

NOTICE OF BOND INSURANCE

**STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2005, SERIES D
Maturing May 1, 2007-2016**

The Underwriters, as defined in the Official Statement, dated July 26, 2005, have provided for a municipal bond insurance policy to be issued, simultaneously with the delivery of the above captioned bonds, by Financial Security Assurance Inc.



guaranteeing when due the scheduled payment of principal of and interest on the State of Wisconsin General Obligation Bonds of 2005, Series D maturing on May 1 of the years 2007 through 2016, inclusive (**Insured Bonds**).

This Notice includes certain information concerning Financial Security Assurance Inc. (**Financial Security**) and the terms of the Municipal Bond Insurance Policy (**Policy**) relating to the Insured Bonds. Information with respect to Financial Security and the Policy has been supplied by Financial Security. No representation is made by the Underwriters 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 Insured Bonds. The Underwriters have 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 Underwriters to provide certain information pertaining to Financial Security and has not been prepared or reviewed by the State, and the State makes no representation to the adequacy of the information contained herein. Each purchaser should consult the Official Statement, dated July 26, 2005, for information about the Insured Bonds.

The Underwriters have 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.

July 26, 2005

Other than with respect to information concerning Financial Security contained in this Notice, none of the information in the Official Statement, dated July 26, 2005, has been supplied or verified by Financial Security, and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Insured Bonds, or (iii) the tax-exempt status of the interest on the Insured Bonds.

Bond Insurance Policy

Concurrently with the issuance of the Insured Bonds, Financial Security will issue its Policy for the Insured Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included in this Notice.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

Financial Security Assurance Inc.

Financial Security is a New York domiciled insurance company and a wholly-owned subsidiary of Financial Security Assurance Holdings Ltd. (**Holdings**). Holdings is an indirect subsidiary of Dexia, S.A., a publicly-held Belgian corporation. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance in France, Belgium, and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At March 31, 2005, Financial Security's total policyholders' surplus and contingency reserves were approximately \$2,321,918,000, and its total unearned premium reserve was approximately \$1,672,672,000, in accordance with statutory accounting practices. At March 31, 2005, Financial Security's total shareholders' equity was approximately \$2,726,667,000, and its total net unearned premium reserve was approximately \$1,356,678,000, in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this Notice until the termination of the offering of the Insured Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc., 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Insured Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings, or other causes. Financial Security makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the State the information presented under this caption for inclusion in this Notice.

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.

\$186,640,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2005, SERIES D

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— <i>See pages 7-8.</i>
Redemption	The Bonds maturing on or after May 1, 2017 are callable at par on May 1, 2016 or any date thereafter— <i>See page 2.</i>
Security	General obligations of the State of Wisconsin— <i>See page 2.</i>
Purpose	Proceeds from the Bonds are being used for various governmental purposes — <i>See page 3.</i>
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	May 1, 2006
Denominations	Multiples of \$5,000
Closing/Settlement	On or about August 11, 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— <i>See pages 3-4.</i>
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 July 26, 2005. The interest rates payable by the State, which are shown below, resulted from the award of the Bonds.

CUSIP	Year	Principal Amount	Interest Rate	First Optional Call	Call Price
	(May 1)			Date (May 1)	
97705L HU4	2007	\$ 7,110,000	4.00%	Not Callable	-
97705L HV2	2008	7,470,000	4.00	Not Callable	-
97705L HW0	2009	7,845,000	4.00	Not Callable	-
97705L HX8	2010	8,235,000	4.00	Not Callable	-
97705L HY6	2011	8,640,000	4.00	Not Callable	-
97705L HZ3	2012	9,000,000	4.00	Not Callable	-
97705L JA6	2013	9,445,000	4.00	Not Callable	-
97705L JB4	2014	9,920,000	4.00	Not Callable	-
97705L JC2	2015	10,410,000	4.50	Not Callable	-
97705L JD0	2016	10,935,000	4.50	Not Callable	-
97705L JE8	2017	8,855,000	5.00	2016	100%
97705L JF5	2018	9,295,000	5.00	2016	100
97705L JG3	2019	9,760,000	5.00	2016	100
97705L JH1	2020	10,250,000	5.00	2016	100
97705L JJ7	2021	10,765,000	5.00	2016	100
97705L JK4	2022	11,300,000	5.00	2016	100
97705L JL2	2023	11,865,000	5.00	2016	100
97705L JM0	2024	12,460,000	5.00	2016	100
97705L JN8	2025	13,080,000	5.00	2016	100

Purchase Price: \$196,451,224.59

July 26, 2005

Note: The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (**Financial Security**) for the Bonds maturing on May 1, 2007 through 2016. Further information on the Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriters and Financial Security

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 Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 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.

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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 P. 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 D
Principal Amount:	\$186,640,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about August 11, 2005)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning May 1, 2006
Maturities:	May 1, 2007-2025— <i>See front cover</i>
Redemption:	<i>Optional</i> — The Bonds maturing on or after May 1, 2017 are callable at par on May 1, 2016 or any date thereafter— <i>See page 2</i>
Form:	Book-entry-only— <i>See pages 3-4</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 May 31, 2005, general obligations of the State were outstanding in the amount of \$4,911,848,000.
Bond Insurance:	The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security for the Bonds maturing on May 1, 2007 through 2016. Further information on the Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriters and Financial Security
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 7-8</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
\$186,640,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2005, SERIES D

INTRODUCTION

This Official Statement provides information about the \$186,640,000 General Obligation Bonds of 2005, Series D (**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 June 15, 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 2005-07 biennial budget and changes or additions to Parts II and III 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 August 11, 2005) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on May 1, 2006.

