

NOTICE OF BOND INSURANCE

**STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2005, SERIES B
Maturing May 1, 2009-2015**

The Underwriter, as defined in the Official Statement, dated March 30, 2005, has provided for a financial guaranty insurance policy to be issued simultaneously with the delivery of the above captioned bonds by



Insuring the payment when due of the principal of and interest on the State of Wisconsin General Obligation Bonds of 2005, Series B maturing on May 1, 2009 through 2015 (**Insured Bonds**). The State of Wisconsin General Obligation Bonds of 2005, Series B maturing on May 1, 2006 through 2008 are not insured by such policy.

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

This Notice has been prepared by the Underwriter to provide certain information pertaining to MBIA. It has not been prepared or reviewed by the State, and the State makes no representations as to the adequacy of the information contained herein. Each purchaser should consult the Official Statement, dated March 30, 2005, for information about the Insured Bonds.

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

March 30, 2005



FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation
Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects, in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Assistant Secretary

SPECIMEN

OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement.

\$148,515,000 STATE OF WISCONSIN GENERAL OBLIGATION BONDS OF 2005, SERIES B

Dated: Date of Delivery

Due: May 1, as shown below

Ratings AA– Fitch Ratings
Aa3 Moody's Investors Service, Inc.
AA– Standard & Poor's Ratings Services.

Tax Exemption Interest on the Bonds is excluded from gross income, and is not included as an item of tax preference, for federal income tax purposes. Interest on the Bonds is subject to State of Wisconsin income and franchise taxes—*See pages 6-7.*

No Redemption The Bonds are not subject to redemption prior to maturity.

Security General obligations of the State of Wisconsin—*See page 2.*

Purpose Proceeds from the Bonds are being used for various governmental purposes—*See page 3.*

Interest Payment Dates May 1 and November 1

First Interest Payment Date November 1, 2005

Denominations Multiples of \$5,000

Closing/Settlement On or about April 20, 2005

Bond Counsel Foley & Lardner LLP

Registrar/Paying Agent Secretary of Administration

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

Book-Entry System The Depository Trust Company—*See page 3.*

2004 Annual Report This Official Statement incorporates by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004.

The Bonds were sold at competitive sale on March 30, 2005. The interest rates payable by the State, which are shown below, resulted from the award of the Bonds.

<u>CUSIP</u>	<u>Year (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>First Optional Call Date</u>	<u>Call Price</u>
97705L HG5	2006	\$ 11,855,000	3.00%	Not Callable	-
97705L HH3	2007	12,445,000	4.00	Not Callable	-
97705L HJ9	2008	13,070,000	4.00	Not Callable	-
97705L HK6	2009	13,720,000	5.00	Not Callable	-
97705L HL4	2010	14,405,000	5.00	Not Callable	-
97705L HM2	2011	15,030,000	5.00	Not Callable	-
97705L HN0	2012	15,775,000	5.00	Not Callable	-
97705L HP5	2013	16,565,000	5.00	Not Callable	-
97705L HQ3	2014	17,390,000	5.00	Not Callable	-
97705L HR1	2015	18,260,000	5.00	Not Callable	-

Purchase Price: \$157,252,070.05

March 30, 2005

Note: The State has been advised by the Underwriter that it has applied for and received a Commitment to Issue a Financial Guaranty Insurance Policy from MBIA Insurance Corporation (MBIA) for the Bonds maturing on May 1, 2009 through 2015. Further information on this Commitment and the Financial Guaranty Insurance Policy can be obtained from the Underwriter and MBIA.

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

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

The estimates, forecasts, projections, and opinions in this document are not hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

TABLE OF CONTENTS

	PAGE		PAGE
SATE OFFICIALS PARTICIPATING IN		OTHER INFORMATION	4
THE ISSUANCE AND SALE OF THE BONDS	ii	Limitations on Issuance of General Obligations	4
SUMMARY DESCRIPTION OF BONDS	iii	Borrowing Plans for 2005	4
INTRODUCTION	1	Underwriting.....	5
THE STATE	1	Reference Information About the Bonds.....	5
THE BONDS	1	Legal Investment.....	5
General	1	Legal Opinions.....	6
Security.....	2	Tax Exemption.....	6
Redemption Provisions.....	2	CONTINUING DISCLOSURE	8
Registration and Payment of Bonds	2	APPENDIX A—INFORMATION ABOUT	
Ratings	2	THE STATE	A-1
Application of Bond Proceeds	3	APPENDIX B—GENERAL OBLIGATION	
Book-Entry-Only Form.....	3	ISSUANCE STATUS REPORT	B-1
		APPENDIX C—EXPECTED FORM OF	
		BOND COUNSEL OPINION	C-1

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE BONDS

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
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 Daniel Vrakas	January 8, 2007
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Dave Haley, State Chief Architect Department of Administration	_____
Building Commission Secretary	
Mr. Robert G. Cramer, Administrator Division of 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. Marc J. Marotta, Secretary Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

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

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

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

SUMMARY DESCRIPTION OF BONDS

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

Description:	State of Wisconsin General Obligation Bonds of 2005, Series B
Principal Amount:	\$148,515,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about April 20, 2005)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2005
Maturities:	May 1, 2006-2015— <i>See front cover</i>
No Redemption:	The Bonds are not subject to redemption prior to maturity.
Form:	Book-entry-only— <i>See page 3</i>
Paying Agent:	All payments of principal and interest on the Bonds will be paid by the Secretary of Administration. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of December 1, 2004, general obligations of the State were outstanding in the amount of \$4,876,460,340.
Bond Insurance	The State has been advised by the Underwriter that it has applied for and received a Commitment to Issue a Financial Guaranty Insurance Policy from MBIA Insurance Corporation (MBIA) for the Bonds maturing on May 1, 2009 through 2015. Further information on this Commitment and the Financial Guaranty Insurance Policy can be obtained from the Underwriter and MBIA.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes.
Legality of Investment:	State law provides that the Bonds are legal investments for all banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Bonds is excluded from gross income, and is not included as an item of tax preference, for federal income tax purposes— <i>See pages 6-7</i> Interest on the Bonds is subject to State of Wisconsin income and franchise taxes— <i>See page 7</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1</i>

OFFICIAL STATEMENT
\$148,515,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2005, SERIES B

INTRODUCTION

This Official Statement provides information about the \$148,515,000 General Obligation Bonds of 2005, Series B (**Bonds**), which are being issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004 (**2004 Annual Report**).

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, as well as an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on January 14, 2005.

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell all the State's general obligations. The Commission is assisted and staffed by the State of Wisconsin Department of Administration (**Department of Administration**).

The Commission has authorized the Department of Administration to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State, its financial condition, and its general obligation debt is included as **APPENDIX A**, which includes by reference Parts II and III of the 2004 Annual Report. **APPENDIX A** also includes information on the proposed 2005-07 executive budget and changes or additions to Part II of the 2004 Annual Report.

Requests for additional information about the State may be directed to:

Contact: Capital Finance Office
Attn: Capital Finance Director
Phone: (608) 266-2305
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
E-mail: capfin@doa.state.wi.us
Web site: www.doa.wi.gov/capitalfinance

THE BONDS

General

The **front cover of this Official Statement** sets forth the maturity dates, amounts, and interest rates for the Bonds.

The Bonds will be dated their date of delivery (expected to be April 20, 2005) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 1, 2005.

Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. Payments of principal and interest for each Bond will be paid to the registered owner of the Bonds. The Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the Bonds, The Depository Trust Company, New York, New York (DTC). See “**THE BONDS; Book-Entry-Only Form**”.

The Bonds are issued as fully registered bonds without coupons in principal denominations of \$5,000 or multiples of \$5,000.

Security

The Bonds are direct and general obligations of the State. The full faith, credit, and taxing power of the State are irrevocably pledged to make principal and interest payments on the Bonds. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient to make principal and interest payments on the Bonds as the payments become due. The Bonds are secured equally with all other outstanding general obligations issued by the State.

Redemption Provisions

The Bonds are not subject to redemption prior to maturity.

Registration and Payment of Bonds

How the Bonds are paid depends on whether or not they are in book-entry-only form.

If the Bonds are in book-entry-only form, payment of principal will be made by wire transfer to the securities depository or its nominee upon the presentation and surrender of the Bonds at the principal office of the **Paying Agent**—which is the Secretary of Administration. Payment of interest will be made by wire transfer to the securities depository or its nominee on the payment date.

