the federal government because of lower military spending. However, the economy would get a boost in 2003 from four other sources: (1) lower oil prices; (2) higher consumer sentiment, resulting in stronger consumer spending; (3) an earlier rebound in capital spending, particularly on equipment; and (4) higher economic growth in foreign trading partners, resulting in increased exports. Under this alternative, a broad recovery starts early in 2003.

General Fund Tax Collections

Table 3 shows revenue estimates for all general fund tax sources for the 2002-03 fiscal year and each year of the 2003-05 biennium. Over the three-year period, these estimates are lower than the Department of Revenue's November 20 projections by $646.1 million ($177.5 million in 2002-03, $215.1 million in 2003-04, and $253.5 million in 2004-05). In the current fiscal year, the difference is primarily due to the individual income and sales taxes, and reflects more recent collections and employment data that are less favorable than the information that was available when DOR's estimates were prepared. In the two years of the 2003-05 biennium, overall growth rates similar to DOR's are projected (5.1% in 2003-04 and 5.6% in 2004-05). However, the reduced base-year (2002-03) estimate results in lower projections in each of the two out-years. Revenues from the estate tax are also expected to be significantly lower than DOR's figures during the next two fiscal years, based on collection patterns that prevailed prior to the recent federal and state law changes in that tax (as discussed later in this report in the section on estate taxes).

TABLE 3

Projected General Fund Tax Collections
($ in Millions)

	2001-03 Biennium		2003-05 Biennium	
	2001-02 Actual	2002-03 Estimated	2003-04 Estimated	2004-05 Estimated
Individual Income	$4,979.7	$5,120.0	$5,410.0	$5,800.0
Sales and Use	3,695.8	3,760.0	3,910.0	4,100.0
Corporate Income & Franchise	503.0	490.0	540.0	555.0
Public Utility	252.2	260.4	268.0	278.0
Excise				
Cigarettes	288.8	292.0	288.4	284.7
Liquor and Wine	36.0	36.3	37.2	38.5
Tobacco Products	13.9	15.9	16.8	17.9
Beer	9.6	9.7	9.8	9.9
Insurance Company	96.1	105.0	105.0	95.0
Estate	82.6	67.0	85.0	90.0
Miscellaneous Taxes	62.5	67.2	71.3	74.7
TOTAL	$10,020.2	$10,223.5	$10,741.5	$11,343.7
Change from Prior Year		$203.3	$518.0	$602.2
Percent Change		2.0%	5.1%	5.6%

Individual Income Tax. Individual income tax receipts are estimated to total $5,120.0 million in 2002-03, which represents a 2.8% increase over collections during 2001-02. For the 2003-05 biennium, individual income tax collections are estimated to be $5,410.0 million in 2003-

04 and $5,800.0 million in 2004-05. These figures represent increases of 5.7% and 7.2%, respectively, over prior year estimates, and are based on the forecast and assumptions about taxable personal income growth in 2003 and 2004.

General Sales and Use Tax. Sales tax revenues totaled $3,695.8 million in 2001-02 and are estimated at $3,760.0 million in 2002-03, $3,910.0 million in 2003-04, and $4,100.0 million in 2004-05. These projections are based on historical experience and forecast 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. The estimates represent growth rates of 1.7% in 2002-03, 4.0% in 2003-04, and 4.9% in 2004-05.

Corporate Income and Franchise Tax. Corporate income and franchise tax revenues are projected to decline from $503.0 million in 2001-02 to $490.0 million in 2002-03. Revenues are then forecast to increase to $540.0 million in 2003-04 and to $555.0 million in 2004-05.

The 2002-03 estimate reflects lower year-to-date corporate income and franchise tax collections and slow profit growth in the first quarter of 2003. Through December, 2002, monthly corporate income and franchise tax collections have declined significantly from 2001-02 monthly collections. In addition, corporate profits declined in 2002 and are not expected to rebound until the spring of 2003.

As the economy expands beginning in the second half of 2003, improving employment and consumer spending are expected to increase demand for business outputs and services. A surge in capital spending will also increase demand for business products. Continued productivity growth is expected to contribute to profit margins.

Public Utility Taxes. Public utility taxes are estimated to be $260.4 million in 2002-03. The estimate represents a 3.3% increase over the $252.2 million in utility taxes collected in 2001-02 and is based on year-to-date collections and assumptions about the pattern of estimated tax payments over the remainder of the fiscal year. Utility tax revenues are estimated at $268.0 million in 2003-04 and $278.0 million in 2004-05, representing year-over-year increases of 2.9% and 3.7%. These figures incorporate the reduced tax rate on wholesale electricity sales that was provided under 2001 Wisconsin Act 16 (the 2001-03 biennial budget), starting with receipts from electricity sales in 2004.