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

Optional Redemption

The Bonds maturing on or after May 1, 2017 may be redeemed on May 1, 2016 or any date thereafter, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100%) plus accrued interest to the redemption date. The Commission may decide whether to redeem Bonds, and it may direct the amounts and maturities of the Bonds to be redeemed.

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, then 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, then 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 spent, the money is invested by the State of Wisconsin Investment Board.

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 May 31, 2005, general obligations of the State were outstanding in the amount of \$4,911,848,000.

Borrowing Plans for 2005

General Obligations

The State has sold and delivered the following general obligations in calendar year 2005:

- Approximately \$280 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.
- Approximately \$5 million of taxable general obligation bonds for the veterans housing loan program.

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 \$33 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 \$45 million of taxable general obligation bonds for the veterans housing loan program. The amount and timing of any additional issuance of taxable general obligation bonds depend on originations of veterans housing loans.
- Up to \$113 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 expected to authorize additional general obligations in the third quarter to refund general obligation bonds previously issued for general governmental purposes; the amount and timing of any issuance of refunding bonds for this purpose depend on market conditions. The Commission may also authorize, and the State may sell and deliver, additional general obligations in the 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 additional 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 third or fourth quarter. The Commission has also authorized up to \$250 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 additional 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 may also authorize the issuance of, and the State may also issue, clean water revenue bonds in the third or fourth quarter for the purpose of funding loans in the Clean Water Fund Program.

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 the claims that are submitted. The Commission has also authorized up to \$73 million of petroleum inspection fee revenue refunding bonds. The amount and timing of any issuance of refunding bonds depend on market conditions.

The State does not currently plan to issue operating notes for the 2005-06 fiscal year.

Underwriting

The Bonds were purchased through competitive bidding on July 26, 2005 by the following account (**Underwriters**): Morgan Stanley & Co. Incorporated (book running manager) and M.R. Beal & Company. The Underwriters paid \$196,451,224.59, and their bid resulted in a true interest cost rate to the State of 4.143501%.

Reference Information About the Bonds

The table on the following page—as well as the table on the front cover—includes 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 Underwriters have provided the reoffering yields and prices to allow the computation of yield for federal tax law compliance. For each of the Bonds maturing on or after May 1, 2017, the dollar price at issuance is computed to the lower of the first optional call date or the nominal maturity date.

\$186,640,000
State of Wisconsin
General Obligation Bonds of 2005, Series D

Dated Date: Date of Delivery
First Interest Date: May 1, 2006
Delivery/Settlement Date: On or about August 11, 2005

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (May 1)	Call Price
97705L HU4	2007	\$ 7,110,000	4.00%	2.85%	101.915%	Not Callable	-
97705L HV2	2008	7,470,000	4.00	3.07	102.407	Not Callable	-
97705L HW0	2009	7,845,000	4.00	3.17	102.888	Not Callable	-
97705L HX8	2010	8,235,000	4.00	3.31	102.989	Not Callable	-
97705L HY6	2011	8,640,000	4.00	3.44	102.882	Not Callable	-
97705L HZ3	2012	9,000,000	4.00	3.60	102.365	Not Callable	-
97705L JA6	2013	9,445,000	4.00	3.68	102.129	Not Callable	-
97705L JB4	2014	9,920,000	4.00	3.74	101.915	Not Callable	-
97705L JC2	2015	10,410,000	4.50	3.83	105.390	Not Callable	-
97705L JD0	2016	10,935,000	4.50	3.85	105.660	Not Callable	-
97705L JE8	2017	8,855,000	5.00	3.97	108.917	(a) 2016	100%
97705L JF5	2018	9,295,000	5.00	4.02	108.462	(a) 2016	100
97705L JG3	2019	9,760,000	5.00	4.07	108.009	(a) 2016	100
97705L JH1	2020	10,250,000	5.00	4.11	107.649	(a) 2016	100
97705L JJ7	2021	10,765,000	5.00	4.14	107.379	(a) 2016	100
97705L JK4	2022	11,300,000	5.00	4.17	107.111	(a) 2016	100
97705L JL2	2023	11,865,000	5.00	4.19	106.932	(a) 2016	100
97705L JM0	2024	12,460,000	5.00	4.21	106.754	(a) 2016	100
97705L JN8	2025	13,080,000	5.00	4.22	106.665	(a) 2016	100

(a) These bonds are priced to the May 1, 2016 call date.

Note: The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security for the Bonds maturing on May 1, 2007 through 2016. Further information on the Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriters and Financial Security.

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.

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. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. 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.

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.

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.

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: July 26, 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 2005-07 biennial budget and changes or additions to the information presented in Parts II and III 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 to 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 Parts II and III 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:

Results of 2004-05 Fiscal Year

The Annual Fiscal Report (budgetary basis) for the 2004-05 fiscal year will be published in October 2005. This Annual Fiscal Report will include the ending budgetary balance for the 2004-05 fiscal year.

Impact of Supreme Court Decision Concerning Amendments to Gaming Compacts

The Wisconsin Supreme Court ruled in May 2004 that the Governor's execution on the State's behalf of an amendment to the gaming compact with a tribal government was unconstitutional. Although the decision concerned only an amendment to a gaming compact with only one tribal government, the reasoning of the opinion would apply to similar amendments to other gaming compacts that the Governor executed on the State's behalf on or after January 1, 2003.

The State's 2003-05 biennial budget assumed \$105 million of payments in the 2004-05 fiscal year from all amended gaming compacts. For this 2004-05 fiscal year, the State received the expected payments from all but two tribal governments. One tribal government placed its payment of about \$40 million in escrow for release to the State upon completion of a new amendment to its gaming compact. The other tribal government did not make its payment of about \$30 million.