If the Bonds are not in book-entry-only form, payment of principal will be made by check or draft issued upon the presentation and surrender of the Bonds at the principal office of the Paying Agent, as designated by the Commission. Payment of interest due on the Bonds will be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the **Record Date**—which is the 15th day (whether or not a business day) of the calendar month before the interest payment date.

Ratings

At the State’s request, several rating agencies have assigned a rating to the Bonds:

<u>Rating</u>	<u>Rating Agency</u>
AA–	Fitch Ratings
Aa3	Moody’s Investors Service, Inc. ⁽¹⁾
AA–	Standard & Poor’s Ratings Services

⁽¹⁾ On March 29, 2005, Moody’s Investors Service, Inc. changed the rating outlook on the State’s general obligations from “negative” to “stable”.

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the Bonds will be maintained for any

period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Bonds.

Application of Bond Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. **APPENDIX B** includes a summary of these purposes and the amounts both authorized and previously issued for each borrowing purpose. **APPENDIX B** also identifies the purposes and amounts for which the Bonds are being issued.

Bond proceeds will be deposited in the State's Capital Improvement Fund. Bond proceeds will be spent as the State incurs costs for the various borrowing purposes. Until the money is spent, the State of Wisconsin Investment Board will invest the Bond proceeds.

Book-Entry-Only Form

The Bonds will initially be issued in book-entry-only form. Purchasers of the Bonds will not receive bond certificates but instead will have their ownership in the Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Bonds. Ownership of the Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The State will make all payments of principal of, interest on, and any redemption premium on the Bonds to DTC. Owners of the Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State will provide notices and other communications about the Bonds to DTC. Owners of the Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but will rather give a proxy through the DTC Participants.

Redemption

If less than all of the Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, Bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The State is not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The State is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Bonds or to follow the procedures established by DTC for its book-entry system.

OTHER INFORMATION

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 Statutes. There is an annual limit of three-quarters of one percent, and a cumulative limit of five percent, of the aggregate value of all taxable property in the State. The annual limit is currently \$2,933,908,610, and the aggregate limit is currently \$19,559,390,735. A funding or refunding obligation does not count for purposes of the annual debt limit or the cumulative debt limit. 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 debt limitations. As of December 1, 2004, general obligations of the State were outstanding in the amount of \$4,876,460,340.

Borrowing Plans for 2005

General Obligations

The Bonds are the fourth series of general obligations to be sold in this calendar year. The State has sold and delivered the following series of general obligations:

- Approximately \$131 million of general obligation bonds for various governmental purposes.
- Approximately \$430 million of general obligation bonds to advance refund general obligation bonds previously issued for various governmental purposes.

The State has also sold \$97 million of general obligation bonds to refund general obligation bonds previously issued for various governmental purposes. This series of bonds was sold with a forward delivery date of January 31, 2006. In addition, the Commission has also authorized the following general obligations that may be sold and delivered in calendar year 2005:

- Up to \$13 million of general obligation bonds to refund general obligation bonds previously issued for general governmental purposes. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions.
- Up to \$50 million of taxable general obligation bonds for the veterans housing loan program. The State has sold and expects to deliver \$5 million of these taxable general obligation bonds on approximately April 7, 2005. The amount and timing of any additional issuance of taxable general obligation bonds depend on originations of veterans housing loans.
- Up to \$121 million of general obligation bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions.
- Up to \$40 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of any issuance of additional general obligation subsidy bonds for this purpose depend on loan disbursements from the Clean Water Fund Program.

The Commission is also expected to authorize, and the State to sell and deliver, additional general obligations in the third or fourth quarter for general governmental purposes.

Other Obligations

The State has sold and delivered, as one series, \$179 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds and \$57 million of transportation revenue bonds to pay the costs of financing transportation facilities and major highway projects. The Commission has also authorized up to \$158 million of transportation revenue obligations to pay the costs of financing additional transportation facilities and major highway projects. The State expects to issue these additional obligations in the second or third quarter. The Commission has also authorized up to \$71 million of additional transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any issuance of refunding bonds depend on market conditions.

The State has sold and delivered \$108 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The Commission has authorized up to \$125 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The amount and timing of any issuance of refunding bonds depend on market conditions.

The Commission has authorized \$50 million of petroleum inspection fee revenue obligations to fund claims submitted by private landowners pursuant to an environmental remediation program; the amount and timing of any issuance of additional petroleum inspection fee revenue obligations depend on funding of the claims. The Commission has also authorized up to \$30 million of petroleum inspection fee revenue refunding bonds. The amount and timing of any issuance of additional refunding bonds depend on market conditions.

The State has determined that operating notes will not be issued for the 2004-05 fiscal year.

Underwriting

The Bonds were purchased through competitive bidding on March 30, 2005 by Citigroup Global Markets Inc. (**Underwriter**). The Underwriter paid \$157,252,070.05, and its bid resulted in a true interest cost rate to the State of 3.745493%.

Reference Information About the Bonds

The table on the following page—as well as the table on the front cover—include information about the Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriter has provided the reoffering yields and prices to allow the computation of yield for federal tax law compliance.

Legal Investment

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

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

\$148,515,000
State of Wisconsin
General Obligation Bonds of 2005, Series B

Dated Date: Date of Delivery
First Interest Date: November 1, 2005
Delivery/Settlement Date: On or about April 20, 2005

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
97705L HG5	2006	\$ 11,855,000	3.00%	2.82%	100.180%	Not Callable	-
97705L HH3	2007	12,445,000	4.00	2.92	102.113	Not Callable	-
97705L HJ9	2008	13,070,000	4.00	3.12	102.525	Not Callable	-
97705L HK6	2009	13,720,000	5.00	3.20	106.754	Not Callable	-
97705L HL4	2010	14,405,000	5.00	3.43	107.196	Not Callable	-
97705L HM2	2011	15,030,000	5.00	3.59	107.583	Not Callable	-
97705L HN0	2012	15,775,000	5.00	3.71	107.917	Not Callable	-
97705L HP5	2013	16,565,000	5.00	3.83	108.021	Not Callable	-
97705L HQ3	2014	17,390,000	5.00	3.97	107.751	Not Callable	-
97705L HR1	2015	18,260,000	5.00	4.05	107.766	Not Callable	-

Note: The State has been advised by the Underwriter that it has received a Commitment to Issue a Financial Guaranty Insurance Policy from MBIA for the Bonds maturing on May 1, 2009 through 2015. Further information on this Commitment and the Financial Guaranty Insurance Policy can be obtained from the Underwriter and MBIA.

Legal Opinions

Bond Opinion

Legal matters relating to the authorization, issuance, and sale of the Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the Bonds are delivered, in substantially the form shown in **APPENDIX C**. If certificated Bonds are issued, then the opinion will be printed on the reverse side of each Bond.

Attorney General

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. If certificated Bonds are issued, then a certificate of the Attorney General will be printed on the reverse side of each Bond.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes. Such interest also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds were issued. Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Bonds. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds ceases to be excluded from gross income.

State of Wisconsin Income and Franchise Taxes

Interest on the Bonds is subject to State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

Collateral Tax Consequences

The Code contains many provisions that could affect the economic value of the Bonds to particular Bond owners. For example:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on the Bonds.
- Property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the Bonds, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest.
- Interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code.
- Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income.
- Section 86 of the Code requires certain recipients of social security and railroad retirement benefits to include a portion of those benefits in gross income by reason of receipt or accrual of interest on the Bonds.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the Bonds for particular owners of Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

Premium Bonds

Each Bond has an issue price that is greater than the amount payable at the maturity of the Bond (**Premium Bond**).

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

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository (**NRMSIR**) and to any appropriate state information depository (**SID**) for the State. The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board (**MSRB**), and to any SID. At this time, there is no appropriate SID for the State. [Part I of the 2004 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.](#)

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

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

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

Dated: March 30, 2005

STATE OF WISCONSIN

/s/ JIM DOYLE

Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/s/ MARC J. MAROTTA

Marc J. Marotta, Secretary
State of Wisconsin Department of Administration

/s/ ROBERT G. CRAMER

Robert G. Cramer, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**). Parts **II** and **III** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004 (**2004 Annual Report**) are included by reference as part of this APPENDIX A. This appendix also includes information on the proposed 2005-07 executive budget and changes or additions to the information presented in Part II of the 2004 Annual Report.

[Part II of the 2004 Annual Report](#) contains general information about the State. More specifically, that part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 2003-04
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as [APPENDIX A to Part II of the 2004 Annual Report](#) are the [audited general purpose external financial statements for the fiscal year ending June 30, 2004](#), prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor's report.