Excise Taxes. Excise taxes on cigarettes, tobacco products, and alcoholic beverages totaled $348.3 million in 2001-02. These collections are projected to be $353.9 million in 2002-03, $352.2 million in 2003-04, and $351.0 million in 2004-05. Revenues from the most significant of the excise taxes, the cigarette tax, are projected to decline during both years of the 2003-05 biennium, reflecting the continuation of a trend of gradual year-to-year consumption declines. An 18¢ increase in the cigarette excise tax (from 59¢ per pack to 77¢ per pack) was enacted in Act 16 and took effect on October 1, 2001. Because the higher rate will be in effect for the entirety of fiscal year 2002-03 but was in effect only for nine months of fiscal year 2001-02, a year-over-year increase in revenues (1.1%) is projected for 2002-03, even though year-over-year pack sales are expected to decline.

Estimates of revenues from the tobacco products tax also reflect a rate increase--from 20% of the manufacturer's list price to 25% of the price, effective October 1, 2001. In addition, sales of tobacco products are expected to grow each year during the 2003-05 biennium, trending in the opposite direction of cigarettes.

The remaining excise taxes on beer, wine, and liquor are estimated to post modest year-over-year revenue increases during all three years for which estimates have been prepared.

Insurance Premiums Taxes. Insurance premiums taxes are projected to increase from $96.1 million in 2001-02 to $105 million in 2002-03 and in 2003-04. It is estimated that insurance premiums tax revenues will then decrease to $95 million in 2004-05. The increased revenues in the first two years are due to a significant annual increase in premiums, mainly from higher prices and to a lesser extent from higher demand. Investment income is generally a significant source of income for insurers. In response to lower investment income, which reflects declining returns from equity markets, insurance companies have increased premium rates to maintain some level of profitability. Industrywide net written premiums are expected to increase 13.6% in 2002 and 12.3% in 2003. Insurance premiums tax collections to-date are significantly above last year's level. Collections are expected to moderate in 2005 as the improving economy and equity markets reduce the importance of premiums as a source of insurance company profits.

Estate Taxes. Estate tax revenues are estimated at $67.0 million in 2002-03, $85.0 million in 2003-04, and $90.0 million in 2004-05. These estimates reflect a decrease of 18.9% in 2002-03 from 2001-02 collections of $82.6 million, and increases of 26.9% and 5.9% in 2003-04 and 2004-05, respectively, over prior year estimates.

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. However, the variation in actual collections and estimated estate taxes from 2001-02 through 2004-05 primarily reflects the effects of the federal law changes under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and subsequent state law changes under Act 16.

Prior to Act 16, state estate taxes were coupled to federal law. Following the federal estate tax reductions under EGTRRA (which provided for the gradual elimination of the estate tax, starting with deaths in 2002, and the phase-out of the federal credit for state death taxes upon which the state estate tax was based), Act 16 decoupled state estate taxes from current federal law. Act 16 provided, instead, that state estate taxes would be linked to federal law in effect on December 31, 2000, (prior to the EGTRRA reductions) for a specified period starting October 1, 2002. The combined effect of the federal and state law changes was to temporarily reduce state estate taxes, which is reflected in the estimate of $67.0 million in estate taxes in 2002-03. Starting with fiscal year 2003-04, it is expected that state estate tax revenues will return to levels similar to those received prior to the change in the federal law. The estimates for 2003-04 and 2004-05 are based on collection patterns prior to EGTRRA.

Miscellaneous Taxes. Collections from the miscellaneous taxes--the real estate transfer fee, which comprises over 80% of miscellaneous tax revenues, and municipal and circuit court-related fees--are expected to increase by 7.4% during 2002-03, to an estimated $67.2 million, then exhibit somewhat slower growth in the two years of the 2003-05 biennium, 6.1% and 4.8%, respectively. Interest rate increases expected to occur during the economic recovery, with their dampening effects on home sales and other property transfers, are the primary factor underlying the slower growth estimates in future years.

We will continue to monitor tax collections, economic forecasts, and expenditures and keep you apprised of any modifications that may be necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II–Pages 36-44).

The following provide updates to various tables containing General Fund information that is presented on a cash or recorded basis. Information presented earlier in this APPENDIX B has been presented on a budgetary basis. Unless noted, the following information reflects *the revised revenue estimates released by the Legislative Fiscal Bureau on January 23, 2003 and the budget bill for the 2003-04 and 2004-05 fiscal years (2003 Wisconsin Act 33).*

The following tables show negative balances on a cash basis. Wisconsin Statutes provide certain administrative remedies, such as interfund borrowing, to deal with periods when the balance, on a cash basis, is negative. 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.

The State can have a negative cash balance at the end of a fiscal year. This is different than budgetary requirements, in which the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget. The Wisconsin Constitution also requires that if final budgetary expenses of any fiscal year exceed available revenues, the Legislature must take actions to balance the budget in the succeeding fiscal year.