May 2005 General Fund Revenue Projections—Legislative Fiscal Bureau

On May 16, 2005, the Legislative Fiscal Bureau (LFB) released General Fund revenue estimates for fiscal year 2004-05 for use by the Wisconsin Legislature. The LFB report also includes estimated tax projections for each year of the upcoming 2005-07 biennium.

For the 2004-05 fiscal year, the May 2005 LFB report estimates that General Fund tax collections will be \$129 million more than the amount that LFB projected in January 2005. The following table provides a more detailed comparison of all 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>	LFB Projections <u>May 2005</u>	Difference (November 2004 to <u>May 2005</u>)
Individual Income	\$ 5,619.6	\$ 5,630.0	\$ 5,740.0	\$ 120.4
Sales and Use	4,093.5	4,025.0	4,025.0	(68.5)
Corporate Income & Franchise	682.6	735.0	750.0	57.4
Public Utility	254.9	253.2	253.2	(1.7)
Excise				
Cigarettes	294.5	296.0	296.0	1.5
Liquor & Wine	38.8	40.0	40.0	1.2
Tobacco Products	17.1	16.7	15.7	(1.4)
Beer	9.6	9.6	9.6	0.0
Insurance Company	110.8	130.0	128.0	17.2
Estate	132.3	100.0	110.0	(22.3)
Miscellaneous Taxes	<u>82.0</u>	<u>84.6</u>	<u>87.6</u>	<u>5.6</u>
TOTAL	\$11,335.7	\$11,320.1	\$11,449.1	\$ 113.4

The May 2005 LFB report also includes other items affecting the General Fund in fiscal year 2004-05. The report projected a shortfall of \$75 million in the Medical Assistance Trust Fund, a shortfall of approximately \$29.7 million (General Fund impact of \$22.5 million) in the fuel and utility appropriation for the University of Wisconsin, and a shortfall of approximately \$7 million in the fuel and utility appropriation for the Department of Corrections. See “STATE BUDGET; FISCAL YEAR 2004-05; Fiscal Year 2004-05 Medicaid Bills” in this APPENDIX A for subsequent events that addressed these projected shortfalls.

A complete copy of the May 2005 memorandum from LFB appears on pages A-9 to A-16 of this Official Statement.

Fiscal Year 2004-05 Medicaid Bills

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 were partially offset by \$10 million of underspending in the BadgerCare program.

On February 22, 2005, the Legislature approved a bill that addressed, in part, this projected shortfall, and Governor Doyle signed this bill into law on February 25, 2005 (2005 Wisconsin Act 2). This act increased the appropriation from the General Fund for this purpose by nearly \$70 million and transferred \$50 million from the General Fund to the Medical Assistance Trust Fund. After giving effect to this act, the shortfall in the Medical Assistance Trust Fund was reduced to approximately \$70 million.

On June 15, 2005, the Legislature approved a bill that addressed the remaining shortfall in the Medical Assistance Trust Fund, and Governor Doyle signed this bill into law on June 22, 2005 (2005 Wisconsin Act 15). This act transferred an additional \$75 million from the General Fund to the Medical Assistance Trust Fund. Furthermore, this act also corrected the shortfalls in the fuel and utility appropriations of the University of Wisconsin and Department of Corrections.

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. While these projections are not required by Wisconsin Statutes, LFB generally provides similar projections each fiscal year. The January 2005 LFB report also includes estimated tax projections for each year of the upcoming biennium.

For the 2004-05 fiscal year, LFB projected that General Fund tax collections would be \$16 million less than the amount the Department of Revenue (DOR) projected in November 2004. The January 2005 LFB report also projected that the General Fund ending 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 projected that General Fund tax collections would be \$16 million less than the amount DOR had projected in November 2004.
- LFB projected that departmental revenues would be \$60 million less than the amount DOA had 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.

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

A copy of the January 2005 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

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

On July 25, 2005, Governor Doyle approved in part, and vetoed in part, the budget bill for the 2005-07 biennium. A two-thirds vote in each house of the Legislature is required to override any veto. The enacted budget was published on July 26, 2005 as 2005 Wisconsin Act 25 and will be effective on July 27, 2005. The enacted budget is available on the world wide web at <http://www.legis.state.wi.us/2005/data/acts/05Act25.pdf>, and Governor Doyle’s veto message is available at http://www.doa.state.wi.us/docs_view2.asp?docid=5001. These items 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

The table on the following page presents a projected General Fund condition statement for the 2005-06 and 2006-07 fiscal years, based on the enacted budget. Tables containing detailed information about the budget approved by the Legislature can be found on pages A-7 and A-8; comparable information about the enacted budget is not yet available.

Executive Budget and Legislature-Approved Budget; 2005-07

On February 8, 2005, Governor Doyle introduced the proposed executive budget for the 2005-06 and 2006-07 fiscal years, and on July 5, 2005, the Legislature approved a budget bill which differed from the proposed executive budget. Governor Doyle’s vetoes modify the budget that was approved by the Legislature.

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

	<u>Enacted Budget 2005-06 Fiscal Year</u>	<u>Enacted Budget 2006-07 Fiscal Year</u>
Revenues		
Opening Balance	\$ 5,900,000	\$ 66,300,000
Taxes	11,957,900,000	12,506,000,000
Department Revenues		
Tribal Gaming	118,600,000	86,300,000
Other	<u>674,800,000</u>	<u>513,600,000</u>
Total Available	12,757,100,000	13,172,300,000
Appropriations		
Gross Appropriations	12,681,700,000	13,178,100,000
Compensation Reserves	90,100,000	178,300,000
Transfer to Budget Stabilization Fund	0	0
Less: Lapses	<u>(316,400,000)</u>	<u>(254,400,000)</u>
Net Appropriations	12,690,800,000	13,101,900,000
Balances		
Gross Balance	66,300,000	70,400,000
Less: Required Statutory Balance	<u>(65,000,000)</u>	<u>(65,000,000)</u>
Net Balance, June 30	\$ 1,300,000	\$ 5,400,000

May 2005 General Fund Revenue Projections—LFB

On May 16, 2005, LFB released General Fund revenue estimates for use by the Wisconsin Legislature. The LFB report also included estimated tax projections for each year of the 2005-07 biennium.

