



# STATE OF WISCONSIN CONTINUING DISCLOSURE ANNUAL REPORT

FILED PURSUANT TO UNDERTAKINGS PROVIDED TO PERMIT COMPLIANCE WITH  
SECURITIES EXCHANGE COMMISSION RULE 15C2-12

## GENERAL OBLIGATIONS

(Base CUSIPs 977053, 977055, 977056, and 97705L)

## MASTER LEASE CERTIFICATES OF PARTICIPATION

(Base CUSIP 977087)

## TRANSPORTATION REVENUE OBLIGATIONS

(Base CUSIP 977123)

## CLEAN WATER REVENUE BONDS

(Base CUSIP 977092)

## PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS

(Base CUSIP 977109)

## GENERAL FUND ANNUAL APPROPRIATION BONDS

(Base CUSIP 977100)

**DECEMBER 23, 2005**



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**JIM DOYLE**  
GOVERNOR

**STEPHEN E. BABLITCH**  
SECRETARY

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December 23, 2005

Thank you for your interest in the State of Wisconsin.

This is the Continuing Disclosure Annual Report for the fiscal year ending June 30, 2005 (**Annual Report**).

The Annual Report provides information on different securities that the State issues and fulfills the State's continuing disclosure undertakings. These undertakings of the State are intended to help dealers and brokers comply with Rule 15c2-12 under the Securities Exchange Act of 1934. As of this date, the State has filed the Annual Report with each nationally recognized municipal securities information repository using the central post office provided by the Texas Municipal Advisory Council.

Official Statements for securities that the State issues during the next year may incorporate parts of this Annual Report by reference.

### **Organization of the Annual Report**

The Annual Report is divided into eight parts. The first two parts present general information.

- **Part I** presents the **State's continuing disclosure undertakings**. A Master Agreement on Continuing Disclosure establishes a general framework. Separate addenda describe the information to be provided for specific types of securities.
- **Part II** presents **general information about the State**, including its operations and financial results. This part includes the audited basic financial statements for the fiscal year ending June 30, 2005 and the State Auditor's report. This part also includes the results of the 2004-05 fiscal year and the budget for the 2005-06 and 2006-07 fiscal years.

The remaining parts present information about different types of securities that the State issues.

- **Part III – General obligations (including bonds, commercial paper, and extendible municipal commercial paper)**
- **Part IV – Master lease certificates of participation**
- **Part V – Transportation revenue obligations (including bonds and commercial paper)**
- **Part VI – Clean water revenue bonds**
- **Part VII – Petroleum inspection fee revenue obligations (including bonds and extendible municipal commercial paper)**
- **Part VIII – General fund annual appropriation bonds (including bonds and auction rate certificates)**

Please note that certain terms may have different meanings in different parts.

### **Ratings on the State's Securities**

The following chart presents a summary of the long-term ratings currently assigned to different types of securities that the State issues.

<u>Security</u>	<u>Fitch Ratings</u>	<u>Moody's Investors Service, Inc.</u>	<u>Standard &amp; Poor's Ratings Services</u>
General Obligations	AA-	Aa3 <sup>(1)</sup>	AA- <sup>(2)</sup>
Master Lease Certificates of Participation	A+	A1 <sup>(1)</sup>	A+ <sup>(2)</sup>
Transportation Revenue Bonds	AA	Aa3	AA-
Clean Water Revenue Bonds	AA+	Aa2	AA+
Petroleum Inspection Fee Revenue Bonds	AA-	Aa3	AA-
General Fund Annual Appropriation Bonds	A+	A1 <sup>(1)</sup>	A+ <sup>(2)</sup>

<sup>(1)</sup> On March 29, 2005, Moody's changed the rating outlook on the State's general obligations, master lease certificates of participation, and general fund annual appropriation bonds from "negative" to "stable".

<sup>(2)</sup> On November 9, 2005, Standard & Poor's Ratings Services changed the rating outlook on the State's general obligation bonds, master lease certificates of participation, and general fund annual appropriation bonds from "stable" to "positive".

### **How to Get Additional Information**

If you are interested in information about securities that the State issues, please contact the Capital Finance Office. *The Capital Finance Office is the only party authorized to speak on the State's behalf about the State's securities.*

December 23, 2005

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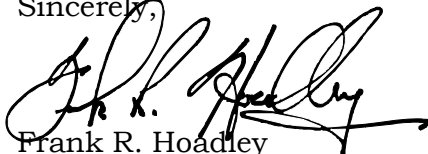
The Capital Finance Office maintains a web site that provides access to both disclosure and non disclosure information.

**[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)**

The Capital Finance Office posts to this web site monthly general fund cash flow reports. The Capital Finance Office also posts to this web site all information and material event filings that it makes with each nationally recognized municipal securities information repository.

We welcome your comments or suggestions about the format and content of the Annual Report. The general telephone number of the Capital Finance Office is (608) 266-2305. The e-mail address is **[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)**.

Sincerely,

A handwritten signature in black ink, appearing to read "F. R. Hoadley". The signature is stylized and written over the printed name.

Frank R. Hoadley  
Capital Finance Director

**SUMMARY OF OUTSTANDING STATE OF WISCONSIN OBLIGATIONS  
AS OF DECEMBER 15, 2005**

	<b>Principal Balance 12/1/2004</b>	<b>Principal Issued 12/1/2004 - 12/15/05</b>	<b>Principal Matured, Redeemed, or Defeased 12/1/2004 - 12/15/05</b>	<b>Statutory Adjustment<sup>(b)</sup></b>	<b>Principal Balance 12/15/2005</b>
	<b><u>GENERAL OBLIGATIONS<sup>(a)</sup></u></b>				
<b>Total</b>	<b>\$4,876,460,340</b>	<b>\$1,050,505,000</b>	<b>\$834,617,652</b>	<b>—</b>	<b>\$5,092,347,689</b>
General Purpose Revenue (GPR)	3,225,307,815	583,524,170	202,506,967	250,000,000	3,856,325,018
Self-Amortizing: Veterans	369,940,000	5,000,000	41,125,000	—	333,815,000
Self-Amortizing: Other	1,281,212,525	211,980,830	340,985,684	(250,000,000)	902,207,671

	<b>Principal Balance 12/1/2004</b>	<b>Principal Issued 12/1/2004 - 12/15/05</b>	<b>Principal Matured, Redeemed, or Defeased 12/1/2004 - 12/15/05</b>	<b>Principal Balance 12/15/2005</b>
	<b><u>MASTER LEASE CERTIFICATES OF PARTICIPATION</u></b>			
<b>Total</b>	<b>\$ 82,102,804</b>	<b>\$15,792,525</b>	<b>\$22,710,720</b>	<b>\$75,184,609</b>

**TRANSPORTATION REVENUE OBLIGATIONS<sup>(a)</sup>**

<b>Total</b>	<b>\$1,376,743,000</b>	<b>\$393,985,000</b>	<b>\$246,560,000</b>	<b>\$1,524,168,000</b>
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**CLEAN WATER REVENUE BONDS**

<b>Total</b>	<b>\$ 682,935,000</b>	<b>\$107,025,000</b>	<b>\$148,525,000</b>	<b>\$641,435,000</b>
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**PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS<sup>(a)(c)</sup>**

<b>Total</b>	<b>\$ 348,455,000</b>	<b>—</b>	<b>\$48,205,000</b>	<b>\$300,250,000</b>
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**TAXABLE GENERAL FUND ANNUAL APPROPRIATION BONDS<sup>(a)</sup>**

<b>Total</b>	<b>\$1,794,850,000</b>	<b>—</b>	<b>—</b>	<b>\$1,794,850,000</b>
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- (a) This table includes variable rate obligations that have been issued by the State. Please see the respective part of this Annual Report for more information on the variable rate obligations issued for each credit.
- (b) Source of debt service payments on general obligations issued for highway rehabilitation projects changed from the Transportation Fund to the General Fund on July 1, 2005.
- (c) As of December 16, 2005.

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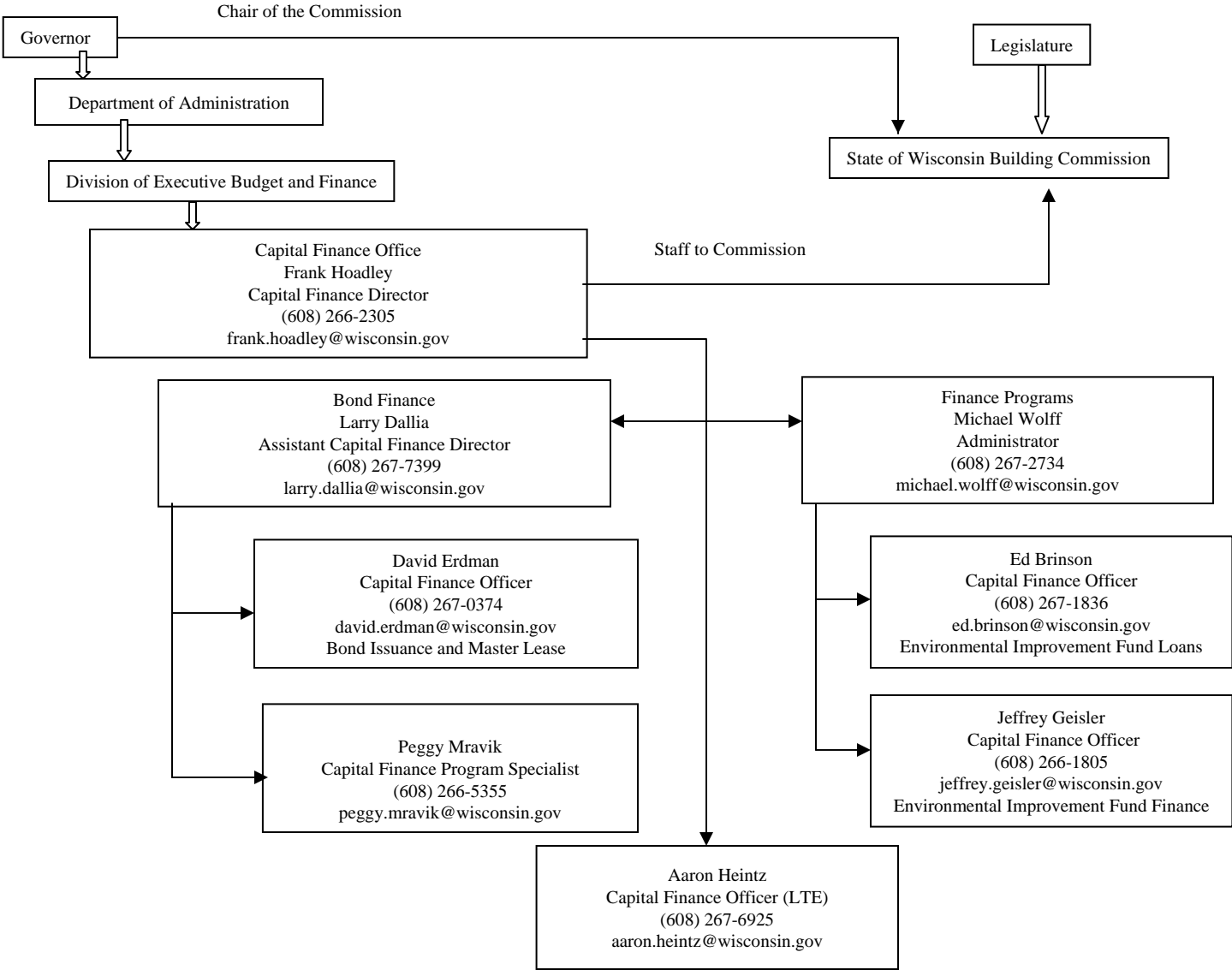
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## PART III GENERAL OBLIGATIONS

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### Capital Finance Office Staff (As of December 15, 2005)





# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE BONDS AND NOTES

## BUILDING COMMISSION MEMBERS

<b>Voting Members</b>	<b>Term of Office Expires</b>
Governor Jim Doyle, Chairperson	January 8, 2007
Senator Fred A. Risser, Vice-Chairperson	January 5, 2009
Senator Carol Roessler	January 5, 2009
Senator David Zien	January 8, 2007
Representative Jeff Fitzgerald	January 8, 2007
Representative Jennifer Shilling	January 8, 2007
Representative Debi Towns	January 8, 2007
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor
<b>Nonvoting, Advisory Members</b>	
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Dave Haley, State Chief Architect Department of Administration	_____
<b>Building Commission Secretary</b>	
Mr. Robert G. Cramer, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

## OTHER PARTICIPANTS

Ms. Peggy A. Lautenschlager State Attorney General	January 8, 2007
Mr. Stephen E. Bablitch, Secretary Department of Administration	At the pleasure of the Governor

## DEBT MANAGEMENT AND DISCLOSURE

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(Note: New e-mail addresses effective November 2005)

## PART III

### GENERAL OBLIGATIONS

This part provides information about general obligations issued by the State of Wisconsin (**State**).

Total Outstanding Balance (12/15/2005)	\$5,092,347,689
Amount Outstanding—Fixed Rate Obligations	\$4,711,326,689
Amount Outstanding—Variable Rate Obligations	\$ 381,021,000
Percentage of Outstanding Obligations in form of Variable Rate Obligations	7.48%
Bond Ratings (Fitch/Moody's/Standard & Poor's)	AA-/Aa3 <sup>(1)</sup> /AA- <sup>(2)</sup>
Variable Rate Obligation Ratings	F1+/P-1 <sup>(1)</sup> /A-1+ <sup>(2)</sup>
<sup>(1)</sup> On March 29, 2005, Moody's Investors Service, Inc. changed the rating outlook on the State's general obligations from "negative" to "stable".	
<sup>(2)</sup> On November 9, 2005, Standard & Poor's Ratings Services changed the rating outlook on the State's general obligations from "stable" to "positive".	

The State of Wisconsin Building Commission (**Commission**) has supervision over the issuance of the State's general obligations. The Capital Finance Office, which is part of the Department of Administration's Division of Executive Budget and Finance, is responsible for managing the State's borrowing programs.

The law firm of Foley & Lardner LLP provides bond counsel services to the State for the issuance of general obligations. The State has issued general obligations in the form of bonds, notes, commercial paper notes, and extendible municipal commercial paper. The State has rarely employed a financial advisor for the issuance of general obligations, except for advance refunding issues. The Secretary of Administration is the registrar and paying agent for general obligations issued in book-entry-only form. There is a different registrar and paying agent for the following two series of general obligations issued in fully-registered form:

<u>Name of Obligation</u>	<u>Name of Registrar/Paying Agent</u>
G.O. Bonds of 1990, Series D (Higher Education Bonds)	U.S. Bank National Association
G.O. Bonds of 1991, Series B (Higher Education Bonds)	U.S. Bank National Association

Requests for additional information about general obligations of the State may be directed as follows:

*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:* [DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
*Web site:* [www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

This Annual Report includes information and defined terms for different types of securities issued by the State. The context or meaning of terms used in this Part III of the Annual Report may differ from that of terms used in another part. Any information or resource referred to in this Annual Report is not part of this Annual Report unless expressly included.

## **SECURITY PROVISIONS FOR GENERAL OBLIGATIONS**

### **Security**

The Wisconsin Constitution pledges the full faith, credit, and taxing power of the State to its general obligations and requires the Legislature to provide for their payment by appropriation.

The Wisconsin Statutes establish additional protections and provide for the repayment of all general obligations. The Wisconsin Statutes establish, as security for the payment of all debt service on general obligations, a first claim on all revenues of the State. Further, a sufficient amount of those revenues is irrevocably appropriated, so that no subsequent legislative action is required to release them, and those amounts are held in segregated funds or accounts.

The Wisconsin Statutes also provide that the validity of general obligations shall not be affected by any defect in their contracting, that all instruments evidencing general obligations are valid and incontestable, and that any legislative, judicial, or administrative determination that proceeds of general obligations may not be spent shall not affect their validity.

The State has never defaulted in the punctual payment of principal or interest on any general obligation and has never attempted to prevent or delay a required payment. The State has reserved no right to reduce or modify any terms affecting the security or source of payment of its general obligations.

In the event of default, the Wisconsin Constitution guarantees recourse by allowing suit to be brought against the State to compel payment. Statutory provisions expedite the bringing of suit. Further, in the event of a final judgment against the State, payment will be made as specifically provided, together with interest at a rate of 10% per annum until the date of payment.

The Wisconsin Statutes also provide that, if payment has been made or duly provided for by the date that a general obligation becomes due for payment, interest ceases to accrue, and the general obligation is no longer outstanding. If any general obligation is not presented for payment, the money held for its payment shall be administered under the unclaimed property statutory provisions.

### **Flow of Funds to Pay Debt Service on General Obligations**

The General Fund stands behind the payment of debt service on all general obligations regardless of the internal fund flows established for budgetary control purposes. Should the General Fund have insufficient resources to pay debt service, there is a single irrevocable and unlimited appropriation from all revenues of the State for timely payment on all general obligations. It is this appropriation, which pledges all revenues of the State for payment of debt service due from any program using general obligation proceeds on a parity with any other such program, that enables the State to issue a general obligation that is undifferentiated by the purpose for which proceeds are used.