[Part III of the 2004 Annual Report](#) contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligation debt (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligation debt and the portion of that general obligation debt that is revenue-supported general obligation debt.

The 2004 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**). As of the date of this Official Statement, Parts **II** and **III** of the 2004 Annual Report are available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2004 Annual Report may also be obtained from:

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

After publication and filing of the 2004 Annual Report, certain changes or events have occurred that affect items discussed in the 2004 Annual Report. Listed below, by reference to particular sections of Part II of the 2004 Annual Report, are changes or additions to the discussion

contained in those particular sections. Many of the following changes or additions have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs, some of which may be notices that do not describe listed material events under the State's Master Agreement on Continuing Disclosure.

State Budget; Fiscal Year 2004-05 (Part II–Pages 28-30). Update with the following:

January 2005 General Fund Revenue and Expenditure Projections—LFB

On January 25, 2005, the Legislative Fiscal Bureau (LFB) released General Fund revenue and expenditure projections for use by the Wisconsin Legislature. While these projections are not required by Wisconsin Statutes, LFB generally provides similar projections each fiscal year. The LFB report also includes estimated tax projections for each year of the upcoming biennium.

For the 2004-05 fiscal year, LFB projects that General Fund tax collections will be \$16 million less than the amount the Department of Revenue (DOR) projected in November 2004. The following table provides a more detailed comparison of the General Fund tax collection projections for the 2004-05 fiscal year.

**Projected General Fund Tax Collections
2004-05 Fiscal Year
(Amounts in Millions)**

	DOR Projections <u>November 2004</u>	LFB Projections <u>January 2005</u>	<u>Difference</u>
Individual Income	\$ 5,619.6	\$ 5,630.0	\$ 10.4
Sales and Use	4,093.5	4,025.0	(68.5)
Corporate Income & Franchise	682.6	735.0	52.4
Public Utility	254.9	253.2	(1.7)
Excise			
Cigarettes	294.5	296.0	1.5
Liquor & Wine	38.8	40.0	1.2
Tobacco Products	17.1	16.7	(0.4)
Beer	9.6	9.6	0.0
Insurance Company	110.8	130.0	19.2
Estate	132.3	100.0	(32.3)
Miscellaneous Taxes	<u>82.0</u>	<u>84.6</u>	<u>2.6</u>
TOTAL	\$11,335.7	\$11,320.1	(\$ 15.6)

The LFB report also projects that the net ending General Fund balance for the 2004-05 fiscal year will be \$88 million, which is \$88 million less than the projected net ending General Fund balance included in the report released by the Department of Administration (DOA) in November 2004.

The differences are as follows:

- LFB projects that General Fund tax collections will be \$16 million less than the amount DOR projected in November 2004.
- LFB projects that departmental revenues will be \$60 million less than the amount DOA projected in November 2004, which assumed that full payment will be made from all tribal governments pursuant to existing amendments to gaming compacts. As noted in the 2004 Annual Report, subsequent to the Wisconsin Supreme Court's decision on this matter, the State received payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received was \$30 million.

Discussions continue with the tribal government regarding the one outstanding payment and other payments projected to be received in the 2004-05 fiscal year.

- LFB projects that net General Fund appropriations will be \$13 million more than the amount DOA projected in November 2004.

The following table provides a comparison of the estimated General Fund condition statements for the 2004-05 fiscal year as provided by DOA in November 2004 and by LFB in January 2005.

**Estimated General Fund Condition Statement
2004-05 Fiscal Year**

	DOA Estimate <u>November 2004</u>	LFB Estimate <u>January 2005</u>	<u>Difference</u>
Revenues			
Opening Balance	\$ 105,200,000	\$ 105,200,000	0
Taxes	11,335,700,000	11,320,100,000	(\$ 15,600,000)
Department Revenues			
Tribal Gaming	111,000,000	48,651,100	(62,348,900)
Other	327,100,000	329,682,100	2,582,100
Total Available	11,878,900,000	11,803,633,200	(75,266,800)
Appropriations			
Gross Appropriations	11,768,300,000	11,767,851,700	(448,300)
Compensation Reserves	163,000,000	163,019,600	19,600
Less: Lapses and Sum Sufficient Re-Estimates	(268,700,000)	(254,952,500)	13,747,500
Net Appropriations	11,662,700,000	11,675,918,800	13,218,800
Balances			
Gross Balance	216,300,000	127,714,400	(88,585,600)
Less: Required Statutory Bal.	<u>(40,000,000)</u>	<u>(40,000,000)</u>	<u>0</u>
Net Balance, June 30	\$ 176,300,000	\$ 87,714,400	(\$ 88,585,600)

The LFB report contained information, as did the 2004 Annual Report, about a projected \$206 million shortfall in the State's Medical Assistance-related programs (Medical Assistance, BadgerCare, and Senior Care). While this shortfall appears to be \$24 million less than the amount DOA included in its November 2004 report, the difference is simply the result of different accounting for a lapse to the General Fund. The LFB report also projects a \$31 million shortfall in the fuel and utility appropriation for the University of Wisconsin System.

A copy of the LFB report may be obtained from:

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

Fiscal Year 2004-05 Medicaid Bill

On February 8, 2005, the Department of Administration provided a letter to the chairs of the Joint Committee on Finance that identified a \$196 million shortfall for Medical Assistance-related programs. Specifically, this letter identified a \$194 million shortfall for the Medicaid program and a \$12 million shortfall for the SeniorCare program, which are partially offset by \$10 million of underspending in the BadgerCare program.

On February 22, 2005, the Wisconsin Legislature passed legislation that addresses, in part, this projected shortfall, and Governor Doyle signed this bill into law on February 25, 2005 (2005 Wisconsin Act 2).

This bill increases a General Fund appropriation by nearly \$70 million and transfers \$50 million from the General Fund to the Medical Assistance Trust Fund. After giving effect to this legislation, an estimated negative \$70 million balance remains in the Medical Assistance Trust Fund.

State Budget; Budget for 2005-07 (Part II–Page 30). Update with the following:

Executive Budget – 2005-2007 Biennium

Governor Doyle’s proposed budget for the 2005-06 and 2006-07 fiscal years was introduced on February 8, 2005. The following presents a projected General Fund condition statement for the 2005-06 and 2006-07 fiscal years, based on the proposed budget and giving effect to certain provisions of 2005 Wisconsin Act 2.

**Estimated General Fund Condition Statement
2005-06 and 2006-07 Fiscal Years
(Amounts Rounded to Nearest 100,000)**

	<u>Executive Budget 2005-06 Fiscal Year</u>	<u>Executive Budget 2006-07 Fiscal Year</u>
Revenues		
Opening Balance	\$ 1,500,000	\$ 66,200,000
Taxes	11,831,900,000	12,432,500,000
Department Revenues		
Tribal Gaming	102,300,000	120,800,000
Other	620,000,000	227,700,000
Total Available	12,555,600,000	13,034,800,000
Appropriations		
Gross Appropriations	12,728,100,000	12,993,200,000
Compensation Reserves	91,000,000	178,300,000
Transfer to Budget Stabilization Fund	0	36,000,000
Less: Lapses and Sum Sufficient Re-Estimates	(329,800,000)	(240,300,000)
Net Appropriations	12,489,400,000	12,967,200,000
Balances		
Gross Balance	66,200,000	67,600,000
Less: Required Statutory Balance	<u>(65,000,000)</u>	<u>(65,000,000)</u>
Net Balance, June 30	\$ 1,200,000	\$ 2,600,000

Detailed tables containing information on Governor Doyle’s proposed budget for the 2005-06 and 2006-07 fiscal years can be found on pages [A-6](#) and [A-7](#). More information about the executive budget for the 2005-07 biennium may also be obtained from:

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

January 2005 General Fund Revenue and Expenditure Projections—LFB

On January 25, 2005, LFB released General Fund revenue and expenditure projections for use by the Wisconsin Legislature, which included estimated tax projections for each year of the upcoming biennium.

For the 2005-06 and 2006-07 fiscal years, LFB projects that General Fund tax collections are \$19 million less and \$31 million more, respectively, than the amounts DOR projected in November 2004. The following table provides a more detailed comparison of the General Fund tax collection projections for the 2005-06 and 2006-07 fiscal years.