For the 2005-06 and 2006-07 fiscal years, LFB projected that General Fund tax collections would be \$138 million and \$82 million more, respectively, than the amounts LFB projected in January 2005. The following table provides a more detailed comparison of all the General Fund tax collection projections for the 2005-07 biennium. A **complete copy of the May 2005 memorandum from LFB appears on pages A-9 to A-16** of this Official Statement.

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

	2005-06 Fiscal Year			2006-07 Fiscal Year		
	DOR	LFB		DOR	LFB	LFB
	Projections November <u>2004</u>	Projections January <u>2005</u>	LFB Projections <u>May 2005</u>	Projections November <u>2004</u>	Projections <u>January 2005</u>	Projections <u>May 2005</u>
Individual Income	\$ 5,932.6	\$ 6,000.0	\$ 6,130.0	\$ 6,274.7	\$ 6,415.0	\$ 6,490.0
Sales and Use	4,279.8	4,180.0	4,180.0	4,467.8	4,355.0	4,355.0
Corporate Income & Franchise	648.2	675.0	685.0	645.5	660.0	670.0
Public Utility	269.2	267.6	267.6	278.4	281.2	281.2
Excise						
Cigarettes	294.4	294.4	288.0	293.7	293.6	287.0
Liquor & Wine	28.6	40.8	40.8	39.2	41.6	41.6
Tobacco Products	18.6	17.5	16.5	19.8	18.4	17.4
Beer	9.6	9.6	9.6	9.6	9.6	9.6
Insurance Company	136.3	133.0	131.0	137.6	135.0	133.0
Estate	113.2	100.0	105.0	120.2	105.0	110.0
Miscellaneous Taxes	<u>84.2</u>	<u>87.5</u>	<u>89.5</u>	<u>86.4</u>	<u>89.5</u>	<u>91.5</u>
TOTAL	\$11,824.7	\$11,805.4	\$11,943.0	\$12,372.9	\$12,403.9	\$12,486.3

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

State Budget–General Fund^(a)

	Actual 2003-2004 ^(b)	Budget 2003-2004 ^(c)	Budget 2004-2005 ^(c)	Legislature Budget 2005-2006 ^(f)	Legislature Budget 2006-2007 ^(f)
RECEIPTS					
Fund Balance from Prior Year.....	\$ (282,221,000)	\$ (282,221,000)	\$ 133,428,000	\$ 49,457,700 ^(c)	\$ 99,911,400
Tax Revenue					
State Taxes Deposited to General Fund					
Individual Income.....	5,277,119,000	5,220,000,000	5,556,590,000	6,141,000,000	6,481,457,200
General Sales and Use.....	3,899,264,000	3,899,625,000	4,094,750,000	4,181,600,000	4,358,100,000
Corporate Franchise and Income.....	650,526,000	650,000,000	627,050,000	683,320,000	668,752,800
Public Utility.....	269,801,000	261,000,000	271,000,000	267,465,000	281,065,000
Excise					
Cigarette/Tobacco Products.....	307,424,000	305,600,000	302,000,000	304,320,000	304,190,000
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	105,000,000	110,000,000
Insurance Company.....	123,621,000	125,000,000	120,000,000	131,000,000	137,203,000
Other.....	97,331,000	75,100,000	78,000,000	89,500,000	91,500,000
Subtotal.....	10,759,514,000	10,670,025,000	11,189,190,000	11,953,605,000	12,483,468,000
Nontax Revenue					
Departmental Revenue					
Tribal Gaming Revenues ^(d)	n/a	80,276,600	80,595,400	74,553,600	85,899,100
Other.....	284,051,000	328,970,400	329,151,800	323,244,700	411,382,800
Program Revenue-Federal.....	6,333,545,000	5,710,050,800	5,509,198,900	5,899,157,900	6,003,990,000
Program Revenue-Other.....	4,663,830,000	3,052,502,000	3,533,134,400	3,679,298,100	3,769,355,300
Subtotal.....	11,281,426,000	9,171,799,800	9,452,080,500	9,976,254,300	10,270,627,200
Total Available.....	\$ 21,758,719,000	\$ 19,559,603,800	\$ 20,774,698,500	\$ 21,979,317,000	\$ 22,854,006,600
DISBURSEMENTS AND RESERVES					
Commerce.....	310,494,000.00	\$ 266,885,900	\$ 274,448,400	\$ 313,811,100	\$ 320,156,500
Education.....	9,338,633,000	9,182,818,900	9,381,679,500	9,984,836,700	10,194,527,400
Environmental Resources.....	182,335,000	191,037,600	252,105,900	296,476,000	337,809,200
Human Relations and Resources.....	7,936,185,000	7,660,725,800	8,435,726,300	8,527,256,000	9,006,605,100
General Executive.....	2,104,690,000	293,152,400	636,573,200	890,752,800	877,229,000
Judicial.....	110,882,000	110,945,700	110,988,200	113,245,800	113,301,400
Legislative.....	59,302,000	62,468,300	62,479,800	63,707,200	63,637,700
General Appropriations.....	1,673,811,000	1,667,554,700	1,656,183,700	1,912,607,600	1,887,496,800
Subtotal.....	21,716,332,000	19,435,589,300	20,810,185,000	22,102,693,200	22,800,763,100
Less: (Lapses).....	n/a	(242,066,400)	(215,125,400)	(313,341,700)	(228,762,200)
Compensation Reserves.....	n/a	109,152,900	163,019,600	90,054,100	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	0	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	\$ 21,944,405,600	\$ 22,851,303,700
Fund Balance.....	\$ 156,394,000	\$ 98,428,000	\$ (23,380,700)	\$ 34,911,400	\$ 2,702,900
Undesignated Balance.....	\$ 105,200,000	\$ 133,428,000	\$ 16,619,300	\$ 99,911,400	\$ 67,702,900