Different internal funds flows apply to general obligations, depending on whether they are issued as bonds or notes, and in some cases depending on the purpose for which they were issued.

With respect to general obligation bonds, all funds necessary for timely payment of principal and interest are deposited in the Bond Security and Redemption Fund at least 15 days in advance of the due date. If an impoundment payment required in connection with operating notes is payable within 45 days before the due date, then the payments are deposited in the Bond Security and Redemption Fund at least 45 days in advance of the due date.

With respect to general obligation notes, funds for the payment of principal and interest are deposited in a separate and distinct account created in the Capital Improvement Fund for the repayment of notes. Proceeds of general obligations may also be used to retire notes. The Wisconsin Statutes specifically provide that if, at any time, there is not on hand in the Capital Improvement Fund sufficient money for the payment of principal and interest on general obligation notes, then the Department of Administration shall transfer to the Capital Improvement Fund, from an irrevocable and unlimited appropriation as a first charge upon all revenues of the State, the amount necessary to make the payment of principal and interest on general obligation notes when due.

Interest on variable rate obligations is paid when due. It is collected in the same manner as other general obligation notes and is deposited in advance with the issuing and paying agent quarterly on the first business day of February, May, August, and November.

### **Purposes of General Obligations**

The Wisconsin Constitution provides that the State may issue general obligations for three categories of borrowing. The first is to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, railways, buildings, equipment, or facilities for public purposes. The second is to make funds available for veterans housing loans. The third is to fund or refund any outstanding State general obligations. Subject to constitutional limitations about purposes and amounts, procedures governing the use of the borrowing authority are to be established by the Legislature. There is no constitutional requirement that the issuance of general obligations receive the direct approval of the electorate.

### **Limitations on Issuance of General Obligations**

All general obligations issued by the State fall within a debt limit set forth in the Wisconsin Constitution and the Wisconsin Statutes. Each calendar year, the State's issuance of general obligations is limited to the lesser of two amounts, each based on a percentage of the aggregate value of all taxable property in the State: (1) three-quarters of one percent and (2) five percent less outstanding debt. For the current calendar year, the lesser is the first amount, which is \$3,209,501,715. A refunding bond issue does not count for purposes of the annual debt limit, and a refunded bond issue does not count for purposes of the cumulative debt limit. Accrued interest on any general obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations. See **Table III-4 in "DEBT INFORMATION"**.

### **Authorization of General Obligations**

Within prescribed limitations, the Wisconsin Constitution assigns to the Legislature, acting by vote of a majority of the members elected to each of the two houses, all matters relating to the issuance of general obligations. The quorum in such votes is 60% of the membership. Among these assigned powers is the authority to establish the purposes (uses) and fix the amounts for which general obligations may be issued.

To date, the Legislature has authorized the issuance of general obligations for 83 distinct borrowing purposes and has limited the amount of general obligations that may be issued for each purpose. In practice, as a part of the budget, these amounts are adjusted to accommodate newly budgeted activity. As of the date of this Annual Report, 22 of the distinct borrowing purposes have no remaining borrowing authority. The Legislature has delegated to the Commission responsibility to establish the form and terms of the issuance and sale of these general obligations. **Table III-1** describes the amounts authorized and issued for each borrowing purpose.

**Table III-1  
State of Wisconsin  
General Obligation Issuance Status Report  
December 15, 2005**

<b>Program Purpose</b>	<b>Legislative Authorization</b>	<b>General Obligations Issued to Date<sup>(c)</sup></b>	<b>Interest Earnings<sup>(a)</sup></b>	<b>Total Authorized Unissued Debt<sup>(c)</sup></b>
University of Wisconsin; academic facilities.....	\$ 1,358,615,800	\$ 1,022,966,302	\$ 12,046,136	\$ 323,603,361
University of Wisconsin; self-amortizing facilities.....	1,274,517,100	707,376,461	1,643,606	565,497,033
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	263,180,526	13,392	308,806,082
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818	139,438
Clean water fund program.....	637,743,200	450,334,053		187,409,147
Safe drinking water loan program.....	32,310,000	28,786,520		3,523,480
Natural resources; nonpoint source grants.....	89,310,400	69,107,490	132,570	20,070,339
Natural resources; nonpoint source compliance.....	4,000,000	2,000,000		2,000,000
Natural resources; environmental repair.....	51,000,000	37,552,880	161,017	13,286,103
Natural resources; urban nonpoint source cost-sharing.....	23,900,000	13,355,574		10,544,426
Natural resources; environmental segregated fund supported administrative facilities.....	7,490,000	5,273,748		2,216,252
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	6,282,994		317,006
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	145,060,325	145,010,325	50,000	
Natural resources; pollution abatement and sewage collection facilities.....	893,493,400	874,927,168	18,513,076	53,156
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,312,599	6,287,401	
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006	
Natural resources; local parks land acquisition and development.....	2,490,000	2,447,741	42,259	
Natural resources; recreation development.....	23,061,500	22,871,110	141,227	49,163
Natural resources; land acquisition.....	45,608,600	45,116,930	491,671	

**GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED**  
**December 15, 2005**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date<sup>(c)</sup></u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></u>
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174	37,032
Natural resources; segregated revenue supported facilities.....	55,078,100	27,125,410	45,287	27,907,403
Natural resources; general fund supported administrative facilities.....	11,410,200	10,607,058	21,432	781,710
Natural resources; ice age trail.....	750,000	750,000		
Natural resources; dam safety projects.....	5,500,000	5,400,148	49,701	50,151
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,500,000		
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	225,244,770	1,293,404	4,461,825
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943	96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800		
Transportation; rail passenger route development...	50,000,000	1,492,921		48,507,079
Transportation; accelerated highway improvements.....	185,000,000	185,000,000		
Transportation; connecting highway improvements.....	15,000,000	15,000,000		
Transportation; federally aided highway facilities.....	10,000,000	10,000,000		
Transportation; highway projects.....	41,000,000	41,000,000		
Transportation; major highway and rehabilitation projects.....	565,480,400	565,480,400		
Transportation; Marquette interchange rehabilitation project.....	213,100,000	20,080,556		193,019,444
Transportation; state highway rehabilitation projects.....	250,000,000	30,120,550		219,879,450
Transportation; harbor improvements.....	40,700,000	21,398,476	232,605	19,068,918
Transportation; rail acquisitions and improvements.....	44,500,000	29,642,093	16	14,857,891
Transportation; local roads for job preservation, state funds.....	2,000,000	1,999,957		43
Corrections; correctional facilities.....	801,979,400	775,392,559	11,467,003	15,119,838

**GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED**  
**December 15, 2005**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date<sup>(c)</sup></u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></u>
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99	5,221,463
Corrections; juvenile correctional facilities.....	28,984,500	25,514,548	102,026	3,367,926
Health and family services; mental health and secure treatment facilities.....	129,057,200	121,815,376	895,124	6,346,700
Agriculture; soil and water.....	26,075,000	15,228,382	1,248	10,845,370
Agriculture; conservation reserve enhancement...	40,000,000	9,481,125		30,518,875
Administration; Black Point Estate.....	1,600,000			1,600,000
Building commission; previous lease rental authority.....	143,071,600	143,068,654		2,946
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530 <sup>(b)</sup>		
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033 <sup>(b)</sup>		
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005...	250,000,000	250,000,000		
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	1,400,000,000	870,240,000		529,760,000
Building commission; housing state departments and agencies.....	485,015,400	405,676,131	2,329,712	77,009,557
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479	
Building commission; project contingencies.....	47,961,200	40,923,206	62,251	6,975,743
Building commission; capital equipment acquisition.....	126,335,000	108,991,139	729,518	16,614,343
Building commission; discount sale of debt.....	90,000,000	66,758,598		23,241,402
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 <sup>(b)</sup>		11,167
Building commission; other public purposes.....	1,727,901,000	1,253,413,588	6,188,961	468,298,451
Medical College of Wisconsin, Inc.;				
basic science education and health information technology facilities....	10,000,000	10,000,000		
HR Academy, Inc.....	1,500,000	1,500,000		
Medical College of Wisconsin, Inc.;				
biomedical research and technology incubator.....	25,000,000	4,732,825		20,267,175
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818	

**General Obligation Issuance Status Report—Continued  
December 15, 2005**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date<sup>(c)</sup></u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></u>
Swiss cultural center.....	1,000,000			1,000,000
Racine County; Discovery Place museum.....	1,000,000			1,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000		
Children's research institute	10,000,000	0	0	10,000,000
Administration; school educational technology infrastructure financial assistance.....	90,200,000	68,285,000	431,066	21,483,934
Administration; public library educational technology infrastructure financial assistance.....	300,000	268,918	41	31,041
Educational communications board; educational communications facilities.....	22,858,100	17,742,745	37,069	5,078,286
Historical society; self-amortizing facilities.....	1,157,000	1,029,156	3,896	123,947
Historical society; historic records.....	15,400,000			15,400,000
Historical society; historic sites.....	3,107,800	1,825,756		1,282,044
Historical society; museum facility.....	4,384,400	4,362,469		21,931
Historical society; Wisconsin history center.....	30,000,000			30,000,000
Public instruction; state school, state center and library facilities.....	7,367,700	7,330,612	32,509	4,579
Military affairs; armories and military facilities.....	27,463,900	20,662,527	192,632	6,608,741
Veterans affairs; veterans facilities.....	10,090,100	9,405,565	50,593	633,941
Veterans affairs; self-amortizing mortgage loans.....	2,120,840,000	2,050,652,395	2,133,000	68,054,605
Veterans affairs; refunding bonds.....	1,015,000,000	721,169,245		293,830,755
Veterans affairs; self-amortizing facilities.....	34,912,600	8,143,913	501	26,768,187
State fair park board; board facilities.....	14,787,100	13,215,524		1,571,576
State fair park board; housing facilities.....	11,000,000	10,999,990	15	
State fair park board; self-amortizing facilities.....	56,787,100	51,094,300	22,328	5,670,472
Total.....	<u>\$18,540,436,788</u>	<u>\$14,804,155,357</u>	<u>\$66,333,631</u>	<u>\$3,669,947,907</u>

<sup>(a)</sup> Interest earnings reduce issuance authority by the same amount.

<sup>(b)</sup> Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the statutory authority to issued debt.

<sup>(c)</sup> Does not reflect the \$96,780,000 General Obligation Refunding Bonds of 2006, Series 1, which were sold with a forward delivery date of January 31, 2006.

Source: Wisconsin Department of Administration.



## DEBT INFORMATION

The following tables provide data about the State's outstanding general obligations.

**Table III-2**  
**OUTSTANDING GENERAL OBLIGATIONS BY ISSUE**  
**(As of December 15, 2005)**

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
<i>Fixed Rate General Obligations</i>				
1990- Bonds Series A.....	1/1/90	1991-2010	\$ 134,495,000	-0-
Bonds Series B.....	3/1/90			
Serial Bonds.....		1991-2004	3,575,000	-0-
Accelerated Term Bonds.....		2010	3,975,000	-0-
Term Bonds.....		2020	12,450,000	-0-
Bonds Series C.....	5/1/90	1991-2010	38,170,000	-0-
Bonds Series D (Higher Education).....	5/24/90	1996-2010	65,859,000	\$ 21,955,000
Bonds Series E.....	8/1/90	1991-2010	76,810,000	-0-
Bonds Series F.....	10/1/90			
Serial Bonds.....		1991-2005	3,775,000	-0-
Accelerated Term Bonds.....		2010	3,800,000	-0-
Term Bonds.....		2020	12,425,000	-0-
Bonds Series G.....	12/1/90	1992-2011	128,765,000	-0-
1991- Bonds Series A.....	4/1/91			
Serial Bonds.....		1992-2006	5,775,000	-0-
Accelerated Term Bonds.....		2011	5,825,000	-0-
Term Bonds.....		2021	18,400,000	-0-
Bonds Series B (Higher Education).....	5/15/91	1996-2011	117,136,000	43,926,000
Bonds Series C.....	6/1/191	1992-2011	60,580,000	-0-
Bonds Series D.....	9/1/91	1993-2012	97,000,000	-0-
1992- Bonds Series A.....	3/1/92	1993-2012	219,040,000	-0-
Refunding Bonds.....	3/1/92	1994-2015	448,935,000	106,150,000
Bonds Series B.....	6/1/92			
Serial Bonds.....		1993-2008	7,780,000	-0-
Accelerated Term Bonds.....		2012	4,000,000	-0-
Term Bonds.....		2022	18,220,000	-0-
Loan Series B.....	10/2/92	1995	5,330,000	-0-
Refunding Bonds Series 2.....	10/15/92	1994-2015	5,975,000	3,640,000
Bonds Series C.....	11/1/92	1994-2013	173,285,000	-0-
1993- Refunding Bonds Series 1.....	1/1/93	1994-2009	280,060,000	80,760,000
Refunding Bonds Series 2.....	3/1/93	1993-2011	137,530,000	105,775,000
Bonds Series A.....	5/1/93	1994-2013	124,325,000	-0- <sup>(a)</sup>
Refunding Bonds Series 3.....	8/1/93	1995-2012	302,050,000	142,770,000
Refunding Bonds Series 6.....	10/15/93			
Serial Bonds.....		1994-2006	5,510,000	460,000
Term Bonds.....		2010	2,125,000	1,815,000
Term Bonds.....		2013	2,150,000	1,830,000
Term Bonds.....		2016	10,215,000	8,710,000
Refunding Bonds Series 4.....	12/1/93	1994-2006	77,575,000	-0-

<sup>(a)</sup> Pursuant to a refunding escrow agreement the principal and interest on all or a portion of the bonds will be paid as it comes due, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

**Table III-2 – Continued**  
**OUTSTANDING GENERAL OBLIGATIONS BY ISSUE**  
**(As of December 15, 2005)**

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
Refunding Bonds Series 5 .....	12/1/93			
Serial Bonds .....		1994-2006	\$ 113,550,000	-0-
Term Bonds .....		2010	14,770,000	\$ 14,770,000
Term Bonds .....		2013	1,190,000	1,190,000
Term Bonds .....		2016	1,405,000	1,405,000
Term Bonds .....		2023	4,340,000	4,340,000
1994- Bonds Series A .....	1/1/94	1995-2014	119,810,000	-0- <sup>(a)</sup>
Refunding Bonds Series 1 .....	3/1/94	1995-2002	106,610,000	-0-
Refunding Bonds Series 2 .....	3/1/94			
Serial Bonds .....		1999-2009	52,050,000	6,280,000
Term Bonds .....		2014	1,700,000	1,700,000
Term Bonds .....		2024	4,775,000	4,775,000
Bonds Series B .....	6/1/94	1995-2014	110,000,000	-0- <sup>(a)</sup>
Refunding Bonds Series 3 .....	9/15/94	1995-2008	10,400,000	1,005,000
Bonds Series C .....	9/15/94			
Serial Bonds .....		1998-2013	17,135,000	615,000
Term Bonds .....		2016	5,135,000	-0-
Term Bonds .....		2020	8,535,000	1,900,000
Term Bonds .....		2025	14,195,000	900,000
1995- Bonds Series A .....	1/15/95	1996-2015	231,315,000	-0- <sup>(a)</sup>
Refunding Bonds, Series 1 .....	2/15/95			
Serial Bonds .....		1999-2000	4,350,000	-0-
Serial Bonds .....		2004	860,000	-0-
Serial Bonds .....		2007-15	10,525,000	1,235,000
Bonds Series B .....	2/15/95			
Term Bonds .....		2016	4,215,000	-0-
Term Bonds .....		2020	7,920,000	-0-
Term Bonds .....		2025	17,130,000	1,075,000
Note, Series B .....	7/6/95	2005	361,623	48,652
Bonds Series C .....	9/15/95	1997-2016	97,480,000	5,490,000 <sup>(a)</sup>
Refunding Bonds Series 2 .....	10/15/95			
Serial Bonds .....		1997-2000	5,780,000	-0-
Serial Bonds .....		2004-05	2,715,000	-0-
Serial Bonds .....		2007-15	34,355,000	7,460,000
1996- Bonds Series A .....	1/15/96	1997-2016	158,080,000	9,880,000 <sup>(a)</sup>
Refunding Bonds Series 1 .....	2/15/96	1996-2015	104,765,000	98,535,000
Bonds Series B .....	5/15/96			
Serial Bonds .....		1998-99	4,215,000	-0-
Serial Bonds .....		2007-14	16,550,000	-0-
Term Bonds .....		2021	10,305,000	-0-
Term Bonds .....		2026	13,930,000	3,780,000
Bonds Series C .....	9/1/96	1998-2017	115,230,000	10,670,000 <sup>(a)</sup>