**Projected General Fund Tax Collections
 2005-06 and 2006-07 Fiscal Years
 (Amounts in Millions)**

	<u>2005-06 Fiscal Year</u>			<u>2006-07 Fiscal Year</u>		
	DOR	LFB	<u>Difference</u>	DOR	LFB	<u>Difference</u>
	Projections November <u>2004</u>	Projections January <u>2005</u>		Projections November <u>2004</u>	Projections January <u>2005</u>	
Individual Income	\$ 5,932.6	\$ 6,000.0	\$67.4	\$ 6,274.7	\$ 6,415.0	\$140.3
Sales and Use	4,279.8	4,180.0	(99.8)	4,467.8	4,355.0	(112.8)
Corporate Income & Franchise	648.2	675.0	26.8	645.5	660.0	14.5
Public Utility	269.2	267.6	(1.6)	278.4	281.2	2.8
Excise						
Cigarettes	294.4	294.4	0.0	293.7	293.6	(0.1)
Liquor & Wine	28.6	40.8	12.2	39.2	41.6	2.4
Tobacco Products	18.6	17.5	(1.1)	19.8	18.4	(1.4)
Beer	9.6	9.6	0.0	9.6	9.6	0.0
Insurance Company	136.3	133.0	(3.3)	137.6	135.0	(2.6)
Estate	113.2	100.0	(13.2)	120.2	105.0	(15.2)
Miscellaneous Taxes	<u>84.2</u>	<u>87.5</u>	<u>3.3</u>	<u>86.4</u>	<u>89.5</u>	<u>3.1</u>
TOTAL	\$11,824.7	\$11,805.4	(\$19.3)	\$12,372.9	\$12,403.9	\$31.0

Table II-4; State Budget-General Fund (Part II–Page 32). Update with the following:

State Budget–General Fund^(a)

	<u>Actual 2003-2004^(b)</u>	<u>Budget 2003-2004^(c)</u>	<u>Budget 2004-2005^(c)</u>	<u>Governor's Budget 2005-2006</u>	<u>Governor's Budget 2006-2007</u>
RECEIPTS					
Fund Balance from Prior Year.....	\$ (282,221,000)	\$ (282,221,000)	\$ 133,428,000	\$ 1,516,200 ^(e)	\$ 66,243,400
Tax Revenue					
State Taxes Deposited to General Fund					
Individual Income.....	5,277,119,000	5,220,000,000	5,556,590,000	6,013,050,000	6,426,892,600
General Sales and Use.....	3,899,264,000	3,899,625,000	4,094,750,000	4,195,100,000	4,374,200,000
Corporate Franchise and Income.....	650,526,000	650,000,000	627,050,000	673,320,000	660,252,800
Public Utility.....	269,801,000	261,000,000	271,000,000	267,600,000	281,200,000
Excise					
Cigarette/Tobacco Products.....	307,424,000	305,600,000	302,000,000	311,900,000	309,205,000
Liquor and Wine.....	38,470,000	39,000,000	40,000,000	40,800,000	41,600,000
Malt Beverage.....	9,601,000	9,700,000	9,800,000	9,600,000	9,600,000
Inheritance, Estate & Gift.....	86,357,000	85,000,000	90,000,000	100,000,000	105,000,000
Insurance Company.....	123,621,000	125,000,000	120,000,000	133,000,000	135,000,000
Other.....	97,331,000	75,100,000	78,000,000	87,500,000	89,500,000
Subtotal.....	10,759,514,000	10,670,025,000	11,189,190,000	11,831,870,000	12,432,450,400
Nontax Revenue					
Departmental Revenue					
Tribal Gaming Revenues ^(d)	n/a	80,276,600	80,595,400	102,269,200	120,809,400
Other.....	284,051,000	328,970,400	329,151,800	619,987,000	415,343,800
Program Revenue-Federal.....	6,333,545,000	5,710,050,800	5,509,198,900	5,845,857,300	5,957,454,600
Program Revenue-Other.....	4,663,830,000	3,052,502,000	3,533,134,400	3,674,304,400	3,763,764,400
Subtotal.....	11,281,426,000	9,171,799,800	9,452,080,500	10,242,417,900	10,257,372,200
Total Available.....	\$ 21,758,719,000	\$ 19,559,603,800	\$ 20,774,698,500	\$ 22,075,804,100	\$ 22,756,066,000
DISBURSEMENTS AND RESERVES					
Commerce.....	310,494,000.00	\$ 266,885,900	\$ 274,448,400	\$ 282,544,000	\$ 286,454,800
Education.....	9,338,633,000	9,182,818,900	9,381,679,500	10,104,647,300	10,370,986,100
Environmental Resources.....	182,335,000	191,037,600	252,105,900	317,966,600	344,193,300
Human Relations and Resources.....	7,936,185,000	7,660,725,800	8,435,726,300	8,595,511,400	8,821,238,800
General Executive.....	2,104,690,000	293,152,400	636,573,200	927,707,600	919,329,800
Judicial.....	110,882,000	110,945,700	110,988,200	115,329,200	115,519,300
Legislative.....	59,302,000	62,468,300	62,479,800	65,163,400	65,116,100
General Appropriations.....	1,673,811,000	1,667,554,700	1,656,183,700	1,839,429,400	1,791,534,300
Subtotal.....	21,716,332,000	19,435,589,300	20,810,185,000	22,248,298,900	22,714,372,500
Less: (Lapses).....	n/a	(242,066,400)	(215,125,400)	(329,771,400)	(240,257,300)
Compensation Reserves.....	n/a	109,152,900	163,019,600	91,033,200	178,302,800
Required Statutory Balance.....	n/a	35,000,000	40,000,000	65,000,000	65,000,000
Transfer to Budget Stabilization Fund.....	n/a	n/a	n/a	n/a	36,000,000
Changes in Continuing Balance.....	(114,007,000)	n/a	n/a	n/a	n/a
Total Disbursements & Reserves.....	\$ 21,602,325,000	\$ 19,461,175,800	\$ 20,798,079,200	\$ 22,074,560,700	\$ 22,753,418,000
Fund Balance.....	\$ 156,394,000	\$ 98,428,000	\$ (23,380,700)	\$ 1,243,400	\$ 2,648,000
Undesignated Balance.....	\$ 105,200,000	\$ 133,428,000	\$ 16,619,300	\$ 66,243,400	\$ 67,648,000

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

(b) The amounts shown are based on statutorily required accounting and not on GAAP.

(c) The amounts shown incorporate all budget acts of the 2003 legislative session, but do not reflect the provisions of 2005 Wisconsin Act 2, which addressed the projected shortfall for Medical Assistance-related programs.

(d) Tribal gaming revenues are budgeted separately; however, when the payments are received by the State, they are not specifically reported but rather included within the category entitled "Nontax Revenues".

(e) The beginning balance reflects projections by the Legislative Fiscal Bureau and Department of Administration of the ending balance for the 2004-05 fiscal year, along with certain provision of 2005 Wisconsin Act 2.

Sources: Legislative Fiscal Bureau and Department of Administration.

Table II-5; State Budget-All Funds (Part II–Page 33). Update with the following:

State Budget–All Funds^(a)