- (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 Acts 2 and 15, which addressed projected shortfalls for Medical Assistance-related programs and utility fuel costs.
- (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 of the ending balance for the 2004-05 fiscal year, along with certain provisions of 2005 Wisconsin Acts 2 and 15.
- (f) The information in these columns is based on the budget bill that was approved by the Legislature. Due to the governor's vetoes, the enacted budget differs from the budget bill approved by the Legislature. Comparable information about the enacted budget is not yet available.

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)

	Actual 2003-2004^(b)	Budget 2003-2004^(c)	Budget 2004-2005^(c)	Legislature Budget 2005-2006^(b)	Legislature Budget 2006-2007^(b)
RECEIPTS					
Fund Balance from Prior Year.....	\$ (282,221,000)	\$ (282,221,000)	\$ 133,428,000	\$ 49,457,700 ^(g)	\$ 99,911,400
Tax Revenue					
Individual Income.....	5,277,119,000	5,220,000,000	5,556,590,000	6,141,000,000	6,481,457,200
General Sales and Use.....	3,899,264,000	3,899,625,000	4,094,750,000	4,181,600,000	4,358,100,000
Corporate Franchise and Income.....	650,526,000	650,000,000	627,050,000	683,320,000	668,752,800
Public Utility.....	269,801,000	261,000,000	271,000,000	267,465,000	281,065,000
Excise					
Cigarette/Tobacco Products.....	307,424,000	305,600,000	302,000,000	304,320,000	304,190,000
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	105,000,000	110,000,000
Insurance Company.....	123,621,000	125,000,000	120,000,000	131,000,000	137,203,000
Other.....	1,251,834,000	75,100,000 ^(d)	78,000,000 ^(d)	89,500,000 ^(d)	91,500,000 ^(d)
Subtotal.....	11,914,017,000	10,670,025,000	11,189,190,000	11,953,605,000	12,483,468,000
Nontax Revenue					
Departmental Revenue					
Tribal Gaming Revenues ^(e)	-	80,276,600	80,595,400	74,553,600	85,899,100
Other.....	284,051,000	328,970,400	329,151,800	323,244,700	411,382,800
Total Federal Aids.....	6,333,545,000	6,343,733,000	6,172,387,600	6,683,624,600	6,792,558,100
Total Program Revenue.....	4,663,830,000	3,388,287,300	3,533,134,400	3,679,298,100	3,769,355,300
Total Segregated Funds.....	2,851,232,000	3,190,796,700	2,808,703,900	3,039,512,900	2,733,277,800
Bond Authority.....	2,706,057,000	475,000,000	485,000,000	544,797,000	622,735,000
Employee Benefit Contributions ^(f)	12,832,705,000	6,835,282,000	7,203,432,000	7,343,260,000	7,718,157,000
Subtotal.....	29,671,420,000	20,642,346,000	20,612,405,100	21,688,290,900	22,133,365,100
Total Available.....	\$ 41,303,216,000	\$ 31,030,150,000	\$ 31,935,023,100	\$ 33,691,353,600	\$ 34,716,744,500
DISBURSEMENTS AND RESERVES					
Commerce.....	\$ 498,554,000	\$ 458,866,100	\$ 473,052,600	\$ 489,516,100	\$ 493,149,300
Education.....	9,659,543,000	9,284,053,800	9,507,703,400	10,047,962,100	10,257,690,800
Environmental Resources.....	2,947,226,000	2,271,685,400	2,477,859,700	2,755,396,400	3,107,145,700
Human Relations and Resources.....	10,159,591,000	8,564,114,600	8,867,059,700	9,068,535,600	9,195,466,400
General Executive.....	7,713,151,000	782,477,400	791,644,300	1,047,761,700	1,035,609,100
Judicial.....	111,238,000	111,659,000	111,701,500	113,974,200	114,029,800
Legislative.....	59,302,000	62,468,300	62,479,800	63,707,200	63,637,700
General Appropriations.....	2,745,128,000	2,060,528,900	1,990,576,600	2,339,819,500	2,055,880,200
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)	7,744,853,000	2,806,383,000	2,775,115,000	2,498,712,000	2,393,848,000
Subtotal.....	47,474,502,000	30,906,135,500	31,970,509,600	33,814,729,800	34,663,501,000
Less: (Lapses).....	n/a	(242,066,400)	(215,125,400)	(313,341,700)	(228,762,200)
Compensation Reserves.....	n/a	109,152,900	163,019,600	90,054,100	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	0	36,000,000
Change in Continuing Balance.....	(6,327,680,000)	n/a	n/a	n/a	n/a
Total Disbursements & Reserves.....	\$ 41,146,822,000	\$ 30,931,722,000	\$ 31,958,403,800	\$ 33,656,442,200	\$ 34,714,041,600
Fund Balance.....	\$ 156,394,000	\$ 98,428,000	\$ (23,380,700)	\$ 34,911,400	\$ 2,702,900
Undesignated Balance.....	\$ 105,200,000 ^(g)	\$ 133,428,000	\$ 16,619,300	\$ 99,911,400	\$ 67,702,900

(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 Acts 2 and 15, which addressed projected shortfalls for Medical Assistance-related programs and utility fuel costs.