<sup>(a)</sup> Pursuant to a refunding escrow agreement the principal and interest on all or a portion of the bonds will be paid as it comes due, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

**Table III-2 – Continued**  
**OUTSTANDING GENERAL OBLIGATIONS BY ISSUE**  
**(As of December 15, 2005)**

<b><u>Financing</u></b>	<b><u>Date of</u></b>	<b><u>Maturity</u></b>	<b><u>Amount of</u></b>	<b><u>Amount</u></b>
	<b><u>Financing</u></b>		<b><u>Issuance</u></b>	<b><u>Outstanding</u></b>
Bonds Series D.....	10/15/96			
Serial Bonds .....		2007-09	\$ 8,550,000	-0-
Term Bonds .....		2014	3,700,000	-0-
Term Bonds .....		2020	6,405,000	-0-
Term Bonds .....		2027	11,345,000	\$3,635,000
1997- Bonds Series 1 .....	3/15/97			
Serial Bonds .....		2006-15	17,880,000	-0-
Serial Bonds .....		2017	5,760,000	2,805,000
Bonds Series A.....	3/15/97			
Term Bonds .....		2021	8,065,000	-0-
Term Bonds .....		2028	13,295,000	2,270,000
Bonds Series B.....	7/15/97	1999-2018	101,010,000	14,315,000 <sup>(a)</sup>
Bonds Series C.....	9/15/97			
Serial Bonds .....		2000-01	520,000	-0-
Serial Bonds .....		2003-13	22,755,000	-0-
Term Bonds .....		2017	7,850,000	195,000
Term Bonds .....		2023	10,580,000	6,595,000
Term Bonds .....		2026	3,295,000	3,100,000
Bonds Series D (Taxable).....	9/15/97			
Serial Bonds .....		1999-2012	13,385,000	1,955,000
Term Bonds .....		2017	6,760,000	2,170,000
Term Bonds .....		2028	24,855,000	7,530,000
1998- Bonds Series A.....	3/1/98	1999-2018	156,185,000	31,990,000 <sup>(a)</sup>
Bonds Series B.....	5/15/98			
Serial Bonds .....		2007-08	2,865,000	-0-
Term Bonds .....		2010	4,775,000	-0-
Term Bonds .....		2018	2,865,000	-0-
Term Bonds .....		2023	8,670,000	2,290,000
Term Bonds .....		2028	11,390,000	9,840,000
Bonds Series C (Taxable) .....	5/15/98			
Serial Bonds .....		1999-2008	6,245,000	-0-
Term Bonds .....		2028	27,760,000	7,480,000
Refunding Bonds Series 1.....	8/15/98			
Serial Bonds .....		1999	2,820,000	-0-
Serial Bonds .....		2004-16	154,760,000	141,835,000
Refunding Bonds Series 2.....	9/15/98			
Serial Bonds .....		1999-2001	17,095,000	-0-
Serial Bonds .....		2004-09	77,155,000	55,500,000
Bonds Series D.....	9/1/98	2000-19	74,840,000	19,010,000 <sup>(a)</sup>
Bonds Series E.....	10/15/98	2012-17	6,155,000	5,270,000
Bonds Series F (Taxable).....	10/15/98			
Serial Bonds .....		1999-2009	9,410,000	-0-
Term Bonds .....		2029	45,590,000	12,465,000

<sup>(a)</sup> Pursuant to a refunding escrow agreement the principal and interest on all or a portion of the bonds will be paid as it comes due, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

**Table III-2 – Continued**  
**OUTSTANDING GENERAL OBLIGATIONS BY ISSUE**  
**(As of December 15, 2005)**

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u> <sup>(a)</sup>
1999- Bonds Series A.....	2/1/99	2000-19	\$ 147,060,000	\$ 40,385,000 <sup>(a)</sup>
Refunding Bonds Series 1.....	5/1/99			
Serial Bonds.....		2008-12	4,905,000	2,785,000
Term Bonds.....		2015	3,880,000	2,200,000
Term Bonds.....		2020	7,005,000	3,960,000
Bonds Series B (Taxable).....	5/1/99			
Serial Bonds.....		2000-10	6,370,000	610,000
Term Bonds.....		2013	2,620,000	455,000
Term Bonds.....		2016	3,180,000	560,000
Term Bonds.....		2030	27,830,000	4,885,000
Bonds Series C.....	10/15/99	2001-20	100,000,000	24,195,000 <sup>(a)</sup>
Bonds Series D (Taxable).....	11/1/99			
Term Bonds.....		2010	9,465,000	735,000
Term Bonds.....		2030	55,535,000	6,925,000
2000- Bonds Series A.....	3/15/2000			
Serial Bonds.....		2001-18	128,875,000	35,555,000 <sup>(a)</sup>
Term Bonds.....		2020	21,125,000	-0- <sup>(a)</sup>
Bonds Series B (Taxable).....	7/1/2000			
Term Bonds.....		2010	4,625,000	300,000
Term Bonds.....		2030	30,375,000	3,385,000
Bonds Series C.....	7/15/2000	2012-21	87,715,000	-0- <sup>(a)</sup>
Bonds Series D.....	11/1/2000	2012-21	199,965,000	-0- <sup>(a)</sup>
Bonds Series E (Taxable).....	11/7/2000			
Term Bonds.....		2016	5,000,000	1,270,000
2001- Bonds Series A (Taxable).....	2/21/01			
Term Bonds.....		2031	15,000,000	3,525,000 <sup>(a)</sup>
Bonds Series B.....	4/1/01	2012-21	91,620,000	18,105,000 <sup>(a)</sup>
Bonds Series C.....	6/1/01	2002-11	92,410,000	54,955,000
Bonds Series D (Taxable).....	6/15/01			
Serial Bonds.....		2002-08	2,060,000	165,000
Term Bonds.....		2011	1,110,000	195,000
Term Bonds.....		2016	2,390,000	415,000
Term Bonds.....		2021	3,305,000	570,000
Term Bonds.....		2031	11,135,000	1,920,000
Loan Series A.....	8/24/01		50,000,000	-0-
Bonds Series F.....	10/1/01	2003-22	186,615,000	57,010,000 <sup>(a)</sup>
Refunding Bonds Series 1.....	10/1/01			
Serial Bond.....		2005	4,230,000	-0-
Serial Bonds.....		2007-15	242,875,000	242,875,000

<sup>(a)</sup> Pursuant to a refunding escrow agreement the principal and interest on all or a portion of the bonds will be paid as it comes due, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

**Table III-2 – Continued**  
**OUTSTANDING GENERAL OBLIGATIONS BY ISSUE**  
**(As of December 15, 2005)**

<b><u>Financing</u></b>	<b><u>Date of Financing</u></b>	<b><u>Maturity</u></b>	<b><u>Amount of Issuance</u></b>	<b><u>Amount Outstanding</u></b>
Bonds Series E (Taxable).....	10/1/01			
Term Bonds .....		2017	\$ 6,210,000	\$ 1,720,000
Term Bonds .....		2021	2,730,000	915,000
Term Bonds .....		2031	11,060,000	3,690,000
2002- Bonds Series A .....	3/1/02	2003-22	112,280,000	58,755,000 <sup>(a)</sup>
Refunding Bonds Series 1 .....	3/1/02	2004-20	75,000,000	64,810,000
Bonds Series B (Taxable) .....	3/26/02			
Term Bonds .....		2032	15,000,000	6,670,000
Bonds Series C .....	6/1/02	2003-22	143,545,000	90,580,000 <sup>(a)</sup>
Bonds Series D (Taxable) .....	6/12/02			
Term Bonds .....		2033	20,000,000	8,020,000
Bonds Series E (Taxable).....	9/26/02			
Term Bonds .....		2018	2,000,000	1,745,000
Bonds Series F (Taxable).....	9/26/02			
Term Bonds .....		2033	13,000,000	10,600,000
Bonds Series G.....	10/15/02	2004-23	190,550,000	168,925,000 <sup>(a)</sup>
Bonds Series H.....	12/30/02			
Term Bonds .....		2033	15,000,000	11,315,000
2003- Refunding Bonds Series 1 (Taxable).....	4/3/03	2019	7,000,000	4,060,000
Refunding Bonds Series 2.....	4/1/03			
Serial Bonds .....		2007-21	10,650,000	10,650,000
Term Bonds .....		2024	3,090,000	3,090,000
Bonds Series A.....	5/1/03	2004-23	173,900,000	160,650,000
Bonds Series B (Taxable) .....	7/24/03	2033	30,000,000	27,120,000
Bonds Series C.....	10/15/03		285,130,000	
Serial Bonds .....		2005-24	251,865,000	241,635,000
Term Bonds .....		2026	5,420,000	5,420,000
Term Bonds .....		2029	9,190,000	9,190,000
Term Bonds .....		2034	18,655,000	18,655,000
Refunding Bonds Series 3.....	10/30/03			
Serial Bonds .....		2004-07	9,495,000	4,915,000
Term Bonds .....		2013	16,210,000	16,120,000
Term Bonds .....		2025	13,000,000	13,000,000
Term Bonds .....		2026	29,185,000	29,185,000
2004- Refunding Bonds Series 1 .....	1/28/04	2006-19	146,970,000	146,970,000
Refunding Bonds Series 2.....	1/28/04	2006-20	175,830,000	175,830,000
Refunding Notes Series 1.....	3/16/04	2004	175,000,000	-0-
Bonds Series A.....	4/14/04	2005-24	307,4350,000	291,615,000
Bonds CWF Global Certificate .....	5/1/04	2009-24	116,840,688	116,840,688
Refunding Bonds Series 3.....	6/15/04	2006-22	175,000,000	175,000,000
Refunding Bonds Series 4.....	7/29/04	2006-20	117,200,000	117,200,000

<sup>(a)</sup> Pursuant to a refunding escrow agreement the principal and interest on all or a portion of the bonds will be paid as it comes due, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

**Table III-2 – Continued**  
**OUTSTANDING GENERAL OBLIGATIONS BY ISSUE**  
**(As of December 15, 2005)**

<b><u>Financing</u></b>	<b><u>Date of Financing</u></b>	<b><u>Maturity</u></b>	<b><u>Amount of Issuance</u></b>	<b><u>Amount Outstanding</u></b>
Bonds Series B (Taxable) .....	8/12/04			
Term Bonds .....		2014	1,000,000	930,000
Bonds Series C (Taxable) .....	8/12/04			
Term Bonds .....		2019	1,000,000	965,000
Bonds Series D (Taxable) .....	8/26/04			
Term Bonds .....		2034	20,000,000	6,400,000
Bonds Series E .....	10/21/04	2006-25	225,000,000	225,000,000
2005- Bonds Series A .....	2/10/05	2016-25	131,485,000	131,485,000
Refunding Bonds Series 1 .....	2/10/05	2006-21	430,240,000	430,240,000
Bonds Series B .....	4/20/05	2006-15	148,515,000	148,515,000
Bonds Series C .....	4/7/05			
Term Bonds .....		2035	5,000,000	5,000,000
Bonds Series D .....	8/11/05	2007-25	186,640,000	186,640,000
Bonds Series E .....	12/8/05	2007-11	48,275,000	<u>48,275,000</u>
<i>Total Fixed Rate General Obligations</i>				\$4,711,326,689
 <i>Variable Rate General Obligations</i>				
1997- Commercial Paper Series A .....	4/3/97		\$ 99,270,000	-0-
Commercial Paper Series B .....	7/15/97		31,335,000	-0-
1998- Commercial Paper Series A .....	12/1/98		35,925,000	-0-
Commercial Paper Series B .....	12/1/98		29,120,000	-0-
1999- Extendible Commercial Notes Series A .	9/9/99		50,000,000	-0-
Extendible Commercial Notes Series B	10/6/99		75,000,000	-0-
2000- Extend. Muni. Comm. Paper Series A ...	8/8/00		125,000,000	\$ 40,970,000
Extend. Muni. Comm. Paper Series B ...	8/8/00		93,430,000	54,515,000
Extend. Muni. Comm. Paper Series C....	11/16/00		80,390,000	58,981,000
2002- Extend. Muni. Comm. Paper Series A ...	2/5/02		41,670,000	32,530,000
2004- Extend. Muni. Comm. Paper Series A....	3/9/04		100,000,000	93,675,000
2005- Commercial Paper Series A.....	12/14/05		100,350,000	<u>100,350,000</u>
<i>Total Variable Rate General Obligations</i>				<u>\$ 381,021,000</u>
 <b>TOTAL GENERAL OBLIGATIONS</b>				 <b><u>\$5,092,347,689</u></b>

Note: The State has entered into a bond purchase agreement for \$96,870,000 General Obligation Refunding Bonds of 2006, Series 1, which have a forward delivery date of January 31, 2006. When issued, these refunding bonds will be used to primarily refund on May 1, 2006 approximately \$98 million principal amount of the General Obligation Refunding Bonds of 1996, Series 1.

**Table III-3  
PER CAPITA STATE GENERAL OBLIGATION DEBT  
1995 TO 2004**

<u>Year Ending December 31</u>	<u>Outstanding Indebtedness<sup>(a)</sup> (Amounts in Thousands)</u>	<u>Debt Per Capita</u>	<u>Debt Per Capita as % of Per Capita Income</u>
1995 .....	\$3,305,471	\$643.46	2.85%
1996 .....	3,468,447	670.36	2.85
1997 .....	3,604,798	693.23	2.80
1998 .....	3,751,542	718.41	2.72
1999 .....	3,942,659	750.92	2.75
2000 .....	4,270,718	796.18	2.78
2001 .....	4,452,626	823.65	2.80
2002 .....	4,682,045	860.67	2.87
2003 .....	4,794,398	875.85	2.86
2004 .....	5,116,439	928.74	2.90

<sup>(a)</sup> Includes obligations of nonstock, nonprofit building corporations

**Sources: Legislative Audit Bureau  
Tables II-27 and II-30 in Part II of the Annual Report.**

**Table III-4  
LIMITATION ON AGGREGATE PUBLIC DEBT THAT MAY BE CONTRACTED  
2005**

The aggregate debt contracted in 2005 shall not exceed the lesser of (a) or (b):

(a)	3/4 of 1% x \$427,933,562,000		\$3,209,501,715
(b)	5% x \$427,933,562,000	\$21,396,678,100	
	Deduct: Net Indebtedness 1/1/2005	<u>(5,116,438,876)</u>	
			\$16,280,239,224

The amount of \$427,933,562,000 shown above is the aggregate full market value of all taxable property in the State for the year 2005 as certified by the Department of Revenue.

The amount of \$5,116,438,876 shown above is the net indebtedness as of January 1, 2005 as certified by the Legislative Audit Bureau.

The lesser of (a) or (b) is \$3,209,501,715. Aggregate debt contracted in the calendar year shall not exceed this amount.

**Source: Department of Administration.**

**Table III-5  
ANNUAL DEBT LIMIT COMPARED  
TO ACTUAL BORROWING  
1996 TO 2005**

<u>Calendar Year</u>	<u>Annual Debt Limitation</u>	<u>Actual Borrowing</u>	<u>Borrowing as Percentage of Limitation</u>
1996 .....	\$1,627,078,182	\$353,295,000	21.7%
1997 .....	1,748,056,751	404,310,000	23.1
1998 .....	1,867,461,864	475,485,000	25.5
1999 .....	1,999,256,351	482,360,000	24.1
2000 .....	2,147,411,186	538,795,000	25.1
2001 .....	2,343,627,800	485,645,000	20.7
2002 .....	2,514,948,590	481,000,000	19.1
2003 .....	2,705,326,585	499,030,000	18.4
2004 .....	2,933,908,610	664,435,000	22.6
2005 .....	3,209,501,715	571,990,000	17.8

**Source: Department of Administration.**

**Table III-6  
DEBT STATEMENT  
December 15, 2005**

	<u>Tax-Supported Debt</u>		<u>Revenue-Supported Debt<sup>(a)</sup></u>		<u>Total</u>
	<u>General Fund</u>	<u>Segregated Funds<sup>(b)</sup></u>	<u>Veterans Housing</u>	<u>Other<sup>(c)</sup></u>	
General Obligations .....	<u>\$3,856,325,018</u>	<u>\$122,269,753</u>	<u>\$333,815,000</u>	<u>\$779,937,917</u>	<u>\$5,092,347,689</u>
Total Outstanding					
Indebtedness .....	<u>\$3,856,325,018</u>	<u>\$122,269,753</u>	<u>\$333,815,000</u>	<u>\$779,937,917</u>	<u>\$5,092,347,689</u>

<sup>(a)</sup> Revenue Supported Debt represents general obligation debt of the State issued to fund particular programs and facilities with the initial expectation that revenues and other proceeds derived from the operation of the programs and facilities will amortize the allocable debt without recourse to the General Fund.

<sup>(b)</sup> Includes the Transportation Fund and certain administrative facilities for the Department of Natural Resources.