	<u>Actual 2003-2004^(b)</u>	<u>Budget 2003-2004^(c)</u>	<u>Budget 2004-2005^(c)</u>	<u>Governor's Budget 2005-2006</u>	<u>Governor's Budget 2006-2007</u>
RECEIPTS					
Fund Balance from Prior Year.....	\$ (282,221,000)	\$ (282,221,000)	\$ 133,428,000	\$ 1,516,200 ^(g)	\$ 66,243,400
Tax Revenue					
Individual Income.....	5,277,119,000	5,220,000,000	5,556,590,000	6,013,050,000	6,426,892,600
General Sales and Use.....	3,899,264,000	3,899,625,000	4,094,750,000	4,195,100,000	4,374,200,000
Corporate Franchise and Income.....	650,526,000	650,000,000	627,050,000	673,320,000	660,252,800
Public Utility.....	269,801,000	261,000,000	271,000,000	267,600,000	281,200,000
Excise					
Cigarette/Tobacco Products.....	307,424,000	305,600,000	302,000,000	311,900,000	309,205,000
Liquor and Wine.....	38,470,000	39,000,000	40,000,000	40,800,000	41,600,000
Malt Beverage.....	9,601,000	9,700,000	9,800,000	9,600,000	9,600,000
Inheritance, Estate & Gift.....	86,357,000	85,000,000	90,000,000	100,000,000	105,000,000
Insurance Company.....	123,621,000	125,000,000	120,000,000	133,000,000	135,000,000
Other.....	<u>1,251,834,000</u>	<u>75,100,000^(d)</u>	<u>78,000,000^(d)</u>	<u>87,500,000^(d)</u>	<u>89,500,000^(d)</u>
Subtotal.....	11,914,017,000	10,670,025,000	11,189,190,000	11,831,870,000	12,432,450,400
Nontax Revenue					
Departmental Revenue					
Tribal Gaming Revenues ^(e)	-	80,276,600	80,595,400	102,269,200	120,809,400
Other.....	284,051,000	328,970,400	329,151,800	619,987,000	415,343,800
Total Federal Aids.....	6,333,545,000	6,343,733,000	6,172,387,600	6,630,256,400	6,745,955,100
Total Program Revenue.....	4,663,830,000	3,388,287,300	3,533,134,400	3,674,304,400	3,763,764,400
Total Segregated Funds.....	2,851,232,000	3,190,796,700	2,808,703,900	2,862,538,200	3,196,510,600
Bond Authority.....	2,706,057,000	475,000,000	485,000,000	544,797,000	622,735,000
Employee Benefit Contributions ^(f)	<u>12,832,705,000</u>	<u>6,835,282,000</u>	<u>7,203,432,000</u>	<u>7,343,260,000</u>	<u>7,718,157,000</u>
Subtotal.....	29,671,420,000	20,642,346,000	20,612,405,100	21,777,412,200	22,583,275,300
Total Available.....	<u>\$ 41,303,216,000</u>	<u>\$ 31,030,150,000</u>	<u>\$ 31,935,023,100</u>	<u>\$ 33,610,798,400</u>	<u>\$ 35,081,969,100</u>
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 498,554,000	\$ 458,866,100	\$ 473,052,600	\$ 484,792,900	\$ 488,755,300
Education.....	9,659,543,000	9,284,053,800	9,507,703,400	10,249,212,300	10,525,589,100
Environmental Resources.....	2,947,226,000	2,271,685,400	2,477,859,700	2,739,285,100	3,060,656,800
Human Relations and Resources.....	10,159,591,000	8,564,114,600	8,867,059,700	9,146,225,100	9,409,729,800
General Executive.....	7,713,151,000	782,477,400	791,644,300	1,094,664,900	1,077,658,300
Judicial.....	111,238,000	111,659,000	111,701,500	116,057,600	116,247,700
Legislative.....	59,302,000	62,468,300	62,479,800	65,163,400	65,116,100
General Appropriations.....	2,745,128,000	2,060,528,900	1,990,576,600	1,999,834,900	1,955,630,500
General Obligation Bond Program.....	748,064,000	475,000,000	485,000,000	544,797,000	622,735,000
Employee Benefit Payments ^(f)	5,087,852,000	4,028,899,000	4,428,317,000	4,844,548,000	5,324,309,000
Reserve for Employee Benefit Payments ^(f)	<u>7,744,853,000</u>	<u>2,806,383,000</u>	<u>2,775,115,000</u>	<u>2,498,712,000</u>	<u>2,393,848,000</u>
Subtotal.....	47,474,502,000	30,906,135,500	31,970,509,600	33,783,293,200	35,040,275,600
Less: (Lapses).....	n/a	(242,066,400)	(215,125,400)	(329,771,400)	(240,257,300)
Compensation Reserves.....	n/a	109,152,900	163,019,600	91,033,200	178,302,800
Required Statutory Balance.....	n/a	35,000,000	40,000,000	65,000,000	65,000,000
Transfer to Budget Stabilization Fund.....	n/a	n/a	n/a	n/a	36,000,000
Change in Continuing Balance.....	<u>(6,327,680,000)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Disbursements & Reserves.....	<u>\$ 41,146,822,000</u>	<u>\$ 30,931,722,000</u>	<u>\$ 31,958,403,800</u>	<u>\$ 33,609,555,000</u>	<u>\$ 35,079,321,100</u>
Fund Balance.....	\$ 156,394,000	\$ 98,428,000	\$ (23,380,700)	\$ 1,243,400	\$ 2,648,000
Undesignated Balance.....	\$ 105,200,000 ^(f)	\$ 133,428,000	\$ 16,619,300	\$ 66,243,400	\$ 67,648,000

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

(b) The amounts shown are based on statutorily required accounting and not on GAAP.

(c) The amounts shown incorporate all budget acts of the 2003 legislative session, but do not reflect the provisions of 2005 Wisconsin Act 2, which addressed the projected shortfall for Medical Assistance-related programs.

(d) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected \$935 million of motor fuel taxes in the 2003-04 fiscal year.

(e) Tribal gaming revenues are budgeted separately; however, when the payments are received by State, they are not specifically reported but rather included within the category entitled "Nontax Revenues".

(f) State law separates the accounting of employee benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 in this Part II of the Annual Report.

(g) The beginning balance reflects projections by the Legislative Fiscal Bureau and Department of Administration of the ending balance for the 2004-05 fiscal year, along with certain provision of 2005 Wisconsin Act 2.

Sources: Legislative Fiscal Bureau and Department of Administration.

General Fund Information; General Fund Cash Flow (Part II–Pages 41-49). Update with the following:

The following provide updates to various tables containing General Fund information that are presented on either a cash basis or agency recorded basis. Unless noted, the following information is through January 31, 2005, and projections after that date reflect the General Fund tax revenue estimates that were provided by DOR on November 20, 2004. The following information does not reflect the slightly lower revenue estimates provided by LFB on January 25, 2005. The following also does not reflect the projected shortfall in Medical Assistance-related programs nor provisions of 2005 Wisconsin Act 2, which addresses, in part, this projected shortfall. The following also does not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. In light of this decision, it was uncertain whether or to what extent the tribal governments would make the payments due under the amended gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with tribal governments regarding the one outstanding payment and the assumed payments projected to be received during the 2004-05 fiscal year.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. As an example, the General Fund information through November 30, 2004 included some large variances from estimates for individual income tax receipts and federal revenues, which are expected to reverse, in part, in subsequent months. Furthermore, the General Fund information through December 31, 2004 included a large variance in the income maintenance category.

The State has determined that operating notes will not be issued for 2004-05 fiscal year. The following tables may show negative balances on a cash basis. Wisconsin Statutes provide certain administrative remedies, such as interfund borrowing, to deal with periods when the balance, on a cash basis, is negative. If the amount of interfund borrowing available to the General Fund is not sufficient, then the Secretary of Administration is authorized to prorate and defer certain payments.

The State is not prohibited from having a negative balance on a cash basis at the end of a fiscal year. By contrast, the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget, and if final budgetary expenses of any fiscal year exceed available revenues, the Legislature must take actions to balance the budget in the succeeding fiscal year.

Table II-7; Actual and Projected General Fund Cash Flow (Part II–Page 44). Update the table with the following:

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2004 TO JANUARY 31, 2005
PROJECTED GENERAL FUND CASH FLOW; FEBRUARY 1, 2005 TO JUNE 30, 2005^(a)