(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 Part II of the Annual Report.

(g) The beginning balance reflects projections by the Legislative Fiscal Bureau of the ending balance for the 2004-05 fiscal year, along with certain provisions of 2005 Wisconsin Acts 2 and 15.

(h) The information in these columns is based on the budget bill that was approved by the Legislature. Due to the governor's vetoes, the enacted budget differs from the budget bill approved by the Legislature. Comparable information about the enacted budget is not yet available.

Sources: Legislative Fiscal Bureau and Department of Administration.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 16, 2005

Senator Scott Fitzgerald, Senate Chair
Representative Dean Kaufert, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53703

Dear Senator Fitzgerald and Representative Kaufert:

In January of 2005, this office prepared estimates of general fund tax collections for 2004-05 and the two years of the 2005-07 biennium. These figures were incorporated into the Governor's 2005-07 budget bill.

Recently, tax collections data for April became available and the May, 2005, national economic forecast by Global Insight, Inc. was released. Based upon our review of tax collections data and the new economic forecast, we now believe that general fund tax revenues will be higher than the amounts estimated last January by \$129.0 million in 2004-05, \$137.6 million in 2005-06, and \$82.4 million in 2006-07. The three-year increase in the estimates is \$349.0 million, or slightly less than 1%.

The increase is primarily due to the individual income tax, which has shown strong growth in collections in recent months. In addition, the forecast of personal income growth in 2004 and 2005 has been revised upward since January. More modest increases are estimated for the corporate income and franchise tax, estate tax, and real estate transfer fee. Small decreases are estimated for insurance taxes and the excise taxes on cigarettes and tobacco products. The estimates for the sales tax, public utility taxes, and excise taxes on beer, wine, and liquor have not been changed.

Table 1 shows the revised tax revenue estimates and Table 2 outlines the May, 2005, economic forecast by Global Insight, Inc. The tax revenue estimates in Table 1 reflect current law and do not incorporate any of the law changes recommended by the Governor in the budget bill. The sections following the tables present additional detail about the economic forecast and the new revenue estimates.

TABLE 1
Projected General Fund Tax Collections
(\$ in Millions)

	<u>2003-05 Biennium</u>		<u>2005-07 Biennium</u>	
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
Individual Income	\$5,277.1	\$5,740.0	\$6,130.0	\$6,490.0
General Sales and Use	3,899.3	4,025.0	4,180.0	4,355.0
Corporate Income & Franchise	650.5	750.0	685.0	670.0
Public Utility	269.8	253.2	267.6	281.2
Excise				
Cigarette	291.3	290.0	288.0	287.0
Liquor and Wine	38.5	40.0	40.8	41.6
Tobacco Products	16.1	15.7	16.5	17.4
Beer	9.6	9.6	9.6	9.6
Insurance Company	123.6	128.0	131.0	133.0
Estate	86.4	110.0	105.0	110.0
Miscellaneous Taxes	<u>77.1</u>	<u>87.6</u>	<u>89.5</u>	<u>91.5</u>
TOTAL	\$10,739.3	\$11,449.1	\$11,943.0	\$12,486.3
Change from Prior Year		\$709.8	\$493.9	\$543.3
Percent Change		6.6%	4.3%	4.5%

TABLE 2
Summary of National Economic Indicators
Global Insight, Inc.
May, 2005
(\$ in Billions)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Nominal GDP	\$11,735.0	\$12,447.0	\$13,076.4	\$13,729.6
% Change	6.6%	6.1%	5.1%	5.0%
Real GDP	\$10,841.9	\$11,213.5	\$11,534.5	\$11,866.4
% Change	4.4%	3.4%	2.9%	2.9%
CPI	2.7%	2.9%	2.1%	1.9%
Personal Income	\$9,673.0	\$10,215.8	\$10,800.8	\$11,373.9
% Change	5.6%	5.6%	5.7%	5.3%
Personal Consumption	\$8,229.9	\$8,708.4	\$9,115.9	\$9,551.6
% Change	6.0%	5.8%	4.7%	4.8%
Economic Profits	\$1,181.6	\$1,359.2	\$1,350.7	\$1,372.7
% Change	15.7%	15.0%	-0.6%	1.6%
Unemployment Rate	5.5%	5.2%	5.2%	5.3%

National Economic Forecast

Nominal (current-dollar) gross domestic product (GDP) grew by an estimated 6.6% in 2004, and real (inflation-adjusted) GDP increased by 4.4%, which was the strongest rate of economic growth since 1999. The January, 2005, economic forecast by Global Insight, Inc. (which was used for the previous tax revenue estimates) projected that positive growth would continue over the next three years, but that the rate of growth would decelerate.

As with the January forecast, Global Insight, Inc.'s May economic forecast anticipates continued positive growth through 2007, with slower rates of growth occurring in 2006 and 2007. Nominal GDP is expected to increase by 6.1% in 2005, 5.1% in 2006, and 5.0% in 2007. Compared to the January forecast, the 2005 growth rate is 0.4% higher and the growth rates in 2006 and 2007 are slightly lower (-0.1% in 2006 and -0.2% in 2007). However, growth in real GDP is expected to be significantly lower in 2006 and 2007 than was forecast in January. Specifically, real GDP growth is now projected to be 3.4% in 2005 and 2.9% in 2006 and 2007. These estimates are lower than the January figures by 0.1% in 2005 and 0.5% in 2006 and 2007. Essentially, the current forecast assumes that lower real economic growth will be accompanied by higher inflation, which will result in small changes to nominal growth.