<sup>(c)</sup> Includes university dormitories, food service, intercollegiate athletic facilities, certain facilities on the State Fair grounds, and capital equipment acquisition.

**Source: Department of Administration.**



**Table III-7  
COMPARISON OF OUTSTANDING  
INDEBTEDNESS TO EQUALIZED VALUATION  
OF PROPERTY  
1995 TO 2004**

<u>Calendar Year</u>	<u>Value of Taxable Property (Amounts in Thousands)</u>	<u>Outstanding Indebtedness<sup>(a)</sup> (Amounts in Thousands)</u>	<u>Debt as Percentage of Equalized Value</u>
1995 .....	\$201,538,109	\$3,305,471	1.64%
1996 .....	216,943,758	3,468,447	1.60
1997 .....	233,074,233	3,604,798	1.55
1998 .....	248,994,915	3,751,542	1.51
1999 .....	266,567,513	3,942,659	1.48
2000 .....	286,321,492	4,270,718	1.49
2001 .....	312,483,707	4,452,626	1.42
2002 .....	335,326,479	4,682,045	1.40
2003 .....	360,710,815	4,794,398	1.33
2004 .....	391,187,815	5,116,439	1.31

<sup>(a)</sup> As of December 31.

**Sources: Department of Revenue.  
Wisconsin Legislative Audit Bureau.**

**Table III-8  
DEBT SERVICE PAYMENT HISTORY:  
AMOUNT PAID ON GENERAL  
OBLIGATIONS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
To June 30, 1986.....	\$1,149,785,000	\$1,104,960,605	\$2,254,745,605
1986-87 .....	159,920,000	161,142,905	321,062,905
1987-88 .....	170,105,000	157,666,783	327,771,783
1988-89 .....	168,560,000	140,461,544	309,021,544
1989-90 .....	169,615,000	147,115,426	316,730,426
1990-91 .....	185,050,000	161,025,824	346,075,824
1991-92 .....	157,985,000	100,545,026	258,530,026
1992-93 .....	131,634,000	138,331,828	269,965,828
1993-94 .....	151,416,138	153,491,249	304,907,387
1994-95 .....	188,718,292	159,985,783	348,704,075
1995-96 .....	199,622,231	159,090,781	358,713,012
1996-97 .....	205,112,886	167,659,261	372,772,147
1997-98 .....	217,184,565	171,783,741	388,968,306
1998-99 .....	236,344,072	173,743,794	410,087,867
1999-2000 .....	244,211,911	183,158,974	427,370,884
2000-01 .....	285,088,311	209,230,800	494,319,110
2001-02 .....	273,060,055	202,386,510	475,446,565
2002-03 .....	270,544,076	216,328,685	486,872,762
2003-04 .....	310,843,832	183,991,355	494,835,186
2004-05 .....	361,327,888	185,242,899	546,570,787
7/1/2005-12/15/2005 ....	85,574,746	107,959,705	193,534,451
Totals.....	<u>\$5,321,703,003</u>	<u>\$4,385,303,478</u>	<u>\$9,707,006,481</u>

**Source: Department of Administration.**

**Table III-9**  
**DEBT SERVICE MATURITY SCHEDULE:**  
**AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION BONDS**  
**ISSUED TO DECEMBER 15, 2005 <sup>(a)</sup>**

<u>Fiscal Year</u> <u>(Ending June 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2006 <sup>(b)</sup> .....	\$ 219,222,000	\$ 123,042,325	\$ 342,264,325
2007.....	317,542,000	235,419,037	552,961,037
2008.....	321,677,000	218,052,895	539,729,895
2009.....	325,332,000	203,311,994	528,643,994
2010.....	327,805,075	173,559,704	501,364,778
2011.....	320,793,266	154,307,298	475,100,564
2012.....	309,348,976	139,486,720	448,835,697
2013.....	303,387,253	125,044,943	428,432,196
2014.....	288,295,874	110,266,481	398,562,355
2015.....	256,318,164	96,083,566	352,401,730
2016.....	221,697,189	83,175,918	304,873,107
2017.....	222,087,487	72,344,023	294,431,510
2018.....	205,531,832	62,285,576	267,817,408
2019.....	193,499,993	52,493,814	245,993,806
2020.....	191,144,510	43,016,281	234,160,791
2021.....	167,389,984	33,853,876	201,243,860
2022.....	136,409,243	25,748,065	162,157,309
2023.....	112,066,952	19,108,642	131,175,594
2024.....	90,662,890	13,933,012	104,595,902
2025.....	66,990,000	9,427,992	76,417,992
2026.....	20,705,000	5,994,996	26,699,996
2027.....	23,450,000	4,850,716	28,300,716
2028.....	13,320,000	3,699,027	17,019,027
2029.....	10,975,000	2,917,096	13,892,096
2030.....	10,690,000	2,299,895	12,989,895
2031.....	10,225,000	1,713,724	11,938,724
2032.....	8,965,000	1,186,976	10,151,976
2033.....	8,600,000	737,749	9,337,749
2034.....	6,440,000	310,350	6,750,350
2035.....	755,000	29,698	784,698
<b>TOTALS.....</b>	<b><u>\$ 4,711,326,689</u></b>	<b><u>\$ 2,017,702,386</u></b>	<b><u>\$ 6,729,029,075</u></b>

<sup>(a)</sup> This maturity schedule does not include interest and principal payments on outstanding variable rate obligations such as commercial paper notes and extendible municipal commercial paper.

<sup>(b)</sup> For the fiscal year ending June 30, 2006, the table includes debt service amounts for the period December 15, 2005 through June 30, 2006.

**Source: Department of Administration.**

**Table III-10**  
**AMORTIZATION SCHEDULE:**  
**PRINCIPAL AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION VARIABLE RATE OBLIGATIONS**  
**ISSUED TO DECEMBER 15, 2005<sup>(a)</sup>**

Fiscal Year (Ending June 30)	Principal
2006.....	\$ 33,392,536
2007.....	45,523,762
2008.....	47,799,416
2009.....	50,194,016
2010.....	52,710,734
2011.....	55,340,536
2012.....	27,645,000
2013.....	23,400,000
2014.....	24,570,000
2015.....	1,625,000
2016.....	1,705,000
2017.....	1,795,000
2018.....	1,880,000
2019.....	1,975,000
2020.....	2,075,000
2021.....	2,180,000
2022.....	2,290,000
2023.....	2,400,000
2024.....	2,520,000
	<u>\$ 381,021,000</u>

<sup>(a)</sup> The State intends to treat each general obligation variable rate issue as if it were a long-term bond issue by making annual principal payments on May 1. The Program Resolutions do not permit the State to have any variable rate obligations outstanding for more than 10 years after a specific initial issue date.

Source: Department of Administration.

**Table III-11**  
**SOURCE OF DEBT SERVICE PAYMENTS**  
**ON GENERAL OBLIGATIONS ISSUED AS OF**  
**JUNE 30, 2005**

	<u>2004-05</u>	<u>%</u>	<u>2003-04</u>	<u>%</u>	<u>2002-03</u>	<u>%</u>
Tax-Supported Debt						
General Fund .....	\$375,480,375	68.7	\$182,462,138 <sup>(a)</sup>	36.9	\$357,160,622	73.4
Segregated Funds .....	<u>7,600,728</u>	<u>1.4</u>	<u>10,412,908</u>	<u>2.1</u>	<u>7,292,309</u>	<u>1.5</u>
Subtotal .....	383,081,103	70.1	192,875,046	39.0	364,452,932	74.9
Self-Amortizing Debt						
Veterans .....	104,850,410	19.2	247,402,733 <sup>(b)</sup>	50.0	67,787,147	13.9
University of Wisconsin.....	33,960,831	6.2	29,266,627	5.9	29,720,910	6.1
State Fair Park .....	3,218,829	0.6	2,667,089	0.5	2,507,651	0.5
Historical .....	98,008	0.0	97,149	0.0	97,036	0.0
Housing State Depts./Other .....	<u>21,361,606</u>	<u>3.9</u>	<u>22,526,541</u>	<u>3.7</u>	<u>22,307,087</u>	<u>4.6</u>
Subtotal .....	163,489,683	29.9	301,960,140	61.0	122,419,830	25.1
Total Debt Service .....	<u>\$546,570,787</u>	<u>100.0</u>	<u>\$494,835,186</u>	<u>100.0</u>	<u>\$486,872,762</u>	<u>100.0</u>

<sup>(a)</sup> Reflects \$175 million of general obligations issued to make tax-supported debt service payments in the 2003-04 fiscal year.

<sup>(b)</sup> Reflects the large amount of special redemptions on general obligations that were completed using prepayments from veterans housing loans and were the result of low market interest rates during this time period.

## VARIABLE RATE OBLIGATIONS

The State has issued, and there currently remain outstanding, both general obligation commercial paper notes (**CP Notes**) and extendible municipal commercial paper (**EMCP**).

### Commercial Paper Notes

The State has appointed, for the CP Notes, Goldman, Sachs & Co. and Merrill Lynch & Co. to serve as **Dealers**, and Deutsche Bank Trust Company Americas to serve as **Issuing and Paying Agent**. The Depository Trust Company (**DTC**) serves as **Depository** for the Notes.

The State has obtained a **Liquidity Facility** in the form of a line of credit, which is provided for in a **Credit Agreement**, as amended, between the State and The Bank of Nova Scotia, New York Agency (**Bank**). The amount of the Commitment provided through this Credit Agreement is currently \$104 million.

The following summarizes, for each series of CP Notes that the State has issued, the principal amount initially issued, the date of initial issuance, and the principal amount outstanding as of December 15, 2005.

<u>Series of CP Notes<sup>(a)</sup></u>	<u>Amount Initially Issued</u>	<u>Date of Initial Issuance</u>	<u>Amount Outstanding</u>
2005 Series A	\$100,350,000	December 14, 2005	\$100,350,000

<sup>(a)</sup> On December 8, 2005, the State issued its \$48,275,000 General Obligation Bonds of 2005, Series E. The State deposited the proceeds of this bond issue, together with additional cash provided by the State (in an amount that was primarily the scheduled amortization of the 1997 Series A, 1997 Series B, 1998 Series A, and 1998 Series B CP Notes for the 2005-06 fiscal year) in the Note Fund held by the Issuing and Paying Agent. The amount deposited is sufficient to pay the principal and interest of these series of CP Notes, and as a result, these series of CP Notes are deemed to be paid.

Additional CP Notes may be issued subsequent to the Commission adopting a supplemental resolution.

### *Description of CP Notes*

Each CP Note is dated the date it is issued. It is issued as an interest-bearing obligation in a denomination of \$100,000 or increments of \$1,000 above \$100,000.

The CP Notes are not callable prior to maturity.

Each CP Note matures from 1 to 270 days from its issue date. Also, no CP Note may be issued with a maturity date later than the expiration date of the Liquidity Facility or any substitute Liquidity Facility.

Each CP Note bears interest from its date of issuance, at the rate determined at the date of issuance, payable at maturity. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed. Payment of each CP Note is made to the Depository and then distributed by the Depository.

### *Liquidity Facility*

In order to provide liquidity for the payment of the principal of and interest on maturing CP Notes, the State has entered into the Credit Agreement with the Bank. Pursuant to the Credit Agreement, the Bank has agreed, subject to certain conditions, to make **Advances** from time to time on any business day during the term of the Credit Agreement, only for providing funds to pay the principal of and interest on CP Notes on the maturity date thereof to the extent that proceeds of other CP Notes or other moneys on deposit in the note fund for CP Notes are not available. The aggregate principal amount of all Advances made on any date may not exceed the outstanding commitment amount under the Credit Agreement (currently \$104 million), as such amount may be reduced from time to time pursuant to the Credit Agreement, or increased by an amendment to the Credit Agreement. The obligation of the Bank to make Advances is limited at any time to the outstanding commitment amount under the Credit Agreement. The commitment amount cannot be less

than the sum of the issued CP Notes plus the aggregate principal amount of all outstanding Advances provided by the Bank.

The Credit Agreement currently terminates on March 25, 2006. The Credit Agreement provides that the termination date may be extended, if both parties agree.

#### *Description of the Bank*

The following information has been provided by The Bank of Nova Scotia (**Scotiabank**); the State is not responsible for this information.

Scotiabank was founded in 1832 and is a Canadian chartered bank with its principal office located in Toronto, Ontario. Scotiabank is one of North America's premier financial institutions and Canada's most international bank. Scotiabank and its affiliates serve over 10 million customers throughout the world.

Scotiabank provides a full range of personal, commercial, corporate, and investment banking services through its network of branches located in all Canadian provinces and territories. Outside Canada, Scotiabank has branches and offices in over 50 countries and provides a wide range of banking and related financial services, both directly and through subsidiary and associated banks, trust companies, and other financial firms.

For the fiscal year ended October 31, 2005, Scotiabank recorded total assets of CDN\$314.0 billion (US\$265.8 billion) and total deposits of CDN\$217.4 billion (US\$184.1 billion). Net income for the fiscal year ended October 31, 2005 equaled CDN\$3.209 billion (US\$2.717 billion), compared to CDN\$2.931 billion (US\$2.481 billion) for the prior fiscal year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of October 31, 2005 (1.000 United States dollar equals 1.1812 Canadian dollars).

Scotiabank will provide to anyone, upon written request, a copy of its most recent annual report, as well as a copy of its most recent quarterly financial report. Requests should be directed to: The Bank of Nova Scotia, New York Agency, One Liberty Plaza, 26<sup>th</sup> Floor, New York, NY, 10006. Attention: Public Finance Department.

The information concerning Scotiabank contained above is furnished solely to provide limited introductory information regarding Scotiabank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery of this disclosure information by Scotiabank shall not create any implication that there has been no change in the affairs of the Scotiabank since October 31, 2005, or that the information contained or referred to in this disclosure information is correct as of any time subsequent to its date.

#### **Extendible Municipal Commercial Paper**

General obligation extendible municipal commercial paper (**EMCP**) is similar to CP Notes; however, liquidity for the EMCP is provided by the investors rather than a bank or credit facility. The State has appointed, for the EMCP, Goldman, Sachs & Co. and Merrill Lynch & Co. to serve as **Dealers** and U.S. Bank Trust National Association to serve as **Issuing and Paying Agent**. The Depository Trust Company (**DTC**) serves as **Depository** for the EMCP.

The following summarizes, for each series of EMCP that the State has issued, the principal amount initially issued, the date of initial issuance, and the principal amount outstanding as of December 15, 2005.

<u>Series of EMCP</u>	<u>Amount Initially Issued</u>	<u>Date of Initial Issuance</u>	<u>Amount Outstanding</u>
2000 Series A	\$125,000,000	August 8 – November 6, 2000	\$ 40,970,000
2000 Series B	93,430,000	August 8, 2000	54,515,000
2000 Series C	80,390,000	November 16, 2000	58,981,000
2002 Series A	41,670,000	February 5, 2002	32,530,000
2004 Series A	100,000,000	March 9, 2004	93,675,000

By adopting a supplemental resolution, the Commission may authorize the issuance of additional EMCP.

*Description of EMCP*

Each EMCP note is dated the date it is issued. It is issued as an interest-bearing obligation in a denomination of \$100,000 or increments of \$1,000 above \$100,000. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed. Payment of principal of and interest on each EMCP note is made to the Depository and then distributed by the Depository.

Each EMCP note matures on its **Original Maturity Date**, which may range from 1 to 180 days from its original issue date, unless the State exercises its option to extend the maturity date. In that case the EMCP note will mature on the **Extended Maturity Date**, which will be the date that is 270 days after its original issue date.

Each EMCP note bears interest from its original issue date until the Original Maturity Date at the rate determined on the original issue date, payable on the Original Maturity Date, unless the maturity date is extended, in which case interest will be paid on the date described below. If the State exercises its option to extend the maturity date, the EMCP note will bear interest after the Original Maturity Date at the Reset Rate and be payable on the dates described below.

If the maturity date of an EMCP note is extended, accrued but unpaid interest to the Original Maturity Date will not be paid on the Original Maturity Date but will be payable on the following date (or any earlier redemption date):

- (1) if the Original Maturity Date is before the 15<sup>th</sup> day of the month, interest will next be payable on the first **Business Day** (which is a day on which banks located in Madison, Wisconsin and in each of the cities that the Principal Office of the Issuing and Paying Agent and Dealers are located are not required or authorized by law or executive order to close for business and a day the New York Stock Exchange is not closed) of the next month, or
- (2) if the Original Maturity Date is on or after the 15<sup>th</sup> day of the month, interest will next be payable on the first Business Day of the second succeeding month after the Original Maturity Date.

For example, if the Original Maturity Date is November 14, interest will be first payable on the first Business Day of December, and if the Original Maturity Date is November 15, interest will be first payable on the first Business Day of January.

Each EMCP note bears interest from the Original Maturity Date at the **Reset Rate** and is payable first on the date described above and thereafter, on the first Business Day of each month and on any redemption date or the Extended Maturity Date.