	(In Thousands of Dollars)											
	July 2004	August 2004	September 2004	October 2004	November 2004	December 2004	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005
BALANCES^(b)												
Beginning Balance	(\$21,216)	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,173,280	\$1,390,571	\$443,124	\$812,688	\$1,046,597
Ending Balance^(c)	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,173,280	\$1,390,571	\$443,124	\$812,688	\$1,046,597	\$288,998
Lowest Daily Balance^(c)	(\$431,440)	(\$436,769)	\$53,578	\$403,787	\$383,199	(\$351,824)	\$205,179	\$830,782	\$356,279	\$166,470	\$552,195	\$30,430
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$533,817	\$540,819	\$571,670	\$464,819	\$526,873	\$430,598	\$962,378	\$476,700	\$417,200	\$941,900	\$408,900	\$625,600
Sales & Use	380,702	389,894	384,632	378,842	371,408	334,261	408,819	333,600	301,200	339,600	361,000	370,600
Corporate Income	30,839	16,739	144,521	34,036	36,179	161,303	20,921	15,200	202,100	31,600	20,700	144,400
Public Utility	0	38	179	3,948	131,313	497	2,419	3,500	200	4,900	112,200	1,600
Excise	29,945	32,206	32,708	31,917	29,395	30,788	29,490	30,500	25,600	28,100	31,500	31,000
Insurance	295	2,305	27,417	229	1,496	58,508	910	15,100	24,100	30,400	4,900	29,200
Inheritance	8,654	7,954	14,003	10,329	9,156	5,230	6,824	7,200	8,100	13,400	8,300	7,400
Subtotal Tax Receipts	\$984,252	\$989,955	\$1,175,130	\$924,120	\$1,105,820	\$1,021,185	\$1,431,761	\$881,800	\$978,500	\$1,389,900	\$947,500	\$1,209,800
NON-TAX RECEIPTS												
Federal	\$344,173	\$535,363	\$537,338	\$462,100	\$546,148	\$456,585	\$506,599	\$510,700	\$461,600	\$518,200	\$504,900	\$536,400
Other & Transfers ^(d)	196,901	339,783	411,016	330,993	241,754	155,269	478,650	418,050	348,750	350,750	330,150	503,850
Note Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	\$541,074	\$875,146	\$948,354	\$793,093	\$787,902	\$611,854	\$985,249	\$928,750	\$810,350	\$868,950	\$835,050	\$1,040,250
TOTAL RECEIPTS	\$1,525,326	\$1,865,101	\$2,123,484	\$1,717,213	\$1,893,722	\$1,633,039	\$2,417,010	\$1,810,550	\$1,788,850	\$2,258,850	\$1,782,550	\$2,250,050
DISBURSEMENTS												
Local Aids ^{(e)(f)}	\$835,926	\$170,248	\$670,948	\$115,497	\$774,303	\$1,163,305	\$196,800	\$232,359	\$1,193,196	\$122,127	\$248,992	\$1,817,211
Income Maintenance	383,180	416,654	427,137	405,086	419,216	390,891	444,808	414,316	471,345	434,538	408,025	388,860
Payroll and Related	390,998	244,728	314,918	378,189	319,992	326,967	359,515	325,251	369,525	470,929	255,539	313,235
Tax Refunds	49,162	55,304	51,246	50,655	64,252	127,443	73,997	350,703	352,497	315,206	235,992	209,511
Debt Service	0	687	0	118,493	1,108	0	0	3,621	0	266,649	39,575	0
Miscellaneous	276,284	336,913	332,051	309,893	277,867	331,949	373,789	267,009	349,734	279,837	360,518	278,832
Note Repayment	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	\$1,935,550	\$1,224,534	\$1,796,300	\$1,377,813	\$1,856,738	\$2,340,555	\$1,448,909	\$1,593,259	\$2,736,297	\$1,889,286	\$1,548,641	\$3,007,649

(a) Projections reflect the revised General Fund revenue estimates that were released by DOR on November 20, 2004. The projections do not reflect the slightly lower estimates provided by LFB on January 25, 2005. The projections also do not reflect the projected shortfall in Medical Assistance-related programs nor 2005 Wisconsin Act 2, which addresses, in part, this projected shortfall. While the estimates from DOR and LFB are presented on a budgetary basis, the estimates herein are presented on a cash basis and not a budgetary basis. The following information does not reflect the Wisconsin Supreme Court's decision concerning amendments to gaming compacts. In light of the decision, it was uncertain whether or to what extent the tribal governments would make the payments due under the amended gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. It remains uncertain whether or to what extent the tribal governments will make the payments prior to June 30, 2005, and discussions continue with tribal governments regarding the one outstanding payment and the payments projected to be received on or after June 30, 2005. Projections do not include interfund borrowings.

(b) The General Fund cash balances presented in this schedule are not based on Generally Accepted Accounting Principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's Universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from \$150 to \$300 million during the 2004-05 fiscal year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$50 million during the 2004-05 fiscal year.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount is approximately \$589 million for the 2004-05 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately \$354 million for the 2004-05 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

(d) Includes \$75 million to be transferred from the Transportation Fund to the General Fund in June 2005.

(e) \$190 million of the November 2004 shared revenue payments were made from Segregated Funds and are not included in these Local Aid disbursement totals.

(f) \$60 million of the September 2004 equalization payments were made from the Transportation Fund and are not included in these Local Aid disbursement totals.

Table II-8; General Fund Cash Receipts and Disbursements Year To Date; Compared to Estimates and Previous Fiscal Year. (Page 45). Update the table with the following:

2004-05 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of January 31, 2005
(Amounts in Thousands)

	FY04 through January 2004		FY05 through January 2005			Difference FY04 Actual to FY05 Actual	
	Actual		Actual	Estimate ^(b)	Variance		Adjusted Variance ^(c)
RECEIPTS							
Tax Receipts							
Individual Income	\$ 3,662,221		\$ 4,030,974	\$ 3,984,700	\$ 46,274	\$ 46,274	\$ 368,753
Sales	2,548,245		2,648,558	2,670,000	(21,442)	(21,442)	100,313
Corporate Income	395,465		444,538	427,200	17,338	17,338	49,073
Public Utility	135,443		138,394	148,400	(10,006)	(10,006)	2,951
Excise	223,383		216,449	217,400	(951)	(951)	(6,934)
Insurance	60,511		91,160	61,300	29,860	29,860	30,649
Inheritance	50,891		62,150	59,200	2,950	2,950	11,259
Total Tax Receipts	\$ 7,076,159		\$ 7,632,223	\$ 7,568,200	\$ 64,023	\$ 64,023	\$ 556,064
Non-Tax Receipts							
Federal	\$ 3,556,880		\$ 3,388,306	\$ 3,489,900	\$ (101,594)	\$ (101,594)	\$ (168,574)
Other and Transfers	2,711,815		2,154,366	2,025,450	128,916	128,916	(557,449)
Note Proceeds	400,000		-	-	-	-	(400,000) ^(d)
Total Non-Tax Receipts	\$ 6,668,695		\$ 5,542,672	\$ 5,515,350	\$ 27,322	\$ 27,322	\$ (1,126,023)
TOTAL RECEIPTS	\$ 13,744,854		\$ 13,174,895	\$ 13,083,550	\$ 91,345	\$ 91,345	\$ (569,959)
DISBURSEMENTS							
Local Aids	\$ 4,085,277		\$ 3,927,027	\$ 3,992,777	\$ 65,750	\$ 65,750	\$ (158,250)
Income Maintenance	2,396,293		2,897,817	3,046,746	148,929	148,929	501,524
Payroll & Related	2,315,020		2,335,307	2,371,313	36,006	36,006	20,287
Tax Refunds	474,929		472,059	520,303	48,244	48,244	(2,870)
Debt Service	120,171		120,288	146,878	26,590	26,590	117
Miscellaneous	2,860,641		2,227,901	2,075,844	(152,057)	(152,057)	(632,740)
Note Repayment	-		-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 12,252,331		\$ 11,980,399	\$ 12,153,861	\$ 173,462	\$ 173,462	\$ (271,932)
VARIANCE FY05 YEAR-TO-DATE					\$ 264,807	\$ 264,807	

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) Estimates reflect the revised General Fund revenue estimates that were released by DOR on November 20, 2004. Prior to this release, the estimates reflected the re-estimates of departmental revenues and expenditures provided by LFB on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004. While the information from DOR and LFB is presented on a budgetary basis, the estimates are presented on a cash basis and not a budgetary basis. The estimates do not reflect the slightly lower revenue estimates provided by LFB on January 25, 2005. The estimates also do not reflect the projected shortfall in Medical Assistance-related programs nor 2005 Wisconsin Act 2, which addresses, in part, this projected shortfall. The estimates also do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal governments regarding the one outstanding payment and the assumed payments projected to be received during and after the 2004-05 fiscal year.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates can not be changed and results in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.
- (d) Operating notes were issued on September 18, 2003 for the 2003-04 fiscal year, but the State has determined that operating notes will not be issued for the 2004-05 fiscal year.

Table II-9; General Fund Monthly Position (Page 46). Update the table with the following:

**GENERAL FUND MONTHLY CASH POSITION^(a)
 July 1, 2002 through January 31, 2005 — Actual
 February 1, 2005 through June 30, 2005 — Estimated^(b)**