Inflation, as measured by the consumer price index (CPI), is now estimated at 2.9% in 2005, 2.1% in 2006, and 1.9% in 2007. While these estimates are still low by historical standards, they exceed the January projections by 0.7% in 2005, 0.5% in 2006, and 0.1% in 2007. Estimates of other measures of inflation have been increased more significantly since January. Inflation in producer prices is now expected to exceed the January estimates by 2.1% in 2005, 1.5% in 2006, and 0.4% in 2007 for finished goods; by 2.8% in 2005 and 2.2% in 2006 for intermediate materials; and by 9.9% in 2005, 2.4% in 2006, and 1.9% in 2007 for crude materials. The new inflation estimates primarily reflect high prices for oil and other commodities. In addition, productivity growth has slowed, which has raised unit labor costs. The forecast assumes that oil prices will remain at approximately \$50 per barrel through the end of 2005 and then fall slightly to \$48 per barrel during 2006.

As expected, on May 5, the Federal Reserve increased the federal funds rate by a quarter-point, from 2.75% to 3%. This was the eighth 0.25% increase since June, 2004. The forecast assumes that, in the near-term, inflation is more of a concern for the Federal Reserve than a potential recession, and that the measured rate increases will continue through the end of 2005. It is anticipated that the federal funds rate will be raised to 4% by the end of this year and to 4.5% by early 2008, with a pause in rate hikes during 2006.

Personal income growth is projected at 5.6% in 2005, 5.7% in 2006, and 5.3% in 2007. The current estimate for 2005 is higher than the January estimate by 0.4%. The anticipated growth rate in 2006 is the same as the January forecast while the 2007 estimate is 0.3% lower. In addition, personal income growth for 2004 has been revised upward by 0.2% since January. Personal consumption growth in 2005 is expected to be nearly 1% higher than the January estimate and slightly lower in 2006 and 2007.

Corporate profits continue to show strong growth, and the current estimate for growth in economic profits in 2005 has been revised upward by 8.3% (from 6.7% in the January forecast to 15.0% in the May forecast). As in the January forecast, growth in profits is expected to slow considerably in 2006 and 2007, due to both slower growth in demand and higher business costs. The current growth estimates are lower than the January figures by 2% in 2006 and 1% in 2007.

As noted, in terms of current dollars, the May forecast is very close to the January forecast, with somewhat higher growth expected this year and slightly slower growth rates in 2006 and 2007. However, real growth is expected to be lower than previously estimated due, in part, to the impact of higher oil prices and interest rates. Both the January and May forecasts anticipate that growth will slow from the pace seen in 2004, but the May forecast assumes that the deceleration began earlier than previously estimated (in the first quarter of 2005 rather than the second quarter).

Recent economic data has been mixed. Business investment and some profit reports were lower than expected in the first quarter, while inventories grew. In addition, the stock market experienced losses after two strong years in 2003 and 2004. On the other hand, the housing market, personal income, job growth, and personal consumption exceeded expectations. In January it was projected that real GDP growth would be 3.6% in the first quarter of 2005 and that nominal growth would be 6.0%. Real first-quarter growth is now estimated at 3.1% (0.5% lower than the January estimate), while nominal first-quarter growth is estimated at 6.4% (0.4% higher). It is believed that the high oil prices are leading to lower levels of real spending and real economic growth, while the higher price levels are maintaining nominal growth rates at levels very close to the previous estimates. This trend is expected to continue through 2007.

Positive aspects to the economy include strong corporate profits and finances, relatively low long-term interest rates, continued strength in the housing market, and a greater than expected increase in employment in April. In addition to high oil prices, negative factors include an expected slow-down in consumer spending and low levels of household savings, less vigorous foreign demand, the risk that U.S. companies may be becoming averse to investing and expanding, and a reduced capacity for the federal government and state and local governments to provide fiscal stimulus. Also, in recent years, the U.S. has become more reliant on financing from foreign central banks, particularly in Asia. There is concern that foreign central banks will become uncomfortable with their exposure to the dollar and, in response, reduce their rate of investment in this country. This could put downward pressure on the dollar and lead to increased interest rates in order to attract alternate sources of capital.

As in the January forecast, Global Insight, Inc. has prepared two alternative forecasts, each with a probability of 20%. The optimistic scenario assumes that productivity, foreign economic growth, business investment, and housing activity are all stronger than under the baseline forecast. The federal budget deficit, oil prices, inflation, and interest rates are assumed to be somewhat lower. Under this scenario, real GDP growth would be higher than the baseline estimates by 0.3% in 2005, 1.1% in 2006, and 0.6% in 2007. Under the pessimistic alternative, less capacity exists in the U.S. and global economies, the dollar falls rapidly, and inflation and interest rates are higher than under the baseline forecast. The economy would continue to expand, but the growth rates would be lower by 0.3% in 2005, 1.4% in 2006, and 1.2% in 2007.

Revised General Fund Tax Estimates

Individual Income Tax. Individual income tax receipts are reestimated at \$5,740.0 million in 2004-05, \$6,130.0 million in 2005-06, and \$6,490.0 million in 2006-07. The revised figures exceed the January projections by \$110.0 million in 2004-05, \$130.0 million in 2005-06, and \$75.0 million in 2006-07.

In January, it was estimated that income tax collections in 2004-05 would increase by 6.7% over collections for 2003-04, based on the economic forecast and assumptions about taxable personal income growth at the time. The reestimate is based on year-to-date tax collections that are stronger than had been anticipated in the January estimate for 2004-05, in addition to an improved forecast for personal income growth in 2005 compared to January. The revised estimate for 2004-05 also reflects an anticipated adjustment in the year-end accrual process related to withholding tax receipts. The estimates for the 2005-07 biennium have also been increased, in order to reflect a higher 2004-05 base year, the adjustment to the accrual process in 2004-05, and slight reductions in anticipated growth in the second year.