Table II-7; State Budget-General Fund (Part II–Page 39). Replace the table with the following:

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2002 TO JUNE 30, 2003

(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[a]												
Beginning Balance	-421,915	-616,711	-151,597	312,086	637,718	631,559	159,706	833,727	940,167	209,055	597,754	516,851
Ending Balance [b]	-616,711	-151,597	312,086	637,718	631,559	159,706	833,727	940,167	209,055	597,754	516,851	-301,120
Lowest Daily Balance [b]	-835,846	-682,211	-292,593	146,623	562,154	-164,082	159,706	677,134	31,400	-95,472	285,166	-735,433
RECEIPTS												
TAX RECEIPTS												
Individual Income	515,747	350,778	629,833	469,429	306,427	591,751	753,704	448,331	425,443	800,494	350,610	627,194
Sales & Use	360,882	367,587	361,239	344,735	335,382	318,549	366,893	283,770	278,331	319,239	320,108	347,662
Corporate Income	14,037	12,214	110,295	24,404	14,643	120,855	21,494	12,509	172,994	22,473	12,993	114,972
Public Utility	197	19	211	4,299	145,137	5,492	-2,773	5,070	23	2,018	120,118	2,175
Excise	32,420	32,992	32,434	32,234	33,477	26,215	28,962	31,172	21,643	25,512	32,534	29,407
Insurance	1,086	1,897	22,836	784	1,291	23,036	1,889	16,309	24,750	24,504	2,581	24,962
Inheritance	6,834	7,406	14,701	3,871	4,538	3,497	7,799	2,124	2,625	3,761	8,797	3,650
Subtotal Tax Receipts	931,203	772,893	1,171,549	879,756	840,895	1,089,395	1,177,968	799,285	925,809	1,198,001	847,741	1,150,022
NON-TAX RECEIPTS												
Federal	451,110	384,251	473,314	500,946	491,232	443,561	628,967	537,288	523,444	511,718	354,871	660,374
Other & Transfers [c]	318,163	479,857	381,016	225,312	150,199	173,532	298,922	385,219	203,021	391,682	282,728	219,984
Note Proceeds [d]	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	769,273	864,108	854,330	726,258	641,431	617,093	927,889	922,507	726,465	903,400	637,599	880,358
TOTAL RECEIPTS	1,700,476	1,637,001	2,025,879	1,606,014	1,482,326	1,706,488	2,105,857	1,721,792	1,652,274	2,101,401	1,485,340	2,030,380
DISBURSEMENTS												
Local Aids [e]	903,055	166,454	704,521	101,549	410,446	1,175,368	223,251	244,546	1,199,379	133,429	214,765	1,810,134
Income Maintenance	357,630	355,727	306,119	359,298	357,037	365,688	357,190	353,772	326,068	404,651	347,535	289,515
Payroll and Related	289,522	317,944	213,252	361,884	396,657	234,841	410,335	305,602	230,548	314,141	434,080	281,801
Tax Refunds	46,735	41,583	44,505	55,983	70,935	133,298	70,374	377,534	358,377	355,000	166,318	134,427
Debt Service	0	1,159	0	120,742	1,281	0	0	893	0	262,262	6,797	0
Miscellaneous	298,330	289,020	293,799	280,926	252,129	269,146	370,686	333,005	269,014	243,219	396,748	332,474
Note Repayment [d]	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	1,895,272	1,171,887	1,562,196	1,280,382	1,488,485	2,178,341	1,431,836	1,615,352	2,383,386	1,712,702	1,566,243	2,848,351

(a) 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 the 2002-03 fiscal year. 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 the 2002-03 fiscal year.

(b) 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 was approximately $556 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 $334 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.

(c) 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.

(d) No operating notes were issued in the 2002-03 fiscal year; therefore, the table does not include any proceeds from the issuance of operating notes or any impoundment payments.

(e) 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-7; State Budget-General Fund (Part II–Page 39). Add the following table:

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2003 TO SEPTEMBER 30, 2003
PROJECTED GENERAL FUND CASH FLOW; OCTOBER 1, 2003 TO JUNE 30, 2004[(a)]

(In Thousands of Dollars)