The Reset Rate will be a rate of interest per annum determined by the following formula:

$$(1.35 \times \text{BMA}) + E$$

As used in the formula, the *BMA* variable will be The Bond Market Association Municipal Swap Index, which is calculated weekly and released each Wednesday afternoon, effective Thursday. The *E* variable will be a fixed percentage rate expressed in basis points that is determined based on the ratings assigned to the EMCP (**Prevailing Ratings**), as follows:

<u>Fitch</u>	<u>Prevailing Ratings</u>		<u>E Variable</u> (basis points)
	<u>Moody's Investors</u> <u>Service, Inc.</u>	<u>Standard &amp; Poor's</u> <u>Ratings Services</u>	
F1+	P-1	A-1+	100
F1	–	A-1	150
F2	P-2	A-2	200
F3	P-3	A-3	300
Lower than F3 (or rating discontinued)	Lower than P-3 (or rating discontinued)	Lower than A-3 (or rating discontinued)	400

Pursuant to the Program Resolution, if at any time any rating agency announces that a lower rating is under consideration for the EMCP, then the Prevailing Rating from such rating agency will not be the rating then assigned to the EMCP; rather, it will be the next lower rating of such rating agency. If the Prevailing Ratings would indicate different *E* variables as a result of split ratings assigned to the EMCP, the *E* variable will be the arithmetic average of those indicated by the Prevailing Ratings.

The Reset Rate applicable to any EMCP note will be determined weekly by the Issuing and Paying Agent based on the *BMA* variable and the Prevailing Ratings as of 11:00 a.m. (New York time) on its Original Maturity Date and each Thursday thereafter and will apply through the following Wednesday.

## **REVENUE-SUPPORTED GENERAL OBLIGATION DEBT**

### **General**

Although all general obligations issued by the State are supported by its full faith, credit, and taxing power, a portion of these general obligations are issued with the expectation that debt service payments will not impose a direct burden on the State's taxpayers and its general revenue sources. Beneficiaries and users of revenue-supported programs and facilities pay fees and other amounts that are estimated to be at least sufficient to pay or reimburse the General Fund for the amount paid for debt service related to these revenue-supported programs and facilities.

Table III-6 identifies the amount of outstanding general obligations designated as revenue-supported. The programs and facilities funded with these general obligations support debt service payments on approximately \$1.113 billion of State general obligations outstanding on December 15, 2005. Furthermore, Table III-11 shows that revenue-supported debt service payments were approximately 29.9% of the total debt service cost for the fiscal year ending June 30, 2005.

### **Veterans Housing Loan Program**

The veterans primary mortgage housing loan program, operated by the State of Wisconsin Department of Veterans Affairs (**DVA** or **Department of Veterans Affairs**), is the largest revenue-supported general obligation bonding program of the State. Lending activities under the program began in 1974. The program is currently funded by either **Tax-Exempt Veterans Mortgage Bonds** or **Taxable Veterans Mortgage Bonds**, collectively referred to as **Veterans Mortgage Bonds**.

Approximately \$334 million in aggregate principal amount of Veterans Mortgage Bonds remain outstanding on December 15, 2005. As outlined later in this section, there are different special

redemption provisions for the Tax-Exempt Veterans Mortgage Bonds and each series of Taxable Veterans Mortgage Bonds. Tables III-16 through III-22 in this part of the Annual Report include unaudited financial and statistical information and related notes that may be helpful in describing the operation of the veterans primary mortgage housing loan program.

#### *Primary Mortgage Housing Loan Program Requirements*

Veterans who wish to purchase, build, or purchase and rehabilitate homes that satisfy certain cost or value limitations in relation to the veteran's income may apply for a veterans housing loan. The home loan may be for the purchase of an existing home, for a construction loan, for refinancing the balance due on a construction period loan, bridge loan, or other financing with a term of 24 months or less, or for a combined purchase and rehabilitation loan of up to 95% of the home's value for a term not exceeding 30 years. A loan application is reviewed first by a local lending institution and then by DVA. If the application is approved, the local lending institution originates the loan as agent for DVA and acts as loan servicer thereafter. There are numerous other standards required to be satisfied as part of underwriting. The loan must be secured by a first, or primary, mortgage on the home, and the shelter-cost ratio must generally be less than 25% of income. This ratio may go up to as much as 33% under certain favorable credit circumstances or must be reduced if certain credit risks are present. The originator of the home loan may charge the veteran an origination fee of one point (approximately two points in the case of construction loans and three points on the rehabilitation portion of purchase-and-rehabilitation loans).

Primary mortgage home loans have been funded with either Tax-Exempt Veterans Mortgage Bonds or Taxable Veterans Mortgage Bonds.

#### *Home Improvement Loan Program (HILP)*

In addition to primary mortgage home loans described above, DVA also makes HILP loans that are funded solely with proceeds of Taxable Veterans Mortgage Bonds. This program has a maximum loan amount of 90% of the equity in the home and is processed through county veterans service officers rather than lending institutions. HILP loans have terms of 5, 10, or 15 years and have different loan interest rates for the differing terms. HILP loans in excess of \$3,000 are secured by either a first or second mortgage on the improved property and require a minimum equity position of 10% after considering the HILP loan. HILP loans under \$3,000 may be guaranteed by a guarantor or secured by a first or second mortgage. HILP loans use the same basic underwriting standards as the primary mortgage home loan program but do not include loan-servicing charges.

#### *Mortgage Interest Rates*

It has been the policy of DVA to set the interest rate charged to a borrower at a level sufficient to pay the debt service on the Veterans Mortgage Bonds funding the loan, the cost of program administration, and if deemed necessary, a loan loss reserve (which since 1985 has been charged to fund the Insurance Reserve Account described below).

In setting the interest rate, DVA has previously chosen to provide a subsidy for veterans primary mortgage home loans and some HILP loans funded with Taxable Veterans Mortgage Bonds. The result is that the lending rate may be lower than the true interest cost rate on the Taxable Veterans Mortgage Bond issue funding those loans.

DVA has not determined whether any subsidy or similar arrangement will be available for veterans primary mortgage home loans or HILP loans funded with future issues of Taxable Veterans Mortgage Bonds.

#### *Default Risks and Other Information*

Veterans Mortgage Bonds issued prior to 1985 assumed a certain level of prepayments in estimating program cash flow. No prepayments have been assumed in scheduling principal payments for Veterans



Mortgage Bonds issued since 1985. Based on asset and liability balances as of July 1, 2003 and existing DVA assumptions, the cash flow of the mortgages on April 5, 2005 was sufficient to meet future debt service payments. A loan under the veterans housing loan program may be assumed only by another qualifying veteran.

After deducting a servicing charge (.375% per annum), the participating lender deposits the veteran's monthly loan repayments and any prepayments into the Veterans Mortgage Loan Repayment Fund, a segregated statutory fund. An irrevocable appropriation is provided by law as a first charge on assets of the Repayment Fund in a sum sufficient to provide for the repayment of principal of, premium, if any, and interest on State general obligations issued to fund the program.

Program loans financed with Veterans Mortgage Bonds are not required to be insured or guaranteed (casualty insurance coverage is, however, required). Instead, the default risk with respect to such loans is borne by the program. The ability of DVA to dispose of defaulted properties and realize the amount of the outstanding principal balances of the related loans has varied in recent years depending upon the location of such properties within the State and their physical condition upon foreclosure. Although DVA expects that it will continue to experience liquidation losses, it expects that such losses will not require recourse to the State's General Fund but rather will be covered by the Insurance Reserve Account within the Fund. As of October 31, 2005, of the 4,487 outstanding veterans primary mortgage home loans financed by the program, there were 37 loans in an aggregate principal amount of approximately \$1.7 million for which payments were 60 days or longer past due. The insurance reserve requirement (4% of outstanding loans) is currently satisfied. See Table III-20 for more complete details concerning delinquencies.

#### **Special Redemption—Tax Exempt Veterans Mortgage Bonds**

The State had outstanding, as of December 15, 2005, approximately \$187 million of Tax-Exempt Veterans Mortgage Bonds. All of the outstanding Tax-Exempt Veterans Mortgage Bonds are subject to special redemption before maturity, at the option of the Commission, on any date, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from:

- Prepayments of veterans housing loans funded from or attributed to *any* series of Tax-Exempt Veterans Mortgage Bonds (commonly referred to as a “cross-call”).
- Payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account, in excess of amounts required to meet scheduled debt service on all Tax-Exempt Veterans Mortgage Bonds and other costs associated with the veterans primary mortgage housing loan program.

In the event of a partial redemption, the Commission shall direct the maturities of the Bonds and the amounts thereof so to be redeemed.

Prepayments of mortgages originated with or attributed to any series of Taxable Veterans Mortgage Bonds may not be used for special redemption of Tax-Exempt Veterans Mortgage Bonds, and prepayments of mortgages originated with or attributed to any series of Tax-Exempt Veterans Mortgage Bonds may not be used for special redemption of Taxable Veterans Mortgage Bonds.

Table III-12 presents a summary, as of December 15, 2005, of the outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to special redemption. Table III-23 presents further detailed information on these outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to special redemption.

**Table III-12**  
**Summary of Outstanding Tax-Exempt Veterans Mortgage Bonds**  
**Subject to Special Redemption**  
**December 15, 2005**

<u>Series</u>	<u>Dated Date</u>	<u>Original Principal Amount Subject to Special Redemption</u>	<u>Outstanding Principal Amount Subject to Special Redemption</u>	<u>Range of Interest Rates on Outstanding Bonds</u>
1993 Series 6	10/15/93	\$ 20,000,000	\$12,815,000	4.85–5.30%
1993 Series 5	12/01/93	135,255,000	21,705,000	5.20–5.40
1994 Series 2	03/01/94	58,525,000	12,755,000	5.60–6.20
1994 Series 3	09/15/94	10,400,000	1,005,000	5.60–5.80
1994 Series C	09/15/94	45,000,000	3,415,000	6.40–6.65
1995 Series 1	02/15/95	15,735,000	1,235,000	6.00–6.10
1995 Series B	02/15/95	29,265,000	1,075,000	6.50
1995 Series 2	10/15/95	42,850,000	7,460,000	5.60–5.75
1996 Series B	05/15/96	45,000,000	3,780,000	6.10–6.20
1996 Series D	10/15/96	30,000,000	3,635,000	5.80–6.00
1997 Series A	03/15/97	21,360,000	2,270,000	6.00
1997 Series 1	03/15/97	23,640,000	2,805,000	5.65–5.75
1997 Series C	09/15/97	45,000,000	9,890,000	5.40–5.50
1998 Series B	05/15/98	30,565,000	12,130,000	5.30–5.35
1998 Series E	10/15/98	6,155,000	5,270,000	4.60–4.80
1999 Series 1	05/01/99	15,790,000	8,945,000	4.70–5.30
2003 Series 2	04/01/03	13,740,000	13,740,000	2.45–5.00
2003 Series 3	10/30/03	67,890,000	<u>63,220,000</u>	1.85–5.00
			<u>\$ 187,150,000</u>	

The State has historically received, and expects to continue to receive, prepayments of veterans housing loans funded with Tax-Exempt Veterans Mortgage Bonds. See Table III-24 for a summary of the prepayments received over the past three years. The State may use, and has from time to time used, veterans housing loan prepayments to make new veterans housing loans. If the State determines that it is not feasible to make new veterans housing loans, the State intends to use these prepayments to purchase or redeem Tax-Exempt Veterans Mortgage Bonds as determined by the Commission.

Prior to calendar year 2002, it had been the working policy of the Department of Administration, on behalf of the Commission, to call Tax-Exempt Veterans Mortgage Bonds for special redemption based on the highest estimated market price, while taking into consideration the Legislature’s mandate that the veterans primary mortgage housing loan program be self-amortizing. Since that time and as of the date of this Annual Report, this working policy has been under review by the Department of Administration to determine the impact special redemption cross-calls have on both the cash flow that supports all Veterans Mortgage Bonds and the applicable federal tax law restrictions. This working policy continues to be modified from time to time and is subject to change at any time.

The most recent special redemption of Tax-Exempt Veterans Mortgage Bonds occurred on June 15, 2005. This special redemption is summarized in Table III-13. This is the only special redemption of Tax-Exempt Veterans Mortgage Bonds that occurred in calendar year 2005.

**Table III-13**  
**June 15, 2005 Special Redemption**  
**Tax-Exempt Veterans Mortgage Bonds**

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1997 Series C	2023	5.50%	\$ 3,380,000
1998 Series B	2023	5.30	3,660,000

**Special Redemption–Taxable Veterans Mortgage Bonds**

The State had outstanding, as of December 15, 2005, approximately \$147 million of Taxable Veterans Mortgage Bonds.

Taxable Veterans Mortgage Bonds are subject to special redemption prior to maturity, at the option of the Commission, on any date, in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from:

- Unexpended proceeds from only that series of Taxable Veterans Mortgage Bonds, as provided for in the respective authorizing resolution.
- Prepayments of veterans primary mortgage home loans or HILP loans, or interest or income on investments in certain accounts, funded from or attributed to only that series of Taxable Veterans Mortgage Bonds, as provided for in the respective authorizing resolution.

In the event of a partial redemption, the Commission shall direct the maturities of the Taxable Veterans Mortgage Bonds and the amounts thereof so to be redeemed; however, the Commission has stated in the respective Official Statements that it intends to apply amounts from these sources as a pro rata redemption on all applicable outstanding maturities of the Taxable Veterans Mortgage Bonds, subject to rounding, to reflect approximately the unexpended proceeds or prepayment from either HILP loans or primary mortgage home loans.

Prepayments of veterans primary mortgage housing loans or HILP loans originated with or attributed to a series of Taxable Veterans Mortgage Bonds may not be used for special redemption of any other series of Taxable Veterans Mortgage Bonds. Prepayments of mortgage loans or loans originated with or attributed to any series of Tax-Exempt Veterans Mortgage Bonds may not be used for special redemption of Taxable Veterans Mortgage Bonds.

The State has historically received, and expects to continue to receive, prepayments of veterans primary mortgage housing loans and HILP loans funded with Taxable Veterans Mortgage Bonds. See [Table III-24](#) for a summary of these prepayments received over the past three years. The Commission has made several special redemptions of Taxable Veterans Mortgage Bonds from these prepayments. The Commission most recently exercised its option of special redemption of Taxable Veterans Mortgage Bonds on June 15, 2005. At that time, the Commission made the special redemption summarized in [Table III-14](#). Other than a special redemption that occurred on April 1, 2005 on bonds previously issued in calendar year 2004 via private placement, this was the only special redemption of Taxable Veterans Mortgage Bonds that occurred in calendar year 2005. See [Table III-15](#) for an aggregate summary of all special redemptions (from prepayments and unexpended proceeds) that have occurred on Taxable Veterans Mortgage Bonds.