		(Amounts in Thousands)		
	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2002	July.....	\$ (421,915) ^(a)	\$ 1,700,476	\$ 1,895,272
	August.....	(616,711) ^(a)	1,637,001	1,171,887
	September.....	(151,597) ^(a)	2,025,879	1,562,196
	October.....	312,086	1,606,014	1,280,382
	November.....	637,718	1,482,326	1,488,485
	December.....	631,559 ^(a)	1,706,488	2,178,341
2003	January.....	159,706	2,105,857	1,431,836
	February.....	833,727	1,721,792	1,615,352
	March.....	940,167	1,652,274	2,383,386
	April.....	209,055 ^(d)	2,101,401	1,712,702
	May.....	597,754	1,485,340	1,566,243
	June.....	516,851 ^(d)	2,030,380	2,848,351
	July.....	(301,120) ^(d)	1,676,451	1,997,749
	August.....	(622,418) ^(a)	1,461,025	1,239,109
	September.....	(400,502) ^(d)	2,623,535	1,804,526
	October.....	418,507	1,829,971	1,340,667
	November.....	907,811	1,583,977	1,627,906
	December.....	863,882 ^(d)	2,427,680	2,277,800
2004	January.....	1,013,762	2,142,215	1,964,574
	February.....	1,191,403	1,668,211	1,820,788
	March.....	1,038,826 ^(a)	1,929,719	2,982,788
	April.....	(14,243) ^(a)	2,105,306	1,538,546
	May.....	552,517	1,624,996	1,418,939
	June.....	758,574 ^(a)	2,286,899	3,066,689
	July.....	(21,216) ^(a)	1,525,326	1,935,550
	August.....	(431,440) ^(d)	1,865,101	1,224,534
	September.....	209,127	2,123,484	1,796,300
	October.....	536,311	1,717,213	1,377,813
	November.....	875,711	1,893,722	1,856,738
	December.....	912,695 ^(a)	1,633,039	2,340,555
2005	January.....	205,179	2,417,010	1,448,909
	February.....	1,173,280	1,810,550	1,593,259
	March.....	1,390,571	1,788,850	2,736,297
	April.....	443,124	2,258,850	1,889,286
	May.....	812,688	1,782,550	1,548,641
	June.....	1,046,597	2,250,050	3,007,649

- ^(a) The General Fund balances presented in this table are not based on Generally Accepted Accounting Principles (GAAP).
- ^(b) The monthly receipt and disbursement projections for February 1, 2005 through June 30, 2005 are based on the General Fund tax revenue estimates provided by DOR on November 20, 2004. The estimates do not reflect the slightly lower revenue estimates provided by LFB on January 25, 2005. The estimates also do not reflect the projected shortfall in Medical Assistance-related programs nor 2005 Wisconsin Act 2, which addresses, in part, this projected shortfall. The estimates also do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal governments regarding the one outstanding payment and the assumed payments projected to be received during and after the 2004-05 fiscal year.
- ^(c) The amounts shown in September 2003 include receipts from the issuance of operating notes, and amounts shown in February through May 2004 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued for the 2002-03 fiscal year, and the State has determined that no operating notes will be issued for the 2004-05 fiscal year.
- ^(d) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount is approximately \$589 million for the 2004-05 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately \$354 million for the 2004-05 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

Source: Wisconsin Department of Administration.

Table II-10; Balances in Funds Available for Interfund Borrowing (Page 47). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)
July 31, 2002 to January 31, 2005 — Actual
February 28, 2005 to June 30, 2005 — Estimated^(b)
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for interfund borrowing. The first table does not include balances in the Local Government Investment Pool (LGIP). While the LGIP is available for interfund borrowing, funds in the LGIP are deposited and withdrawn by local units of government, and thus are outside the control of the State.

(Does Not Include Balances in the Local Government Investment Pool)

<u>Month (Last Day)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
January		\$ 1,100	\$ 1,027	\$ 830
February		1,138	1,126	1,018 ^(b)
March		1,203	1,179	1,107
April		1,133	1,157	997
May		1,187	1,163	1,061
June		1,279	1,054	1,117
July	\$ 1,033	1,140	908	
August	1,049	1,242	1,003	
September	1,055	1,226	997	
October	1,032	1,187	954	
November	1,105	1,078	827	
December	1,131	1,130	892	

The second table includes the balances in the LGIP. The average daily balances in the LGIP for the past five years have ranged from a low of \$2.216 billion during November 2002 to a high of \$4.521 billion during March 2002.

(Includes Balances in the Local Government Investment Pool)

<u>Month (Last Day)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
January		\$ 5,025	\$ 4,673	\$ 3,818
February		5,235	4,852	5,357 ^(b)
March		5,438	5,197	5,628
April		5,113	4,707	5,135
May		4,674	4,417	4,158
June		4,835	4,274	4,329
July	\$ 5,401	5,135	4,268	
August	4,785	4,580	3,904	
September	4,898	4,378	3,726	
October	4,328	3,922	3,233	
November	4,242	3,797	3,059	
December	4,737	4,090	3,392	

^(a) The following funds are available for interfund borrowing. The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund listed below has a negative balance and is subject to interfund borrowing.

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

^(b) The balances for February 28, 2005 and subsequent months are estimates.

Table II-11; General Fund Recorded Revenues (Page 48). Update the table with the following:

General Fund Recorded Revenues
(Agency Recorded Basis)
July 1, 2004 to January 31, 2005 compared with previous year ^(a)

	Annual Fiscal Report Revenues <u>2003-04 FY^(b)</u>	Projected Revenues <u>2004-05 FY^(c)</u>	Recorded Revenues July 1, 2003 to <u>January 31, 2004^(d)</u>	Recorded Revenues July 1, 2004 to <u>January 31, 2005^(e)</u>
Individual Income Tax	\$ 5,277,119,000	\$ 5,557,000,000	\$ 3,071,294,865	\$ 3,398,025,382
General Sales and Use Tax	3,899,264,000	4,095,000,000	2,007,797,827	2,063,180,772
Corporate Franchise and Income Tax	650,526,000	627,000,000	308,827,066	369,325,661
Public Utility Taxes	269,801,000	271,000,000	130,835,758	131,606,702
Excise Taxes	355,495,000	351,800,000	183,456,400	184,794,131
Inheritance Taxes	86,357,000	90,000,000	49,780,113	61,475,090
Insurance Company Taxes	123,621,000	120,000,000	55,584,438	58,740,376
Miscellaneous Taxes	97,331,000	78,000,000	47,910,599	49,291,391
SUBTOTAL.....	<u>\$ 10,759,514,000</u>	<u>\$ 11,189,800,000</u>	<u>5,855,487,067</u>	<u>6,316,439,505</u>
Federal and Other Inter- Governmental Revenues ^(f)	\$ 6,617,596,000	\$ 5,509,000,000	3,583,457,197	3,426,348,756
Dedicated and Other Revenues ^(g)	<u>4,663,830,000</u>	<u>3,943,000,000</u>	<u>3,502,485,615</u>	<u>2,299,048,360</u>
TOTAL.....	<u><u>\$ 22,040,940,000</u></u>	<u><u>\$ 20,641,800,000</u></u>	<u><u>\$ 12,941,429,879</u></u>	<u><u>\$ 12,041,836,621</u></u>

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2003-04 fiscal year, dated October 15, 2004.

(c) The projected revenues are based on the re-estimates of departmental revenues that LFB released on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004. Projections do not reflect the revised General Fund tax revenue estimates provided by DOR on November 20, 2004 or the slightly different revenue estimates provided by LFB on January 25, 2005. The estimates also do not reflect the projected shortfall in Medical Assistance-related programs nor 2005 Wisconsin Act 2, which addresses, in part, this projected shortfall. The estimates also do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts.

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

(e) The amounts shown are fiscal year 2004-05 revenues as recorded by state agencies.

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

(g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration.

Table II-12; General Fund Recorded Expenditures By Function (Page 49). Update the table with the following:

**General Fund Recorded Expenditures By Function
(Agency Recorded Basis)
July 1, 2004 to January 31, 2005 compared with previous year ^(a)**

	Annual Fiscal Report Expenditures <u>2003-04 FY^(b)</u>	Appropriations <u>2004-05 FY^(c)</u>	Recorded Expenditures July 1, 2003 to <u>January 31, 2004^(d)</u>	Recorded Expenditures July 1, 2004 to <u>January 31, 2005^(e)</u>
Commerce.....	\$ 310,494,000	\$ 274,448,400	\$ 155,870,751	\$ 136,135,573
Education.....	9,338,633,000	9,381,679,500	4,602,254,116	4,744,221,490
Environmental Resources.....	182,335,000	252,105,900	110,426,287	103,533,042
Human Relations & Resources	7,936,185,000	8,435,726,300	4,596,579,261	5,051,496,160
General Executive.....	2,104,690,000	636,573,200	1,828,599,634	355,890,897
Judicial.....	110,882,000	110,988,200	70,227,946	71,794,167
Legislative.....	59,302,000	62,479,800	30,261,744	29,199,837
General Appropriations.....	<u>1,673,811,000</u>	<u>1,656,183,700</u>	<u>1,392,115,522</u>	<u>1,365,194,755</u>
TOTAL.....	<u>\$ 21,716,332,000</u>	<u>\$ 20,810,185,000</u>	<u>\$ 12,786,335,262</u>	<u>\$ 11,857,465,921</u>

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the fiscal year 2003-04, dated October 15, 2004.
- (c) Estimated appropriations based on the 2003-05 biennial budget (2003 Wisconsin Act 33), all budget acts from the 2003 legislative session, and the re-estimates of expenditures that LFB released on January 15, 2004.
- (d) The amounts shown are fiscal year 2003-04 expenditures as recorded by state agencies.
- (e) The amounts shown are fiscal year 2004-05 expenditures as recorded by state agencies.