	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	January 2004	February 2004	March 2004	April 2004	May 2004	June 2004
BALANCES[(b)]												
Beginning Balance	-301,120	-622,418	-400,502	418,507	858,824	627,751	197,869	966,939	1,176,877	65,906	530,164	626,525
Ending Balance [(c)]	-622,418	-400,502	418,507	858,824	627,751	197,869	966,939	1,176,877	65,906	530,164	626,525	-119,788
Lowest Daily Balance [(c)]	-762,702	-757,258	-654,756	368,861	429,121	-479,956	146,850	854,681	14,411	-125,518	324,578	-340,177
RECEIPTS												
TAX RECEIPTS												
Individual Income [(d)]	535,668	361,664	632,800	517,300	343,800	539,700	800,000	464,400	460,900	855,700	332,900	651,300
Sales & Use	368,518	363,614	375,775	368,100	364,000	304,400	408,000	318,600	287,700	324,400	344,800	354,000
Corporate Income	15,220	19,228	126,009	27,100	13,600	137,000	23,000	12,000	159,900	25,000	16,400	114,200
Public Utility	296	0	325	3,800	138,500	4,300	0	3,700	200	5,200	118,000	1,700
Excise	38,152	34,660	28,651	29,200	36,200	28,900	28,200	29,900	25,000	27,500	30,800	30,400
Insurance	828	1,375	25,541	1,400	1,200	22,100	1,800	12,000	19,100	24,100	3,900	23,200
Inheritance	5,660	11,035	7,017	5,200	6,200	4,900	8,200	5,500	6,200	10,300	6,300	5,600
Subtotal Tax Receipts	964,342	791,576	1,196,118	952,100	903,500	1,041,300	1,269,200	846,100	959,000	1,272,200	853,100	1,180,400
NON-TAX RECEIPTS												
Federal	420,678	479,004	507,840	629,400	422,500	448,900	610,800	525,300	471,600	533,500	518,900	553,400
Other & Transfers [(d)]	291,431	190,445	519,577	245,600	253,500	237,900	385,600	387,100	328,100	329,800	312,300	411,100
Note Proceeds [(e)]	0	0	400,000	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	712,109	669,449	1,427,417	875,000	676,000	686,800	996,400	912,400	799,700	863,300	831,200	964,500
TOTAL RECEIPTS	1,676,451	1,461,025	2,623,535	1,827,100	1,579,500	1,728,100	2,265,600	1,758,500	1,758,700	2,135,500	1,684,300	2,144,900
DISBURSEMENTS												
Local Aids	890,876	172,578	741,814	119,573	824,806	1,156,159	205,865	256,886	1,179,936	123,589	247,081	1,774,181
Income Maintenance	439,565	373,987	352,115	393,262	337,164	345,825	390,021	335,896	391,678	360,479	340,741	310,329
Payroll and Related	317,741	312,301	225,424	478,497	258,142	304,330	415,696	225,616	305,368	476,187	255,458	302,883
Tax Refunds	68,585	50,293	54,656	59,488	68,592	70,100	57,200	327,007	328,885	293,412	219,400	195,000
Debt Service	0	984	118,305	0	3,892	0	0	3,892	263,998	0	36,394	0
Miscellaneous	280,982	328,966	312,212	335,963	317,977	281,568	427,748	300,863	298,137	315,906	387,197	308,820
Note Repayment [(e)]	0	0	0	0	0	0	0	98,402	101,669	101,669	101,668	0
TOTAL DISBURSEMENTS	1,997,749	1,239,109	1,804,526	1,386,783	1,810,573	2,157,982	1,496,530	1,548,562	2,869,671	1,671,242	1,587,939	2,891,213

(a) Projections reflect the 2003-05 biennial budget bill that Governor Doyle signed into law with some partial vetoes on July 24, 2003 (2003 Wisconsin Act 33). The projections also reflect the revenue estimates released by the Legislative Fiscal Bureau on January 23, 2003 and adjustments made starting in September to better reflect end-of-month electronic fund transfers. While the projections are based on budgetary assumptions, they are presented on a cash basis and not a budgetary basis. Projections do not include interfund borrowings.

(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 are expected to range from $150 to $300 million during the 2003-04 fiscal year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately $50 million during the 2003-04 fiscal year.

(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 $542 million for the 2003-04 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 $325 million for the 2003-04 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.

(d) The July Individual Income Tax Receipts and Non-Tax Receipts for Other & Transfers have been restated due to a subsequent reporting reclassification by the Department of Revenue.

(e) Includes $400 million in operating note proceeds received in September, 2003 and impoundment payments due on February 27, March 31, April 30, and May 28, 2004. The February 27, 2004 impoundment payment excludes the premium deposited on September 18, 2003 into the operating note redemption fund.

Table II-8; General Fund Cash Receipts and Disbursements Year To Date; Compared to Estimates and Previous Fiscal Year. (Page 40). Update the table with the following:

2002-03 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[a]
(Cash Basis)
As of June 30, 2003
(Amounts in Thousands)