**Table III-14**  
**June 15, 2005 Special Redemption**  
**Taxable Veterans Mortgage Bonds**

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1997-D	2005	6.55%	\$ 20,000
	2006	6.60	25,000
	2007	6.65	25,000
	2008	6.70	30,000
	2009	6.80	30,000
	2010	6.85	25,000
	2011	6.90	40,000
	2012	6.90	35,000
	2017	7.15	215,000
	2028	7.25	830,000
1998-C	2006	6.20	20,000
	2007	6.25	20,000
	2008	6.30	30,000
	2028	6.95	870,000
1998-F	2005	5.50	30,000
	2006	5.55	35,000
	2007	5.60	35,000
	2008	5.65	40,000
	2009	5.75	40,000
	2029	6.40	1,665,000
1999-B	2005	6.25	10,000
	2006	6.25	10,000
	2007	6.30	10,000
	2008	6.35	10,000
	2009	6.40	15,000
	2010	6.40	10,000
	2013	6.50	45,000
	2016	7.00	55,000
	2030	7.25	480,000
1999-D	2010	7.70	75,000
	2030	7.70	755,000
2000-B	2010	7.50	10,000
	2030	8.05	100,000
2000-E	2016	7.00	165,000

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
2001-A	2031	7.00	255,000
2001-D	2016	6.60	5,000
	2021	6.90	5,000
	2031	7.05	20,000
2001-E	2017	6.12	180,000
	2021	6.71	90,000
	2031	6.96	375,000
2002-B	2032	6.25	860,000
2002-D	2033	6.25	330,000
2002-F	2033	5.25	660,000
2002-H	2033	5.25	1,125,000
2003-1	2019	4.85	370,000
2003-B	2033	4.35	1,760,000

**III-15**  
**Summary of All Special Redemptions**  
**Taxable Veterans Mortgage Bonds**

<u>Bond Issue</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Special Redemption; Calendar Year 1999</u>	<u>Special Redemption; Calendar Year 2000</u>	<u>Special Redemption; Calendar Year 2001</u>	<u>Special Redemption; Calendar Year 2002</u>	<u>Special Redemption; Calendar Year 2003</u>	<u>Special Redemption; Calendar Year 2004</u>	<u>Special Redemption; Calendar Year 2005</u>	<u>Sinking Fund Payments Made</u>	<u>Outstanding Par Amount</u>	<u>Coupon</u>		
1997 Series D	9/15/1997	11/1/1999	\$ 620,000	\$ 15,000								N/A	6.15%		
		11/1/2000	655,000	15,000	\$ 10,000								N/A	6.15%	
		11/1/2001	695,000	15,000	30,000	\$ 5,000							N/A	6.25%	
		11/1/2002	740,000	15,000	40,000	5,000	\$ 35,000						N/A	6.30%	
		11/1/2003	785,000	20,000	45,000	10,000	75,000	\$ 165,000					N/A	6.40%	
		11/1/2004	840,000	20,000	45,000	15,000	70,000	280,000	\$ 25,000				N/A	6.50%	
		11/1/2005	895,000	20,000	45,000	5,000	90,000	305,000	65,000		20,000		N/A	6.55%	
		11/1/2006	950,000	20,000	45,000	15,000	85,000	330,000	85,000		25,000	\$ 345,000		6.60%	
		11/1/2007	1,010,000	25,000	55,000	10,000	100,000	340,000	75,000		25,000		380,000	6.65%	
		11/1/2008	1,080,000	25,000	50,000	15,000	100,000	385,000	95,000		30,000		380,000	6.70%	
		11/1/2009	1,155,000	25,000	55,000	15,000	115,000	385,000	85,000		30,000		445,000	6.80%	
		11/1/2010	1,230,000	25,000	75,000	15,000	120,000	420,000	100,000		25,000		450,000	6.85%	
		11/1/2011	1,320,000	30,000	65,000	15,000	120,000	450,000	110,000		40,000		490,000	6.90%	
		11/1/2012	1,410,000	35,000	75,000	20,000	130,000	490,000	115,000		35,000		510,000	6.90%	
		11/1/2017	6,760,000	125,000	345,000	90,000	710,000	2,650,000	670,000		215,000		1,955,000	7.15%	
		11/1/2028	24,855,000	430,000	1,220,000	340,000	2,650,000	10,095,000	2,590,000		830,000		6,700,000	7.25%	
		Subtotal			45,000,000	860,000	2,200,000	575,000	4,400,000	16,295,000	4,015,000	1,275,000		11,655,000	
		1998 Series C	5/15/1998	5/1/1999	495,000									N/A	
				5/1/2000	495,000	5,000									N/A
5/1/2001	525,000			5,000	20,000								N/A	5.90%	
5/1/2002	550,000			5,000	35,000	5,000	25,000						N/A	6.05%	
5/1/2003	595,000			10,000	25,000	10,000	70,000	55,000					N/A	6.05%	
5/1/2004	625,000			5,000	30,000	10,000	80,000	265,000					N/A	6.10%	
5/1/2005	675,000			5,000	30,000	10,000	95,000	305,000	40,000				N/A	6.15%	
5/1/2006	710,000			15,000	45,000	10,000	85,000	310,000	50,000		20,000	\$ 175,000		6.20%	
5/1/2007	760,000			5,000	35,000	15,000	105,000	340,000	50,000		20,000		190,000	6.25%	
5/1/2008	815,000			15,000	50,000	10,000	95,000	365,000	50,000		30,000		200,000	6.30%	
5/1/2028	27,760,000			365,000	1,200,000	380,000	2,910,000	12,935,000	2,185,000		870,000		6,915,000	6.95%	
Subtotal					34,005,000	435,000	1,470,000	450,000	3,465,000	14,575,000	2,375,000	940,000		7,480,000	

**III-15 (Continued)**  
**Summary of All Special Redemptions**  
**Taxable Veterans Mortgage Bonds**

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Sinking Fund Payments Made	Outstanding Par Amount	Coupon		
1998 Series F	10/15/1998	11/1/1999	355,000									N/A			
		11/1/2000	725,000		5,000								N/A	5.00%	
		11/1/2001	760,000		10,000	5,000							N/A	5.10%	
		11/1/2002	790,000		20,000	5,000	40,000						N/A	5.20%	
		11/1/2003	830,000		20,000	10,000	85,000	290,000					N/A	5.35%	
		11/1/2004	870,000		15,000	5,000	80,000	440,000					N/A	5.45%	
		11/1/2005	915,000		20,000	10,000	90,000	460,000	75,000	30,000			N/A	5.55%	
		11/1/2006	960,000		20,000	10,000	100,000	475,000	80,000	35,000		\$	240,000	5.55%	
		11/1/2007	1,015,000		20,000	10,000	100,000	510,000	85,000	35,000			255,000	5.60%	
		11/1/2008	1,065,000		25,000	10,000	105,000	535,000	85,000	40,000			265,000	5.65%	
		11/1/2009	1,125,000		20,000	10,000	105,000	570,000	95,000	40,000			285,000	5.75%	
		11/1/2029	45,590,000		955,000	415,000	4,495,000	22,890,000	3,750,000	1,665,000			11,420,000	6.40%	
		Subtotal			55,000,000		1,130,000	490,000	5,200,000	26,170,000	4,170,000			12,465,000	
		1999 Series B	5/1/1999	11/1/2000	420,000									N/A	5.35%
11/1/2001	450,000				5,000								N/A	5.60%	
11/1/2002	480,000				5,000	10,000	50,000						N/A	5.80%	
11/1/2003	500,000				5,000	5,000	95,000	200,000					N/A	6.00%	
11/1/2004	535,000				5,000	5,000	100,000	280,000					N/A	6.20%	
11/1/2005	570,000				10,000	5,000	105,000	295,000	40,000	10,000			N/A	6.25%	
11/1/2006	600,000				5,000	5,000	115,000	310,000	45,000	10,000		\$	110,000	6.25%	
11/1/2007	640,000				10,000	10,000	115,000	340,000	45,000	10,000			110,000	6.30%	
11/1/2008	680,000				10,000	5,000	130,000	355,000	50,000	10,000			120,000	6.35%	
11/1/2009	725,000				10,000	10,000	135,000	375,000	55,000	15,000			125,000	6.40%	
11/1/2010	770,000				10,000	5,000	145,000	400,000	55,000	10,000			145,000	6.40%	
11/1/2013	2,620,000				30,000	30,000	490,000	1,370,000	200,000	45,000			455,000	6.50%	
11/1/2016	3,180,000				40,000	35,000	600,000	1,655,000	235,000	55,000			560,000	7.00%	
11/1/2030	27,830,000				355,000	305,000	5,225,000	14,520,000	2,060,000	480,000			4,885,000	7.25%	
Subtotal			40,000,000	N/A	490,000	420,000	7,305,000	20,100,000	2,785,000			6,510,000			

**III-15 (Continued)**  
**Summary of All Special Redemptions**  
**Taxable Veterans Mortgage Bonds**

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Sinking Fund Payments Made	Outstanding Par Amount	Coupon
1999 Series D	11/1/1999	11/1/2010	9,465,000			550,000	3,290,000	2,970,000	240,000	75,000	1,605,000	\$ 735,000	7.70%
		11/1/2030	55,535,000			2,315,000	22,430,000	21,150,000	1,960,000	755,000		6,925,000	7.70%
		Subtotal	65,000,000	N/A	N/A	2,865,000	25,720,000	24,120,000	2,200,000	830,000	1,605,000	7,660,000	
2000 Series B	7/1/2000	11/1/2010	4,625,000			1,000,000	870,000	1,520,000	85,000	10,000	840,000	\$ 300,000	7.50%
		11/1/2030	30,375,000			7,215,000	6,655,000	12,170,000	850,000	100,000		3,385,000	8.05%
		Subtotal	35,000,000	N/A	N/A	8,215,000	7,525,000	13,690,000	935,000	110,000	840,000	3,685,000	
2000 Series E	11/7/2000	11/1/2016	5,000,000	N/A	N/A		1,600,000	1,160,000	435,000	165,000	370,000	1,270,000	7.00%
2001 Series A	2/21/2001	5/1/2031	15,000,000	N/A	N/A			9,625,000	1,145,000	255,000	450,000	3,525,000	7.00%
2001 Series D	6/15/2001	11/1/2002	320,000									N/A	4.50%
2001 Series D	6/15/2001	11/1/2003	255,000				10,000	125,000				N/A	5.00%
2001 Series D	6/15/2001	11/1/2004	265,000				10,000	185,000				N/A	5.30%
2001 Series D	6/15/2001	11/1/2005	280,000				10,000	200,000	20,000			N/A	5.50%
2001 Series D	6/15/2001	11/1/2006	295,000				10,000	210,000	25,000		\$ 50,000	50,000	5.60%
2001 Series D	6/15/2001	11/1/2007	315,000				15,000	225,000	15,000			60,000	5.75%
2001 Series D	6/15/2001	11/1/2008	330,000				10,000	240,000	25,000			55,000	5.90%
2001 Series D	6/15/2001	11/1/2011	1,110,000				45,000	785,000	85,000			195,000	6.20%
2001 Series D	6/15/2001	11/1/2016	2,390,000				95,000	1,700,000	175,000	5,000		415,000	6.60%
2001 Series D	6/15/2001	11/1/2021	3,305,000				130,000	2,350,000	250,000	5,000		570,000	6.90%
2001 Series D	6/15/2001	11/1/2031	11,135,000				440,000	7,925,000	830,000	20,000		1,920,000	7.05%
			20,000,000	N/A	N/A		775,000	13,945,000	1,425,000	30,000		3,265,000	
2001 Series E	10/1/2001	11/1/2017	6,210,000					3,230,000	440,000	180,000	640,000	\$ 1,720,000	6.12%
2001 Series E	10/1/2001	11/1/2021	2,730,000					1,505,000	220,000	90,000		915,000	6.71%
2001 Series E	10/1/2001	11/1/2031	11,060,000					6,095,000	900,000	375,000		3,690,000	6.96%
			20,000,000	N/A	N/A			10,830,000	1,560,000	645,000	640,000	6,325,000	



**III-15 (Continued)**  
**Summary of All Special Redemptions**  
**Taxable Veterans Mortgage Bonds**

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Sinking Fund Payments Made	Outstanding Par Amount	Coupon
2002 Series B	3/26/2002	11/1/2032	15,000,000	N/A	N/A	N/A	N/A	5,825,000	1,285,000	860,000	360,000	6,670,000	6.25%
2002 Series D	6/12/2002	11/1/2033	20,000,000	N/A	N/A	N/A	2,000,000	5,025,000	4,345,000	330,000	280,000	8,020,000	6.25%
2002 Series E	9/26/2002	11/1/2018	2,000,000	N/A	N/A	N/A	N/A		65,000		190,000	1,745,000	4.80%
2002 Series F	9/26/2002	11/1/2033	13,000,000	N/A	N/A	N/A	N/A	470,000	910,000	660,000	360,000	10,600,000	5.25%
2002 Series H	12/30/2002	5/1/2033	15,000,000	N/A	N/A	N/A	N/A		2,080,000	1,125,000	480,000	11,315,000	5.25%
2003 Series I	4/3/2003	11/1/2019	7,000,000	N/A	N/A	N/A	N/A		1,915,000	370,000	655,000	4,060,000	4.85%
2003 Series B	7/24/2003	11/1/2033	30,000,000	N/A	N/A	N/A	N/A			1,760,000	1,120,000	27,120,000	4.35%
2004 Series B	8/12/2004	11/1/2014	1,000,000	N/A	N/A	N/A	N/A	N/A	N/A		70,000	930,000	4.50%
2004 Series C	8/12/2004	11/1/2019	1,000,000	N/A	N/A	N/A	N/A	N/A	N/A		35,000	965,000	5.15%
2004 Series D	8/26/2004	11/1/2034	20,000,000	N/A	N/A	N/A	N/A	N/A	N/A	13,500,000	100,000	6,400,000	5.65%
2005 Series C	4/7/2005	5/1/2023	5,000,000	N/A	N/A	N/A	N/A	N/A	N/A			5,000,000	5.40%
<b>Totals</b>			<b>\$ 463,005,000</b>	<b>\$ 1,295,000</b>	<b>\$ 5,290,000</b>	<b>\$ 13,015,000</b>	<b>\$ 57,990,000</b>	<b>\$ 161,830,000</b>	<b>\$ 31,645,000</b>	<b>\$ 25,345,000</b>	<b>\$ 7,555,000</b>	<b>\$ 146,665,000</b>	

Note: The total original issue amount less all the special redemptions and sinking fund payment amounts does not equal the total outstanding par amount since the table does not include serial bonds that matured prior to the date of this Annual Report.

## Financial and Statistical Information

The following unaudited financial and statistical information and related notes may be helpful in describing the operation of the veterans primary mortgage housing loan program. Bonds issued to fund this program are general obligations; the bondholders have no special pledge or lien on revenues derived from this program.

**Table III-16**  
**VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM**  
**BALANCE SHEET**  
**AS OF JUNE 30**  
**(Amounts in Thousands)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>					
Cash and Cash Equivalents.....	\$ 104,981	\$ 140,573	\$ 252,006	\$ 145,974	\$ 157,305
Veterans Loans.....	276,822	305,104	392,275	634,654	714,025
Other Receivables.....	2,259	2,445	6,751	4,860	5,731
Due From Other Funds.....	0	11	32	8	5
Prepaid Items.....	64	68	69	47	58
Deferred Charges.....	3,777	4,768	4,574	4,860	4,546
Fixed Assets (net of accumulated depreciation).....	63	91	135	134	127
Other Assets.....	82	434	287	563	201
<b>Total Assets.....</b>	<u><u>\$ 388,048</u></u>	<u><u>\$ 453,494</u></u>	<u><u>\$ 656,129</u></u>	<u><u>\$ 791,101</u></u>	<u><u>\$ 881,997</u></u>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Accrued Liabilities.....	\$ 759	\$ 1,792	\$ 1,218	\$ 7,951	\$ 7,392
Due to Other Funds.....	416	418	1,182	1,283	1,664
Due to Other Governments.....	4				
Tax and Other Deposits.....	1	1	2	2	2
Deferred Revenue.....	36	96	194	318	474
Interest Payable.....	2,992	3,617	5,888	6,823	7,654
Compensated Absences.....	346	295	275	243	268
General Obligation Bonds Payable.....	335,712	391,270	580,375	697,869	782,260
<b>Total Liabilities.....</b>	<u><u>\$ 340,266</u></u>	<u><u>\$ 397,489</u></u>	<u><u>\$ 589,134</u></u>	<u><u>\$ 714,489</u></u>	<u><u>\$ 799,713</u></u>
<b>Fund Equity:</b>					
Retained Earnings:					
Unreserved.....	\$ 47,781	\$ 56,000	\$ 66,996	\$ 76,611	\$ 82,284
Total Fund Equity.....	<u><u>\$ 47,781</u></u>	<u><u>\$ 56,000</u></u>	<u><u>\$ 66,996</u></u>	<u><u>\$ 76,611</u></u>	<u><u>\$ 82,284</u></u>
<b>Total Liabilities and Fund Equity.....</b>	<u><u>\$ 388,049</u></u>	<u><u>\$ 453,493</u></u>	<u><u>\$ 656,129</u></u>	<u><u>\$ 791,101</u></u>	<u><u>\$ 881,997</u></u>

Source: Department of Veterans Affairs.