Source: Wisconsin Department of Administration.

APPENDIX B

State of Wisconsin General Obligation Issuance Status Report March 1, 2005

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date^(c)</u>	<u>Interest Earnings^(a)</u>	<u>G.O. Bonds of 2005, Series B</u>	<u>Total Authorized Unissued Debt^(c)</u>
University of Wisconsin; academic facilities.....	\$ 1,107,898,000	\$ 968,286,859	\$ 12,046,136	\$ 5,705,370	\$ 121,859,635
University of Wisconsin; self-amortizing facilities.....	992,385,200	661,616,557	1,643,606	15,676,064	313,448,973
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	201,495,505	13,392	9,585,021	360,906,082
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818		139,438
Clean water fund program.....	637,743,200	442,334,053			195,409,147
Safe drinking water loan program.....	26,210,000	25,506,520			703,480
Natural resources; nonpoint source grants.....	85,310,400	64,613,979	132,570	296,679	20,267,172
Natural resources; nonpoint source compliance.....	2,000,000	2,000,000			
Natural resources; environmental repair.....	48,000,000	34,899,374	161,017		12,939,609
Natural resources; urban nonpoint source cost-sharing.....	22,400,000	11,097,662		306,188	10,996,150
Natural resources; environmental segregated fund supported administrative facilities.....	6,770,400	3,348,470		304,286	3,117,644
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	6,007,994			592,006
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	874,828,979	18,513,076	95,090	56,255
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
March 1, 2005

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date^(c)</u>	<u>Interest Earnings^(a)</u>	<u>G.O. Bonds of 2005, Series B</u>	<u>Total Authorized Unissued Debt^(c)</u>
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174		37,032
Natural resources; segregated revenue supported facilities.....	45,296,900	24,515,301	45,287	532,501	20,203,811
Natural resources; general fund supported administrative facilities.....	10,882,400	10,538,287	21,432	41,839	280,842
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	224,675,820	1,293,404		5,030,776
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	1,448,412		9,509	48,542,079
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	497,247,681		68,232,719	
Transportation; harbor improvements.....	28,000,000	20,349,243	232,605	368,947	7,049,205
Transportation; rail acquisitions and improvements.....	32,500,000	27,124,017	16	220,608	5,155,359
Transportation; local roads for job preservation, state funds.....	2,000,000	1,958,357			41,643
Corrections; correctional facilities.....	793,787,700	769,072,492	11,467,003	2,129,869	11,118,336
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99		5,221,463
Corrections; juvenile correctional facilities.....	27,726,500	25,473,342	102,026	15,214	2,135,918
Health and family services; mental health and secure treatment facilities.....	129,057,200	121,315,088	895,124	190,179	6,656,809

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
March 1, 2005

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date^(c)</u>	<u>Interest Earnings^(a)</u>	<u>G.O. Bonds of 2005, Series B</u>	<u>Total Authorized Unissued Debt^(c)</u>
Agriculture; soil and water.....	20,575,000	12,109,248	1,248	798,752	7,665,752
Agriculture; conservation reserve enhancement...	40,000,000	8,153,000		685,000	31,162,000
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 corporation self-amortizing debt.....	870,000				870,000
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530 ^(b)			
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033 ^(b)			
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.....	1,000,000,000	870,240,000			129,760,000
Building commission; housing state departments and agencies.....	480,088,500	403,383,584	2,329,712	570,537	73,804,667
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		
Building commission; project contingencies.....	47,961,200	38,033,570	62,251	456,430	9,408,949
Building commission; capital equipment acquisition.....	117,042,900	104,768,028	729,518	1,236,163	10,309,191
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 ^(b)			11,167
Building commission; other public purposes.....	1,495,901,000	1,157,690,120	6,188,961	39,438,486	292,583,433
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	1,420,902		79,099	
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	25,000,000				25,000,000
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818		
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			

General Obligation Issuance Status Report—Continued
March 1, 2005

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date^(c)</u>	<u>Interest Earnings^(a)</u>	<u>G.O. Bonds of 2005, Series B</u>	<u>Total Authorized Unissued Debt^(c)</u>
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	17,119,360	37,069	190,179	5,511,492
Historical society; self-amortizing facilities.....	3,173,600	1,029,156	3,896		2,140,547
Historical society; historic records.....	400,000				400,000
Historical society; historic sites.....	1,839,000	1,825,756			13,244
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.....	24,393,800	20,662,527	192,632		3,538,641
Veterans affairs; veterans facilities.....	10,090,100	9,405,565	50,593		633,941
Veterans affairs; self-amortizing mortgage loans.....	2,120,840,000	2,045,652,395	2,133,000		73,054,605
Veterans affairs; refunding bonds.....	840,000,000	721,169,245			118,830,755
Veterans affairs; self-amortizing facilities.....	34,412,600	6,136,426	501	1,141,074	27,134,599
State fair park board; board facilities.....	13,587,100	12,989,251		62,759	535,090
State fair park board; housing facilities.....	11,000,000	10,999,990	15		
State fair park board; self-amortizing facilities.....	56,787,100	52,230,362	22,328	146,438	4,387,972
Total.....	<u>\$16,627,837,488</u>	<u>\$14,365,741,929</u>	<u>\$66,333,631</u>	<u>\$148,515,000</u>	<u>\$2,047,247,036</u>

^(a) Interest earnings reduce issuance authority by the same amount.

^(b) 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.

^(c) 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.

Appendix C

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

\$148,515,000

STATE OF WISCONSIN

GENERAL OBLIGATION BONDS OF 2005, SERIES B

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$148,515,000 General Obligation Bonds of 2005, Series B, dated the date hereof (**Bonds**). The Bonds are being issued pursuant to Chapters 18 and 20, Wisconsin Statutes and a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on January 14, 2005 (**Resolution**).

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The Bonds are valid and binding general obligations of the State.
2. The Resolution has been duly adopted by the Commission and is a valid and binding obligation of the State enforceable upon the State as provided in the Resolution.
3. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the Bonds mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. The State must comply with all requirements of the Internal Revenue Code that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactive to the date the Bonds were issued. This letter expresses no opinion about other federal tax law consequences regarding the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter expresses no opinion as to the availability of any particular form of judicial relief.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement). However, in serving as bond counsel,

nothing has come to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Bonds, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law.

Very truly yours,

FOLEY & LARDNER LLP

The information contained in this Notice has been furnished by MBIA for use in this Notice.

The MBIA Insurance Corporation Insurance Policy

The MBIA policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the State to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Insured Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Insured Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (**Preference**).

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Insured Bond. MBIA's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Insured Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the Insured Bonds resulting from the insolvency, negligence, or any other act or omission of the Paying Agent or any other paying agent for the Insured Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of an Insured Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Insured Bonds or presentment of such other proof of ownership of the Insured Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Insured Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Insured Bonds in any legal proceeding related to payment of insured amounts on the Insured Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Insured Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA

MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (**Company**). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore, and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments, and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control, and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Notice or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth in this Notice under the heading "The MBIA

Insurance Corporation Insurance Policy". Additionally, MBIA makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds.

The Financial Guarantee Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following document filed by the Company with the Securities and Exchange Commission (SEC) is incorporated herein by reference:

- The Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act of 1934, as amended, after the Company's most recent Quarterly Report on form 10-Q and prior to the termination of the offering of the Insured Bonds offered hereby shall be deemed to be incorporated by reference in this Notice and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Notice, shall be deemed to be modified or superseded for purposes of this Notice to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Notice.

The Company files annual, quarterly, and special reports, information statements, and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2004, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004, and September 30, 2004), are available (i) over the Internet at the SEC's web site; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2003, MBIA had admitted assets of \$9.9 billion (audited), total liabilities of \$6.2 billion (audited), and total capital and surplus of \$3.7 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2004, MBIA had admitted assets of \$10.3 billion (unaudited), total liabilities of \$6.9 billion (unaudited), and total capital and surplus of \$3.3 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of MBIA

- Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."
- Standard & Poor's, a division of The McGraw-Hill Companies, Inc., rates the financial strength of MBIA "AAA."
- Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell, or hold the Insured Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Insured Bonds. MBIA does not guaranty the market price of the Insured Bonds, nor does it guaranty that the ratings on the Insured Bonds will not be revised or withdrawn.