	2001-02 Fiscal Year	2002-03 Fiscal Year			
	Actual	Actual	Estimate[b]	Variance	Difference FY02 Actual to FY03 Actual
RECEIPTS					
Tax Receipts					
Individual Income	$ 6,103,348	$ 6,269,741	$ 6,198,997	$ 70,744	$ 166,393
Sales	3,977,953	4,004,377	3,994,441	9,936	26,424
Corporate Income	631,507	653,883	626,913	26,970	22,376
Public Utility	267,913	281,986	265,996	15,990	14,073
Excise	349,072	359,002	363,293	(4,291)	9,930
Insurance	123,627	145,925	129,776	16,149	22,298
Inheritance	85,059	69,603	68,462	1,141	(15,456)
Total Tax Receipts	$ 11,538,479	$ 11,784,517	$ 11,647,878	$ 136,639	$ 246,038
Non-Tax Receipts					
Federal	$ 4,981,947	$ 5,961,076	$ 5,120,168	$ 840,908	$ 979,129
Other and Transfers	3,998,844	3,509,635	3,795,920	(286,285)	(489,209)
Note Proceeds[c]	800,000	-	-	-	(800,000) [c]
Total Non-Tax Receipts	$ 9,780,791	$ 9,470,711	$ 8,916,088	$ 554,623	$ (310,080)
TOTAL RECEIPTS	$ 21,319,270	$ 21,255,228	$ 20,563,966	$ 691,262	$ (64,042)
DISBURSEMENTS					
Local Aids	$ 7,627,031	$ 7,286,897	$ 7,385,261	$ 98,364	$ (340,134)
Income Maintenance	4,258,424	4,180,230	4,009,219	(171,011)	(78,194)
Payroll & Related	3,619,178	3,790,607	3,780,954	(9,653)	171,429
Tax Refunds	1,820,377	1,855,069	1,828,106	(26,963)	34,692
Debt Service	307,668	393,134	397,322	4,188	85,466
Miscellaneous	3,577,903	3,628,496	3,272,128	(356,368)	50,593
Note Repayment[c]	812,169	-	-	-	(812,169)
TOTAL DISBURSEMENTS	$ 22,022,750	$ 21,134,433	$ 20,672,990	$ (461,443)	$ (888,317)
VARIANCE FY03 YEAR-TO-DATE				$ 229,819	

(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. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

(b) Estimates include assumptions from all fiscal bills enacted into law through 2003 Wisconsin Act 1 but are presented on a cash basis and not a budgetary basis. The projections also reflect the revenue estimates released by the Legislative Fiscal Bureau on January 23, 2003.

(c) Operating Notes were issued in the 2001-02 fiscal year but were not issued in the 2002-03 fiscal year.

Table II-8; General Fund Cash Receipts and Disbursements Year To Date; Compared to Estimates and Previous Fiscal Year. (Page 40). Add the following table:

2003-04 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of September 30, 2003
(Amounts in Thousands)

	FY03 through September 2002	FY04 through September 2003				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY03 Actual to FY04 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 1,496,358	$ 1,530,132	$ 1,629,000	$ (98,868)	$ (36,268)	$ 33,774
Sales	1,089,708	1,107,907	1,107,200	707	707	18,199
Corporate Income	136,546	160,457	156,800	3,657	3,657	23,911
Public Utility	427	621	200	421	421	194
Excise	97,846	101,463	96,500	4,963	4,963	3,617
Insurance	25,819	27,744	24,600	3,144	3,144	1,925
Inheritance	28,941	23,712	25,300	(1,588)	(1,588)	(5,229)
Total Tax Receipts	$ 2,875,645	$ 2,952,036	$ 3,039,600	$ (87,564)	$ (24,964)	$ 76,391
Non-Tax Receipts						
Federal	$ 1,308,675	$ 1,407,522	$ 1,333,100	$ 74,422	$ 74,422	$ 98,847
Other and Transfers	1,179,036	1,001,453	947,400	54,053	54,053	(177,583)
Note Proceeds	-	400,000	400,000	-	-	400,000 [(d)]
Total Non-Tax Receipts	$ 2,487,711	$ 2,808,975	$ 2,680,500	$ 128,475	$ 128,475	$ 321,264
TOTAL RECEIPTS	$ 5,363,356	$ 5,761,011	$ 5,720,100	$ 40,911	$ 103,511	$ 397,655
DISBURSEMENTS						
Local Aids	$ 1,774,030	$ 1,805,268	$ 1,812,497	$ 7,229	$ 7,229	$ 31,238
Income Maintenance	1,019,476	1,165,667	1,085,052	(80,615)	(80,615)	146,191
Payroll & Related	820,718	855,466	844,855	(10,611)	(10,611)	34,748
Tax Refunds	132,823	173,534	160,975	(12,559)	(12,559)	40,711
Debt Service	1,159	119,289	129,228	9,939	9,939	118,130
Miscellaneous	881,149	922,160	938,381	16,221	16,221	41,011
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 4,629,355	$ 5,041,384	$ 4,970,988	$ (70,396)	$ (70,396)	$ 412,029
VARIANCE FY04 YEAR-TO-DATE				$ (29,485)	$ 33,115	

(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. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

(b) Estimates include assumptions from the 2003-05 biennial budget bill, as signed into law with some partial vetoes by Governor Doyle on July 24, 2003 (2003 Wisconsin Act 33), but are presented on a cash basis and not a budgetary basis. The projections also reflect the revenue estimates released by the Legislative Fiscal Bureau on January 23, 2003.