**Table III-17**  
**VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
**AS OF JUNE 30**  
**(Amounts in Thousands)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Operating Revenues:</b>					
Investment and Interest Income.....	\$ 18,755	\$ 21,392	\$ 35,541	\$ 46,296	\$ 49,570
Total Operating Revenues.....	<u>\$ 18,755</u>	<u>\$ 21,392</u>	<u>\$ 35,541</u>	<u>\$ 46,296</u>	<u>\$ 49,570</u>
<b>Operating Expenses:</b>					
Personal Services.....	\$ 3,826	\$ 3,819	\$ 3,710	\$ 3,446	\$ 3,411
Supplies and Services.....	1,010	823	984	820	800
Depreciation.....	34	45	43	40	43
Interest Expense.....	22,497	26,274	39,283	46,104	47,388
Other Expenses.....	1,278	1,349	2,858	3,086	3,031
Total Operating Expenses.....	<u>\$ 28,645</u>	<u>\$ 32,310</u>	<u>\$ 46,878</u>	<u>\$ 53,497</u>	<u>\$ 54,672</u>
Operating Income (Loss).....	<u>(\$ 9,890)</u>	<u>(\$ 10,918)</u>	<u>(\$ 11,337)</u>	<u>(\$ 7,201)</u>	<u>(\$ 5,103)</u>
<b>Nonoperating Revenues (Expenses):</b>					
Investment and Interest Income.....	\$ 2,437	\$ 1,713	\$ 2,503	\$ 3,633	\$ 9,143
Other Revenues.....	3	1			
Other Expenses:					
Grants Disbursed.....	(444)	(444)	(434)	(452)	(570)
Total Nonoperating Revenue (Expense).....	<u>1,996</u>	<u>1,269</u>	<u>2,069</u>	<u>3,181</u>	<u>8,573</u>
Income (Loss) Before Operating Transfers.....	<u>(7,895)</u>	<u>(9,650)</u>	<u>(9,269)</u>	<u>(4,021)</u>	<u>3,470</u>
Operating Transfers Out.....	(391)	(81)	(286)	(224)	3
Net Income before Extraordinary Items and Cumulative	<u>(8,219)</u>	<u>(9,731)</u>	<u>(9,555)</u>	<u>(4,244)</u>	<u>3,473</u>
<b>Extraordinary Items:</b>					
Gain (Loss) from Extinguishment of Debt.....					
<b>Net Income</b> .....	<u>(\$ 8,219)</u>	<u>(\$ 9,731)</u>	<u>(\$ 9,555)</u>	<u>(\$ 4,244)</u>	<u>\$ 3,473</u>
Retained Earnings, Beginning of Year.....	\$56,000	\$66,996	\$76,611	\$82,284	\$78,561
Prior Period Adjustments.....	0	(1,265)	(60)	(1,428)	250
<b>Retained Earnings, End of Year</b> .....	<u>\$47,781</u>	<u>\$56,000</u>	<u>\$66,996</u>	<u>\$76,611</u>	<u>\$82,284</u>

**Table III-18**  
**VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM**

**STATEMENT OF CASH FLOWS**  
**AS OF JUNE 30**  
**(Amounts in Thousands)**

	2005	2004	2003	2002	2001
<b>Cash Flows from Operating Activities:</b>					
Cash Payments to Suppliers for Goods and Services.....	(\$ 1,015)	(\$ 1,211)	(\$ 935)	(\$ 629)	(\$ 2,215)
Cash Payments to Employes for Services.....	(3,805)	(3,648)	(3,793)	(3,474)	(3,075)
Cash Payments for Loans Originated.....	(30,913)	(66,064)	(61,146)	(64,401)	(87,095)
Investment and Interest Income.....	19,468	22,270	37,390	46,527	48,067
Collection of Loans.....	57,899	156,568	293,296	143,835	69,857
Other Operating Revenues (Expenses).....	(1,103)	(1,330)	(2,922)	(3,102)	(3,029)
Net Cash Provided (Used) by Operating Activities.....	<u>\$ 40,532</u>	<u>\$ 106,585</u>	<u>\$ 261,890</u>	<u>\$ 118,757</u>	<u>\$ 22,510</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Proceeds from Issuance of Long-Term Debt.....	\$ 27,000	\$ 30,000	\$ 29,889	\$ 54,789	\$ 74,796
Grants to Individuals or Governments.....	(444)	(440)	(544)	(380)	(570)
Retirement of Long-Term Debt.....	(83,470)	(219,390)	(147,272)	(139,298)	(48,012)
Interest Payments.....	(21,218)	(27,961)	(40,219)	(46,935)	(46,586)
Operating Transfers Out.....	(325)	(81)	(286)	(224)	3
Net Cash Provided (Used) by Noncapital Financing Activities.....	<u>(\$ 78,453)</u>	<u>(\$218,334)</u>	<u>(\$158,432)</u>	<u>(\$132,047)</u>	<u>(\$20,370)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Payments for Purchase of Fixed Assets.....	(\$ 7)	\$ 0	(\$ 44)	(\$ 48)	(\$ 46)
Net Cash Provided (Used) by Capital and Related Financing Activities.....	<u>(\$ 7)</u>	<u>\$ 0</u>	<u>(\$ 44)</u>	<u>(\$ 48)</u>	<u>(\$ 46)</u>
<b>Cash Flows from Investing Activities:</b>					
Proceeds from Sale and Maturities of Investment Securities.....					
Interest and Dividends Receipts.....	2,335	1,582	2,503	3,633	9,188
Net Cash Provided (Used) by Investing Activities.....	<u>\$ 2,335</u>	<u>\$ 1,582</u>	<u>\$ 2,503</u>	<u>\$ 3,633</u>	<u>\$ 9,188</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	<u>(\$ 35,593)</u>	<u>(\$ 110,167)</u>	<u>\$ 105,917</u>	<u>(\$ 9,705)</u>	<u>\$ 11,282</u>
Cash and Cash Equivalents, Beginning of Year.....	<u>140,573</u>	<u>250,741</u>	<u>146,088</u>	<u>155,680</u>	<u>146,022</u>
Cash and Cash Equivalents, End of Year.....	<u>\$ 104,980</u>	<u>\$ 140,574</u>	<u>\$252,005</u>	<u>\$145,975</u>	<u>\$157,304</u>
<b>Operating Income (Loss).....</b>	<u>(\$ 9,891)</u>	<u>(\$ 10,919)</u>	<u>(\$ 11,338)</u>	<u>(\$ 7,201)</u>	<u>(\$ 5,103)</u>
<b>Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>					
Depreciation.....	\$ 34	\$ 45	\$ 43	\$ 40	\$ 43
Provision for Uncollectible Accounts.....	75	(82)	(64)	(16)	2
Operating Expense (Interest Expense) Classified as Noncapital Financing Act. ..	22,497	26,274	39,283	46,104	47,388
<b>Changes In Assets and Liabilities:</b>					
Decrease (Increase) in Mortgage Loans Receivables.....	28,206	87,253	242,444	79,386	(11,808)
Decrease (Increase) in Other Accounts Receivables.....	186	4,306	(1,890)	870	(1,460)
Decrease (Increase) in Due From Other Funds.....	11	22	(24)	(3)	1
Decrease (Increase) in Prepaid Items.....			(21)	11	(10)
Decrease (Increase) in Other Assets.....	352	(147)	276	(362)	(37)
Decrease (Increase) in Accounts Payable and Other Accrued Liabilities.....	(1,033)	571	(6,623)	488	(6,672)
Decrease (Increase) in Compensated Absences.....	52	20	32	(25)	19
Decrease (Increase) in Due to Other Funds.....	(2)	(764)	(102)	(381)	320
Decrease (Increase) in Tax and Other Deposits.....					(1)
Decrease (Increase) in Deferred Revenues.....	(60)	(98)	(124)	(155)	(173)
<b>Total Adjustments.....</b>	<u>\$ 50,423</u>	<u>\$ 117,504</u>	<u>\$ 273,228</u>	<u>\$ 125,958</u>	<u>\$ 27,613</u>
Net Cash Provided by Operating Activities.....	<u>\$ 40,532</u>	<u>\$ 106,585</u>	<u>\$ 261,890</u>	<u>\$ 118,757</u>	<u>\$ 22,510</u>
<b>Noncash Investing, Capital and Financing Activities</b>					
Other (Residual Equity Transfer)					
<b>Total Noncash Investing, Capital and Financing Activities</b>					

Source: Department of Veterans Affairs.

**Table III-19**  
**VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM**  
**BONDS ISSUED AND RELATED RATES OF INTEREST <sup>(a)</sup>**  
**(On Bonds Issued to December 15, 2005)**

<u>Bonds Dated</u>	<u>Amount of Issue</u>	<u>Interest Rate Paid by the State</u>	<u>Interest Rate Charged to Veterans<sup>(b)</sup></u>
4/01/85	\$290,955,000	9.49%	10.60%
5/22/86	38,185,500	7.78	8.55
7/01/88	15,000,000	7.87	8.55
1/01/89	20,000,000	7.98	8.55
8/01/89	20,000,000	7.22	7.85
3/01/90	20,000,000	7.60	8.25
10/01/90	20,000,000	7.62	8.25
4/01/91	30,000,000	7.36	8.10
6/01/92	30,000,000	6.56	7.40
10/15/93	20,000,000	5.40	5.25 <sup>(c)</sup>
9/15/94	45,000,000	6.62	7.25
2/15/95	29,625,000	6.46	7.45
10/15/95	42,850,000	5.58	6.55
5/15/96	45,000,000	6.07	7.00
10/15/96	30,000,000	5.93	6.90
3/15/1997	45,000,000	5.97	6.90
9/15/1997	45,000,000	5.41	6.40
9/15/1997	45,000,000	7.30	6.40 <sup>(d)</sup>
5/15/1998	30,565,000	5.41	6.65
5/15/1998	34,005,000	6.93	6.65 <sup>(d)</sup>
10/15/1998	6,155,000	4.87	6.50
10/15/1998	55,000,000	6.37	6.50 <sup>(d)</sup>
5/01/1999	40,000,000	7.14	6.85 <sup>(d)</sup>
11/01/1999	65,000,000	7.75	7.80 <sup>(d)</sup>
7/01/2000	35,000,000	8.02	7.90 <sup>(d)</sup>
2/21/2001	15,000,000	7.00	6.80 <sup>(d)</sup>
6/15/2001	20,000,000	6.96	7.00 <sup>(d)</sup>
10/1/2001	20,000,000	6.80	6.80 <sup>(d)</sup>
3/26/2002	15,000,000	6.25	6.50 <sup>(d)</sup>
6/12/2002	20,000,000	6.25	6.50 <sup>(d)</sup>
9/26/2002	13,000,000	5.25	5.65
12/30/2002	15,000,000	5.25	5.75
7/24/2003	30,000,000	4.35	5.35/5.75/5.30
8/26/2004	20,000,000	5.65	6.15
4/7/2005	5,000,000	5.40	5.90

(a) Does not include bonds issued solely to fund HILP loans.

(b) Includes an add-on to cover lender's fees, DVA administrative costs, and reserve for self-insurance.

(c) A subsidy resulting from refunding savings is being used to cover the difference between the debt service on the bonds and cash flow from the mortgages. In addition, the subsidy covers the lender's fees, DVA administrative costs, and a reserve for self-insurance.

(d) In setting the interest rate charged to the borrower for a loan made with the proceeds of a Taxable Veterans Mortgage Bonds, DVA has chosen to apply a subsidy from the primary mortgage home loan program. The result is that the lending rate may be lower than the true interest cost rate on the Taxable Veterans Mortgage Bond issue.

**Source: Department of Administration.**

**Table III-20  
VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM  
60+ DAY LOAN DELINQUENCIES**

	<u>Month Ending</u>	<u>Principal Amount Outstanding</u>	<u>Number of Loans Outstanding</u>	<u>60+ Day Delinquent Loans</u>	<u>Percent of Total</u>
2002	July .....	636,561,238	11,273	71	0.63
	August .....	621,800,948	11,042	72	0.65
	September .....	606,836,662	10,802	83	0.77
	October .....	581,731,315	10,438	83	0.80
	November .....	552,219,722	10,053	98	0.97
	December.....	524,343,210	9,682	77	0.80
2003	January.....	510,962,284	9,430	80	0.85
	February.....	492,493,757	9,122	80	0.88
	March .....	471,039,507	8,800	66	0.75
	April .....	442,319,651	8,401	65	0.77
	May.....	419,485,217	8,067	67	0.83
	June.....	400,564,393	7,778	70	0.90
	July .....	369,282,611	7,362	74	1.01
	August .....	340,063,465	6,933	79	1.14
	September.....	330,052,134	6,710	80	1.19
	October .....	328,579,956	6,602	66	1.00
	November .....	330,542,567	6,548	67	1.02
	December.....	325,396,776	6,432	63	0.98
2004	January.....	324,016,285	6,331	63	1.00
	February.....	319,820,990	6,231	59	0.95
	March .....	312,385,652	6,061	42	0.69
	April .....	303,092,899	5,899	56	0.95
	May.....	300,178,117	5,786	68	1.18
	June.....	303,479,277	5,730	59	1.03
	July .....	311,190,590	5,713	65	1.14
	August .....	314,673,047	5,667	45	0.79
	September.....	311,757,665	5,598	54	0.96
	October.....	308,684,601	5,517	54	0.98
	November .....	303,076,224	5,423	56	1.03
	December.....	299,478,849	5,327	42	0.79
2005	January.....	296,621,597	5,249	43	0.82
	February.....	294,577,811	5,186	39	0.75
	March .....	290,098,838	5,084	31	0.61
	April .....	286,371,247	4,989	31	0.62
	May.....	283,221,485	4,912	41	0.83
	June.....	279,618,344	4,819	34	0.71
	July .....	275,925,819	4,738	33	0.70
	August .....	270,796,763	4,645	38	0.82
	September.....	267,665,543	4,564	33	0.72
	October.....	264,887,598	4,487	37	0.82

Source: Department of Veterans Affairs.

Table III-21

**DEBT SERVICE SCHEDULE ON STATE  
TAXABLE AND TAX-EXEMPT GENERAL OBLIGATIONS  
ISSUED TO FUND VETERANS PRIMARY MORTGAGE HOUSING AND HILP LOANS  
(December 15, 2005)**

<u>Fiscal Year</u> <u>(Ending June 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2006 <sup>(a)</sup> .....	\$ 3,535,000	\$ 9,076,047	\$ 12,611,047
2007.....	10,300,000	17,867,246	28,167,246
2008.....	12,590,000	17,348,152	29,938,152
2009.....	12,100,000	16,733,429	28,833,429
2010.....	12,090,000	16,127,361	28,217,361
2011.....	11,080,000	15,522,066	26,602,066
2012.....	10,490,000	15,010,127	25,500,127
2013.....	11,895,000	14,483,568	26,378,568
2014.....	11,170,000	13,873,856	25,043,856
2015.....	11,145,000	13,295,729	24,440,729
2016.....	13,520,000	12,617,131	26,137,131
2017.....	18,300,000	11,826,573	30,126,573
2018.....	8,420,000	10,985,176	19,405,176
2019.....	9,175,000	10,482,626	19,657,626
2020.....	12,975,000	9,853,799	22,828,799
2021.....	13,030,000	9,116,444	22,146,444
2022.....	14,805,000	8,367,140	23,172,140
2023.....	17,105,000	7,513,317	24,618,317
2024.....	19,145,000	6,520,322	25,665,322
2025.....	17,440,000	5,419,492	22,859,492
2026.....	17,930,000	4,463,996	22,393,996
2027.....	20,535,000	3,458,466	23,993,466
2028.....	10,260,000	2,452,527	12,712,527
2029.....	7,760,000	1,823,596	9,583,596
2030.....	7,315,000	1,367,145	8,682,145
2031.....	6,680,000	949,724	7,629,724
2032.....	5,245,000	600,226	5,845,226
2033.....	4,690,000	336,999	5,026,999
2034.....	2,335,000	105,100	2,440,100
2035.....	755,000	29,698	784,698
<b>TOTALS.....</b>	<b><u>\$333,815,000</u></b>	<b><u>\$257,627,074</u></b>	<b><u>\$591,442,074</u></b>

<sup>(a)</sup> For the fiscal year ending June 30, 2006, the table includes debt service amounts for the period December 15, 2005 through June 30, 2006.