(c) Changes were made, after the beginning of the fiscal year, to the estimates of receipts starting in September 2003. These changes were made to better reflect the timing of end-of-month electronic fund transfers. Because the changes were made starting in September 2003, the July and August 2003 estimates could not be changed. Since the timing of end-of-month electronic fund transfers impacted August and September 2003, the changes to the estimates of receipts include an increase in September 2003 but could not include any decrease in August 2003. As a result, the variance has been adjusted by $63 million to show the result if the August 2003 estimate were changed.

(d) Operating Notes were issued in the 2003-04 fiscal year but were not issued in the 2002-03 fiscal year.

Table II-9; General Fund Monthly Position (Page 41). Update the table with the following:

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 2001 through September 30, 2003 — Actual
October 1, 2003 through June 30, 2004 — Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[(c)]	Disbursements[(c)]
2001	July	281,565	(d)	$ 1,575,450	$ 1,853,617
	August	3,398	(d)	1,497,565	1,103,304
	September	397,659	(d)	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	(d)	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	(d)	1,530,532	2,730,873
	April	(231,221)	(d)	2,070,342	1,573,434
	May	265,687	(d)	2,155,171	1,844,456
	June	576,402	(d)	1,753,300	2,751,617
	July	(421,915)	(d)	1,700,476	1,895,272
	August	(616,711)	(d)	1,637,001	1,171,887
	September	(151,597)	(d)	2,025,879	1,562,196
	October	312,086		1,606,014	1,280,382
	November	637,718		1,482,326	1,488,485
	December	631,559	(d)	1,706,488	2,178,341
2003	January	159,706		2,105,857	1,431,836
	February	833,727		1,721,792	1,615,352
	March	940,167		1,652,274	2,383,386
	April	209,055	(d)	2,101,401	1,712,702
	May	597,754		1,485,340	1,566,243
	June	516,851	(d)	2,030,380	2,848,351
	July	(301,120)	(d)	1,676,451	1,997,749
	August	(622,418)	(d)	1,461,025	1,239,109
	September	(400,502)	(d)	2,623,535	1,804,526
	October	418,507		1,827,100	1,386,783
	November	858,824		1,579,500	1,810,573
	December	627,751	(d)	1,728,100	2,157,982
2004	January	197,869		2,265,600	1,496,530
	February	966,939		1,758,500	1,548,562
	March	1,176,877		1,758,700	2,869,671
	April	65,906	(d)	2,135,500	1,671,242
	May	530,164		1,684,300	1,587,939
	June	626,525	(d)	2,144,900	2,891,213

(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 October 1, 2003 through June 30, 2004 are based on the revenue estimates released by the Legislative Fiscal Bureau on January 23, 2003 and the budget for the 2003-05 biennium as signed into law with some partial vetoes by Governor Doyle on July 24, 2003 (2003 Wisconsin Act 33). Adjustments have been made to the cash flow projections to better reflect end-of-month electronic fund transfers.

(c) The amounts shown in October 2001 and September 2003 include receipts from the issuance of operating notes, and amounts shown in February through May 2002 and February through May 2004 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued for the 2002-03 fiscal year.

(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. This amount was $556 million for the 2002-03 fiscal year and is approximately $542 million for the 2003-04 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 ($334 million for the 2002-03 fiscal year and approximately $325 million for the 2003-04 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 42). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING[(a)]
July 31, 2001 to September 30, 2003 — Actual
October 31, 2003 to June 30, 2004— Estimated[(b)]
(Amounts in Millions)

Month (Last Day)	2001	2002	2003	2004
January		$ 5,360	$ 5,025	$ 1,738
February		5,463	5,235	1,802
March		5,628	5,438	1,917
April		5,135	5,113	1,765
May		4,819	4,674	1,724
June		5,001	4,836	1,819
July	$ 5,275	5,401	5,135	
August	4,785	4,785	4,579	
September	4,897	4,898	4,378	
October	4,328	4,328	1,575[(b)]	
November	4,242	4,242	1,528	
December	4,737	4,737	1,649	

[(a)] Consists of the following funds:

Transportation	Common School
Conservation (Partial)	Normal School
Wisconsin Health Education Loan Repayment	University
Waste Management	Local Government Investment Pool
Wisconsin Election Campaign	Farms for the Future
Investment & Local Impact	Agrichemical Management
Elderly Property Tax Deferral	Historical Society Trust
Lottery	School Income Fund
Children's Trust	Benevolent
Racing	Groundwater
Work Injury Supplemental Benefit	Petroleum Storage Environmental Cleanup
Unemployment Compensation Interest Repayment	Environmental Improvement Fund
Uninsured Employers	Environmental
Health Insurance Risk Sharing Plan	Recycling
Local Government Property Insurance	University Trust Principal
Patients Compensation	Veterans Mortgage Loan Repayment
Mediation	State Building Trust
	Agricultural College