**Source: Department of Administration.**

**Table III-22**  
**TOTAL LOANS BY COUNTY**  
**GENERAL OBLIGATION BOND FUNDS**  
**THROUGH OCTOBER 2005**

<u>County</u>	<u>Number of Loans</u>	<u>% of Total Loans</u>	<u>County</u>	<u>Number of Loans</u>	<u>% of Total Loans</u>
Adams .....	150	0.28%	Marinette .....	310	0.57%
Ashland .....	106	0.19	Marquette .....	76	0.14
Barron .....	436	0.80	Menominee .....	16	0.03
Bayfield .....	105	0.19	Milwaukee .....	9,451	17.35
Brown .....	3,017	5.54	Monroe .....	468	0.86
Buffalo .....	99	0.18	Oconto .....	321	0.59
Burnett .....	79	0.15	Oneida .....	377	0.69
Calumet .....	369	0.68	Outagamie .....	2,119	3.89
Chippewa .....	514	0.94	Ozaukee .....	561	1.03
Clark .....	209	0.39	Pepin .....	51	0.09
Columbia .....	504	0.93	Pierce .....	372	0.68
Crawford .....	122	0.22	Polk .....	241	0.44
Dane .....	4,345	7.98	Portage .....	770	1.41
Dodge .....	825	1.51	Price .....	146	0.27
Door .....	250	0.46	Racine .....	2,153	3.95
Douglas .....	551	1.01	Richland .....	119	0.22
Dunn .....	329	0.60	Rock .....	2,205	4.05
Eau Claire .....	1,231	2.26	Rusk .....	175	0.32
Florence .....	8	0.01	St. Croix .....	611	1.12
Fond du Lac .....	1,252	2.30	Sauk .....	518	0.95
Forest .....	31	0.06	Sawyer .....	71	0.13
Grant .....	396	0.73	Shawano .....	314	0.58
Green .....	329	0.60	Sheboygan .....	1,351	2.48
Green Lake .....	145	0.27	Taylor .....	107	0.20
Iowa .....	220	0.40	Trempeleau .....	218	0.40
Iron .....	37	0.07	Vernon .....	165	0.30
Jackson .....	219	0.40	Vilas .....	123	0.23
Jefferson .....	744	1.37	Walworth .....	658	1.21
Juneau .....	187	0.34	Washburn .....	140	0.26
Kenosha .....	1,422	2.61	Washington .....	1,067	1.96
Kewaunee .....	144	0.26	Waukesha .....	2,723	5.00
LaCrosse .....	1,306	2.40	Waupaca .....	465	0.86
Lafayette .....	132	0.24	Waushara .....	162	0.30
Langlade .....	126	0.23	Winnebago .....	2,081	3.82
Lincoln .....	224	0.41	Wood .....	<u>1,111</u>	<u>2.04</u>
Manitowoc .....	1,154	2.12	Total .....	54,466	100.00
Marathon .....	1,333	2.45			

**Source: Department of Veterans Affairs.**



**Table III-23  
OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS  
SUBJECT TO SPECIAL REDEMPTION**

<u>Series</u>	<u>Dated Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding<sup>(a)</sup></u>		<u>Coupon</u>
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>	
1993 Series 6	10/15/93	1994	\$ 210,000	\$ 165,000			2.70/2.80%
		1995	170,000	170,000			3.30
		1996	175,000	175,000			3.65
		1997	180,000	185,000			3.85
		1998	185,000	195,000			4.00
		1999	195,000	195,000			4.10
		2000	205,000	210,000			4.20
		2001	210,000	220,000			4.30
		2002	220,000	230,000			4.45
		2003	230,000	240,000			4.55
		2004	240,000	250,000			4.65
		2005	255,000	260,000			4.75
		2006	270,000	270,000	\$ 230,000	\$ 230,000	4.85
		2010	2,125,000		1,815,000		5.15
		2013	2,150,000		1,830,000		5.25
		2016	10,215,000		8,710,000		5.30
1993 Series 5	12/01/93	1994		\$ 95,000			2.50
		1995	\$ 90,000	85,000			3.20
		1996	90,000	95,000			3.60
		1997	95,000	95,000			3.80
		1998	95,000	100,000			4.00
		1999	105,000	105,000			4.10
		2000	105,000	6,805,000			4.20
		2001	3,605,000	9,135,000			4.35
		2002	5,650,000	10,885,000			4.45
		2003	8,425,000	9,555,000			4.55
		2004	7,160,000	11,000,000			4.65
		2005	8,875,000	10,275,000			4.75
		2006	9,000,000	12,025,000			4.85
		2010		14,770,000		\$ 14,770,000	5.20
		2013		1,190,000		1,190,000	5.30
2016		1,405,000		1,405,000	5.35		
2023		4,340,000		4,340,000	5.40		
1994 Series 2	03/01/94	1999	\$ 10,565,000				4.85
		2000	9,070,000				5.00
		2001	8,680,000				5.10
		2002	6,390,000				5.20
		2003	4,810,000				5.30
		2004	3,715,000				5.40
		2005	2,540,000				5.50
		2006	2,050,000		\$ 2,050,000		5.60
		2007	1,760,000		1,760,000		5.70
		2008	1,580,000		1,580,000		5.80
		2009	890,000		890,000		5.85
		2014	1,700,000		1,700,000		6.10
2024	4,775,000		4,775,000		6.20		
1994 Series 3	09/15/94	1995	\$ 800,000				3.90
		1996	800,000				4.30
		1997	800,000				4.55
		1998	800,000				4.75
		1999	800,000				4.90
		2000	800,000				5.00
		2001	800,000				5.10
		2002	800,000				5.20
		2003	800,000				5.30
		2004	800,000				5.40
		2005	800,000				5.50
		2006	600,000		\$ 375,000		5.60
2007	600,000		380,000		5.70		
2008	400,000		250,000		5.80		

**Table III-23 — Continued**  
**OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS**  
**SUBJECT TO SPECIAL REDEMPTION**

<u>Series</u>	<u>Dated Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding<sup>(a)</sup></u>		<u>Coupon</u>
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>	
1994 Series C	09/15/94	1996	\$ 575,000				5.50%
		1997	610,000				5.50
		1998	635,000				5.50
		1999	670,000				5.50
		2000	700,000				5.50
		2001	740,000				5.50
		2002	780,000				5.60
		2003	825,000				5.70
		2004	870,000				5.80
		2005	915,000				5.90
		2006	980,000				6.00
		2007	1,040,000				6.10
		2008	1,105,000				6.20
		2009	1,175,000				6.30
		2010	1,255,000				6.30
		2011	1,335,000			\$ 300,000	6.40
		2012	1,415,000			315,000	6.40
		2013	1,510,000				6.50
		2016	5,135,000				6.60
2020	8,535,000			1,900,000	6.60		
2025	14,195,000			900,000	6.65		
1995 Series 1	02/15/95	1999	\$ 1,110,000				5.25
		2000	3,240,000				5.30
		2004	860,000				5.55
		2008	1,300,000				5.80
		2009	1,380,000				5.80
		2010	1,465,000				6.00
		2011	1,560,000				6.00
		2012	1,660,000				6.00
		2013	1,765,000			\$ 1,235,000	6.00
		2014	1,395,000				6.10
		1995 Series B	02/15/95	2016	\$ 4,215,000		
2020	7,920,000						6.50
2025	17,130,000					\$ 1,075,000	6.50
1995 Series 2	10/15/95	1997		\$ 1,100,000			4.00
		1998		1,685,000			4.15
		1999		1,395,000			4.25
		2000		1,600,000			4.35
		2004		730,000			4.85
		2005		1,985,000			4.95
		2007		1,975,000			5.20
		2008		3,245,000			5.25
		2009		3,450,000			5.40
		2010		3,660,000			5.40
		2011		3,895,000			5.50
		2012		4,130,000			5.60
		2013		4,390,000			5.70
		2014		4,660,000		\$ 2,695,000	5.75
		2015		4,950,000		4,765,000	5.75
1996 Series B	05/15/96	1998		\$ 2,060,000			4.40
		1999		2,155,000			4.70
		2007		6,730,000			5.50
		2008		5,430,000			5.60
		2009		3,255,000			5.70
		2010		200,000			5.80
		2011		210,000			5.90
		2012		230,000			6.00
		2013		240,000			6.00
		2014		255,000			6.00
		2021		10,305,000			6.10
		2026		13,930,000		\$ 3,780,000	6.20

**Table III-23 — Continued**  
**OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS**  
**SUBJECT TO SPECIAL REDEMPTION**

<u>Series</u>	<u>Dated</u> <u>Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding<sup>(a)</sup></u>		<u>Coupon</u>
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>	
1996 Series D	10/15/96	2007	\$ 4,500,000				5.25%
		2008	2,250,000				5.30
		2009	1,800,000				5.40
		2014	3,700,000				5.75
		2020	6,405,000				5.80
		2027	11,345,000			\$ 3,635,000	
1997 Series A	03/15/97	2021	\$ 8,065,000				6.00
		2028	13,295,000			\$ 2,270,000	6.00
1997 Series 1	03/15/97	2006	\$ 1,000,000				5.20
		2007	2,385,000				5.25
		2008	1,015,000				5.25
		2009	725,000				5.35
		2010	1,290,000				5.50
		2011	3,165,000				5.50
		2012	2,330,000				5.50
		2013	1,910,000				5.55
		2014	1,990,000				5.60
		2015	2,070,000				5.65
		2017	5,760,000			\$ 2,805,000	
1997 Series C	09/15/97	2000		\$ 250,000			4.25
		2001		270,000			4.30
		2003		1,445,000			4.50
		2004		1,645,000			4.50
		2005		1,390,000			4.50
		2006		1,480,000			4.60
		2007		1,935,000			4.75
		2008		2,035,000			4.80
		2009		2,445,000			5.00
		2010		2,765,000			5.00
		2011		2,655,000			5.00
		2012		2,600,000			5.10
		2013		2,360,000			5.20
		2017		7,850,000			\$ 195,000
2023		10,580,000			6,595,000	5.50	
2026		3,295,000			3,100,000	5.50	
1998 Series B	05/15/98	2007	\$ 955,000				4.75
		2008	1,910,000				4.80
		2010	4,775,000				5.00
		2018	2,865,000				5.30
		2023	8,670,000			\$ 2,290,000	5.30
		2028	11,390,000			9,840,000	
1998 Series E	10/15/98	2012	\$ 905,000		\$ 780,000		4.60
		2013	950,000		815,000		4.70
		2014	995,000		850,000		4.80
		2015	1,050,000		900,000		4.75
		2016	1,100,000		940,000		4.75
		2017	1,155,000		985,000		4.80
1999 Series 1	05/01/99	2008	\$ 860,000		\$ 490,000		5.00
		2009	935,000		530,000		4.70
		2010	980,000		555,000		4.80
		2011	1,030,000		585,000		5.00
		2012	1,100,000		625,000		5.00
		2015	3,880,000		2,200,000		5.10
2020	7,005,000		3,960,000		5.30		

**Table III-23 — Continued**  
**OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS**  
**SUBJECT TO SPECIAL REDEMPTION**

<u>Series</u>	<u>Dated</u> <u>Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding</u> <sup>(a)</sup>		<u>Coupon</u>
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>	
2003 Series 2	04/01/03	2007	\$ 545,000		\$ 545,000		2.45%
		2008	565,000		565,000		2.85
		2009	575,000		575,000		3.20
		2010	595,000		595,000		3.50
		2011	620,000		620,000		3.80
		2012	640,000		640,000		3.95
		2013	665,000		665,000		4.00
		2014	695,000		695,000		4.05
		2015	720,000		720,000		4.15
		2016	750,000		750,000		4.25
		2017	785,000		785,000		4.35
		2018	815,000		815,000		4.50
		2019	855,000		855,000		4.60
		2020	890,000		890,000		4.65
		2021	935,000		935,000		4.80
			2024	3,090,000		3,090,000	
2003 Series 3	10/30/03	2004		\$ 2,325,000			1.25
		2005		2,345,000			1.55
		2006		2,395,000		\$ 2,395,000	1.85
		2007		2,430,000		2,430,000	2.25
		2013		16,210,000		16,210,000	3.50
		2025		13,000,000		13,000,000	5.00
		2026		29,185,000		29,185,000	5.00

<sup>(a)</sup> As of December 15, 2005

Source: Department of Administration

**Table III-24**  
**SUMMARY OF PREPAYMENTS ON VETERANS HOUSING AND HILP LOANS**  
**FUNDED WITH TAX-EXEMPT VETERANS MORTGAGE BONDS AND**  
**TAXABLE VETERANS MORTGAGE BONDS**

Prepayments October 2002-September 2005								
Mortgage Pool	Interest Rate Charged to Veterans	October 2002 - March 2003	April 2002 - September 2002	October 2003 - March 2004	April 2004 - September 2004	October 2004 - March 2005	April 2005 - September 2005	
<b>Tax-Exempt Veterans Mortgage Bonds</b>								
1976 Series C	6.35%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1977 Series A	6.23	-	-	-	-	-	-	-
1977 Series B	6.11	-	-	-	-	-	-	-
1977 Series C	6.03	-	-	-	-	-	-	-
1978 Series A	6.44	-	-	-	-	-	-	-
1978 Series B	6.58	-	-	-	-	-	-	-
1978 Series C	6.25	-	-	-	-	-	-	-
1979 Series A	6.88	-	-	-	-	-	-	-
1979 Series B	6.70	-	-	-	-	-	-	-
1979 Series C	6.91	-	-	-	-	-	-	-
1980 Series A	7.31	-	-	-	-	-	-	-
1982 Series B	10.20	-	-	-	-	-	-	-
1983 Series A	9.20	-	-	-	-	-	-	-
1994 Series 3	N/A	-	-	-	-	-	-	-
1983 Series C	9.90	-	-	-	-	-	-	-
1984 Series A	10.30	-	-	-	-	-	-	-
1985 Series B	10.60	-	-	-	-	-	-	-
1986 Series A	8.55	-	-	-	-	-	-	-
1988 Series A	8.55	-	-	-	-	-	-	-
1989 Series A	8.55	-	-	-	-	-	-	-
1989 Series D	7.85	-	-	-	-	-	-	-
1990 Series B	8.25	-	-	-	-	-	-	-
1990 Series F	8.25	-	-	-	-	-	-	-
1991 Series A	8.10	-	-	-	-	-	-	-
1992 Series B	7.40	664,043	215,932	-	-	-	-	-
1993 Series 6	5.25	412,817	1,093,320	519,189	479,125	384,762	537,257	
1993 Series 5	5.25	11,357,400	12,535,697	1,107,912	11,238	373,643	242,966	
1994 Series C	7.25	5,870,319	4,089,913	638,846	440,920	418,477	552,720	
1994 Series 1	6.00	10,213,747	12,700,493	3,440,680	3,333,773	1,999,166	2,308,495	
1994 Series 3		133,582	179,823	42,922	30,818	34,915	63,976	
1995 Series B	7.45	3,341,550	2,696,104	659,796	657,223	91,816	248,337	
1995 Series 1	7.45	2,064,692	1,107,927	303,937	127,888	261,336	291,704	
1995 Series 2	6.55	7,665,821	8,360,245	1,524,369	2,024,650	1,144,535	1,096,199	
1996 Series B	7.00	8,130,681	6,399,339	1,087,550	974,019	817,660	743,458	
1996 Series D	6.90	7,316,784	3,514,048	1,106,960	804,235	639,233	329,913	
1997 Series A	6.90	4,225,157	3,113,499	884,680	620,692	217,101	641,330	
1997 Series 1	6.90	3,942,455	4,335,121	1,026,132	623,480	438,695	371,852	
1997 Series C	6.40	8,029,148	10,403,596	1,902,240	1,687,741	1,045,556	1,793,704	
1998 Series B	6.65	5,890,047	5,785,186	1,674,724	1,012,993	804,568	646,984	
1998 Series E	6.50	1,401,014	1,206,448	307,964	285,938	200,346	63,557	
1999 Series 1	N/A	1,842,120	1,024,957	489,893	265,076	350,705	174,544	
2003 Series 2	5.75	N/A	1,820,135	875,071	680,973	473,404	616,063	
2003 Series 3	5.30	N/A	N/A	2,565,210	3,575,381	1,954,019	2,664,210	
Equity Pool	N/A	5,381,755	3,568,091	1,499,872	1,339,159	899,632	1,124,789	
Subtotal:		\$ 87,883,131	\$ 84,149,872	\$ 21,657,948	\$ 18,975,321	\$ 12,549,570	\$ 14,512,057	
<b>Taxable Veterans Mortgage Bonds</b>								
1997 Series D	6.40%	\$ 5,489,709	\$ 9,710,921	\$ 2,536,470	\$ 2,130,181	846,849	1,382,172	
1998 Series C	6.65	6,455,030	6,557,323	1,765,984	1,461,214	750,426	439,868	
1998 Series F	6.50	10,872,811	12,055,741	2,895,537	2,745,392	1,329,703	1,089,286	
1999 Series B	6.85	9,577,226	7,339,603	1,868,493	1,692,149	728,932	588,153	
1999 Series D	7.80	10,935,752	6,786,444	1,886,821	1,706,151	1,071,153	443,863	
2000 Series B	7.90	8,046,199	2,742,612	1,007,661	495,355	212,379	348,073	
2000 Series E	6.80	364,561	483,761	256,457	216,149	105,971	46,802	
2001 Series A	7.00	3,295,012	4,893,674	713,525	646,445	683,817	464,164	
2001 Series D	7.00	5,022,346	6,345,667	1,512,987	544,272	2,812	466,239	
2001 Series E	6.80	2,662,484	5,861,203	1,024,295	1,138,985	955,164	1,169,853	
2002 Series B	6.50	1,190,030	3,151,760	852,179	1,029,286	910,021	1,269,444	
2002 Series D	6.50	482,735	3,688,194	1,148,469	1,211,483	1,173,376	1,123,057	
2002 Series E	5.65	-	95,734	106,854	80,818	122,204	140,306	
2002 Series F	5.65	16,530	369,332	228,438	730,250	474,697	683,841	
2002 Series H	5.75	1,164	118,482	484,564	696,207	1,040,647	540,907	
2003 Series 1	N/A	N/A	930,978	501,059	569,071	229,467	267,043	
2003 Series B	5.35/5.75/5.30	N/A	N/A	16,293	735,102	674,387	394,313	
2004 Series B	5.35	N/A	N/A	N/A	N/A	-	-	
2004 Series C	5.65	N/A	N/A	N/A	N/A	-	23,249	
2004 Series D	6.15	N/A	N/A	N/A	N/A	492,284	5,614	
2005 Series C	5.99	N/A	N/A	N/A	N/A	N/A	189	
Subtotal:		\$ 64,411,588	\$ 71,131,429	\$ 18,806,087	\$ 17,828,512	\$ 11,804,288	\$ 10,886,434	
Total:		\$ 152,294,719	\$ 155,281,301	\$ 40,464,036	\$ 36,803,833	\$ 24,353,858	\$ 25,398,491	