[(b)] Estimated balances for October 31, 2003 and subsequent months include as an assumption that only 20% of the amount will 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, 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 was $556 million for the 2002-03 fiscal year and is approximately $542 million for the 2003-04 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 ($334 million for the 2002-03 fiscal year and approximately $325 million for the 2003-04 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-11; General Fund Recorded Revenues (Page 43). Update the table with the following:

(Agency Recorded Basis)
July 1, 2003 to September 30, 2003 compared with previous year [(a)]

	Annual Fiscal Report Revenues 2002-03 FY[(b)]	Projected Revenues 2003-04 FY[(c)]	Recorded Revenues July 1, 2002 to September 30, 2002[(d)]	Recorded Revenues July 1, 2003 to September 30, 2003[(e)]
Individual Income Tax	$ 5,052,500,000	$ 5,405,800,000	$ 1,021,226,855	$ 1,010,938,565
General Sales and Use Tax	3,738,000,000	3,915,400,000	658,448,707	676,936,656
Corporate Franchise and Income Tax	526,500,000	539,750,000	120,927,283	137,011,602
Public Utility Taxes	276,800,000	268,000,000	427,066	127,289
Excise Taxes	354,800,000	352,200,000	65,465,130	62,812,494
Inheritance Taxes	68,700,000	105,000,000	28,322,605	23,221,510
Insurance Company Taxes	114,900,000	85,000,000	2,258,277	1,810,598
Miscellaneous Taxes	67,500,000	71,300,000	25,537,551	23,264,845
SUBTOTAL..............................	10,199,700,000	10,742,450,000	1,922,613,473	1,936,123,559
Federal and Other Inter-Governmental Revenues[(f)]	6,668,346,000	5,707,551,000	1,259,668,069	1,401,715,388
Dedicated and Other Revenues[(g)]	3,815,875,000	1,931,197,500	889,391,507	950,120,470
TOTAL.....................................	$ 20,683,921,000	$ 18,381,198,500	$ 4,071,673,049	$ 4,287,959,418

[(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 are from the Annual Fiscal Report (budgetary basis) for the 2002-03 fiscal year, dated October 10, 2003.

[(c)] Projected revenues are based on the 2003-05 budget signed into law, with some partial vetoes, on July 24, 2003 by Governor Doyle (2003 Wisconsin Act 33) and also reflect the revenue estimates for the 2002-03 fiscal year that were released by the Legislative Fiscal Bureau on January 23, 2003.

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

[(e)] The amounts shown are 2003-04 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 44). Update the table with the following:

(Agency Recorded Basis)
July 1, 2003 to September 30, 2003 compared with previous year [(a)]

	Annual Fiscal Report Expenditures 2002–03 FY[(b)]	Appropriations 2003–04 FY[(c)]	Recorded Expenditures July 1, 2002 to September 30, 2002[(d)]	Recorded Expenditures July 1, 2003 to September 30, 2003[(e)]
Commerce....................................	$ 222,143,000	$ 267,951,200	$ 57,665,514	$ 71,053,788
Education....................................	9,087,026,000	7,372,173,100	1,742,379,419	1,843,310,741
Environmental Resources................	264,282,000	252,915,200	21,951,927	67,168,538
Human Relations & Resources	8,630,020,000	7,704,344,000	1,883,510,982	2,016,119,140
General Executive..........................	646,171,000	622,251,300	133,105,523	141,818,347
Judicial...	109,697,000	110,945,700	32,054,066	32,430,589
Legislative....................................	61,219,000	62,468,300	12,914,358	10,895,831
General Appropriations..................	1,935,927,000	1,687,946,100	682,467,747	687,818,662
TOTAL.............................	$ 20,956,485,000	$ 18,080,994,900	$ 4,566,049,536	$ 4,870,615,636

(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 are from the Annual Fiscal Report (budgetary basis) for the 2002-03 fiscal year, dated October 10, 2003.

(c) Estimated appropriations based on the 2003-05 budget bill signed into law, with some partial vetoes, on July 24, 2003 by Governor Doyle (2003 Wisconsin Act 33).

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

(e) The amounts shown are 2003-04 fiscal year expenditures as recorded by state agencies.

Source: Wisconsin Department of Administration.

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2003 Series A Bonds, Quarles & Brady LLP expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Quarles & Brady LLP]

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, WI 53702

RE: $250,000,000 State of Wisconsin (the "State")
Transportation Revenue Bonds, 2003 Series A,
dated November 1, 2003 (the "Bonds")

We have acted as bond counsel in connection with the issuance by the State of the Bonds. In such capacity, we have examined such law and a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (the "Commission") preliminary to and in connection with the issuance of the Bonds, certifications and such other documents and records we deem necessary to render this opinion.

The Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 (the "Revenue Obligations Act") and Section 84.59 (the "Act") of the Wisconsin Statutes as now in force; 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" (the "General Resolution"), as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, the "Amending Resolutions"); and the resolution of the Commission adopted October 15, 2003 entitled "2003 State of Wisconsin Building Commission Resolution 23, Authorizing the Issuance and Sale of Not to Exceed $250,000,000 State of Wisconsin Transportation Revenue Obligations and supplementing the General Resolution" (the "Series Resolution") (hereafter, the General Resolution, as amended by the Amending Resolutions, shall be referred to as the "General Resolution" and the General Resolution and the Series Resolution shall be referred to collectively as the "Resolutions").

The Bonds are issued to pay the costs of financing transportation facilities and major highway projects on a parity with certain outstanding transportation revenue bonds (the "Prior Bonds"), and are issued on a basis senior to the Transportation Revenue Commercial Paper Notes of 1997, Series A.

The Bonds are numbered 1 and upwards; are in the denomination of $5,000 or any integral multiple thereof; are in fully registered form; are dated November 1, 2003; bear interest at the rates set forth below; and mature on July 1 of each year, in the years and principal amounts as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2005	$ 7,560,000	2.50%	2015	$ 12,315,000	5.25%
2006	7,940,000	4.00	2016	12,930,000	5.25
2007	8,335,000	4.00	2017	13,580,000	5.25
2008	8,750,000	5.00	2018	14,255,000	5.00
2009	9,190,000	3.00	2019	14,970,000	5.00
2010	9,650,000	5.00	2020	15,720,000	5.00
2011	10,130,000	5.00	2021	16,505,000	5.00
2012	10,640,000	5.00	2022	17,330,000	5.00
2013	11,170,000	5.00	2023	18,195,000	5.00
2014	11,730,000	5.00	2024	19,105,000	5.00

Interest on the Bonds is payable semi-annually on January 1 and July 1 of each year commencing on July 1, 2004.

At the option of the State, the Bonds maturing July 1, 2015 and thereafter are subject to redemption prior to maturity as a whole or in part, and if in part from maturities selected by the State and within any maturity by lot, on July 1, 2014 or on any date thereafter at the principal amount thereof plus accrued interest to the date of redemption.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State, acting through the Commission, is authorized to issue Transportation Revenue Bonds in addition to, but on a parity with the Prior Bonds and the Bonds.

As to questions of fact material to our opinion, we have relied on representations of the State contained in the Resolutions as well as the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have also examined a printer's proof or sample of the Bonds and find the same to be in proper form.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering materials 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).

Based upon the foregoing, we are of the opinion that as of the date hereof, under existing law:

(1) The State has valid right and lawful authority to finance 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 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 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 Prior 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 monies 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.

(4) The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act, as amended to the date of this Opinion, and in accordance with the Resolutions.

(5) The Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the Bonds.

(6) The interest on the Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of

the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the “Code”) on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. 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 excludable 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. 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.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be also subject to the exercise of judicial discretion in appropriate cases.

QUARLES & BRADY LLP

Bond Insurance

Concurrently with the issuance of the $250,000,000 State of Wisconsin Transportation Revenue Bonds, 2003 Series A **(2003 Series A Bonds)**, Financial Guaranty Insurance Company **(Financial Guaranty)** will issue its Municipal Bond New Issue Insurance Policy for the 2003 Series A Bonds **(Policy)**. The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the 2003 Series A Bonds, which has become due for payment but shall be unpaid by reason of nonpayment by the issuer of the 2003 Series A Bonds **(Issuer)**. Financial Guaranty will make such payments to U.S. Bank Trust National Association, 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 2003 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 2003 Series A Bond includes any payment of principal or interest made to an owner of a 2003 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 2003 Series A Bonds. The Policy covers failure to pay principal of the 2003 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 2003 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 2003 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 2003 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 2003 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.

Bond Insurance–continued

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, 2003, the total capital and surplus of Financial Guaranty was approximately $1.014 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).

On August 4, 2003, General Electric Company **(GE)** announced that its indirect, wholly owned subsidiary, FGIC Holdings, Inc. **(Holdings)**, had entered into an agreement to sell the Corporation (and Financial Guaranty) to Falcons Acquisition Corp. **(Newco)**, a newly-formed Delaware corporation owned by a consortium of investors consisting of The PMI Group, Inc. and private equity funds affiliated with Blackstone Group, Cypress Group and CIVC Partners, subject to receipt of regulatory approvals, written confirmations from Moody's, Standard & Poor's and Fitch that Financial Guaranty's insurance financial strength rating will remain at Aaa, AAA and AAA, respectively, immediately following the closing of the contemplated transactions, and satisfaction of other closing conditions. Immediately following the closing, it is expected that Newco will be merged with and into the Corporation and that GE (through its subsidiaries) will retain $234.6 million of preferred stock, and less than 5% of the common stock, of the Corporation.