Corporate Income and Franchise Tax. Corporate income and franchise tax collections in the current fiscal year have been stronger than anticipated. Both total collections and estimated payments are more than 17% higher than for the same period in 2003-04. Consequently, corporate income and franchise tax revenue estimates have been revised upward. Collections are now projected to be \$750.0 million in 2004-05, \$685.0 million in 2005-06, and \$670.0 million in 2006-07. Declining collections in 2005-06 and 2006-07 reflect the forecast of a slowing economy, declining industrial production, and reduced business investment. In January, estimated corporate income and franchise tax revenues were \$735.0 million in 2004-05, \$675.0 million in 2005-06, and \$660.0 million in 2006-07.

Excise Taxes. In January, cigarette tax revenues were estimated at \$296.0 million in 2004-05, \$294.4 million in 2005-06, and \$293.6 million in 2006-07. Based on collections through April, 2005, the 2004-05 estimate has been revised downward by \$6.0 million to \$290.0 million. The estimates for the 2005-07 biennium have also been revised downward; the reestimated figures are \$288.0 million in 2005-06 and \$287.0 million in 2006-07, which are \$6.4 million lower in 2005-06 and \$6.6 million lower in 2006-07 than the January estimates. The new estimates are consistent with the general downward trend in cigarette tax collections in recent years.

Tobacco products tax revenues have also been revised downward compared to the January projections. In January, tobacco products taxes were estimated at \$16.7 million in 2004-05. However, based on collections through April, tobacco products taxes are currently estimated at \$15.7 million in 2004-05. The estimates for 2005-06 and 2006-07 have also each been reduced by \$1.0 million per year, to the current projections of \$16.5 million in 2005-06 and \$17.4 million in 2006-07.

Insurance Premiums Taxes. Insurance premiums tax estimates have been revised slightly downward to reflect somewhat slower year-to-date collections. Premiums tax revenues are now

projected to be \$128.0 million in 2004-05, \$131.0 million in 2005-06, and \$133.0 million in 2006-07. These numbers are lower than the January estimates by \$2.0 million in each year.

Estate Tax. Based on the strength of year-to-date collections, estate tax revenues for 2004-05 are reestimated at \$110.0 million in 2004-05, which is \$10.0 million more than the January estimate of \$100.0 million.

In addition, estate tax revenues for 2005-06 and 2006-07 are reestimated at \$105.0 million and \$110.0 million for the two years, respectively. These estimates are \$5.0 million more in each year than the January estimates. The decline estimated for 2005-06 from the current projection for 2004-05 is based, in part, on an interaction between federal and state estate taxes starting with deaths occurring in 2005 (when federal law shifted from providing a state death tax credit to a deduction for state death taxes paid) that is expected to reduce state estate tax receipts by approximately \$5 million annually.

It should be noted, however, that annual estate tax collections are significantly affected by the settlement, or lack thereof, of a small number of large estates. Collections may, therefore, vary considerably from year to year.

Miscellaneous Taxes. Tax revenues from miscellaneous taxes have been increased by \$3.0 million in 2004-05, and \$2.0 million in each year of the 2005-07 biennium. The anticipated increases are from the real estate transfer fee and are based, primarily, on strong growth in year-to-date collections. The estimates for the remaining miscellaneous taxes, municipal and circuit court-related fees and the occupational tax on coal, have not been revised. Total miscellaneous tax revenues are estimated at \$87.6 million in 2004-05, \$89.5 million in 2005-06, and \$91.5 million in 2006-07.

Other Items Affecting the General Fund

As indicated, the general fund tax reestimates of this memorandum reflect additional projected collections of \$349.0 million. There are other items, however, that will potentially affect the general fund that are important to note.

2004-05 Appropriation Shortfalls. 2005 Act 2 provided \$119.8 million to partially address the 2004-05 shortfall in the medical assistance (MA) benefits program. The remaining shortfall of \$75 million reflects a projected deficit in the MA trust fund. Thus, \$75 million would need to be credited to the MA trust fund in 2004-05 in order for the fund to have a \$0 balance at the end of the fiscal year.

In addition to the \$75 million noted above, it is estimated that the University's fuel and utility appropriation for 2004-05 faces a shortfall of \$29.7 million. The amount of GPR for this shortfall depends upon how much of it would be funded from tuition or other UW sources. If the \$29.7 million were to be funded by the traditional GPR-to-fee ratio, an estimated \$22.5 million GPR would need to be appropriated.

Finally, it is estimated that the Department of Corrections faces a \$7.3 million shortfall in 2004-05 in its GPR appropriation for fuel and utilities.

2005-07 Items. There are three items in the 2005-07 budget bill (AB 100) that should be noted.

The first relates to tribal gaming revenues. The AB 100 general fund condition statement shows general fund revenue from tribal gaming totaling \$102.3 million in 2005-06 and \$120.8 million in 2006-07. Generally, tribal payments to the state in 2005-06 and 2006-07 will be based on a percentage of net casino revenue (revenue remaining after winnings are paid out). The percentages, which are established in the 2003 gaming compact amendments, vary by tribe. The bill generally assumes that net casino revenue would increase by 15% each year for each tribe. In some cases, larger one-time increases were also assumed in certain years.

By utilizing the actual revenue growth factors experienced by each tribe between 2003 and 2004 to project future net casino revenue, state revenue in 2005-06 and 2006-07 can be reestimated. Under the reestimate, general fund revenue would be projected to total \$74.1 million in 2005-06 and \$85.3 million in 2006-07. (As under AB 100, this assumes that the \$30.0 million annual payments from the Ho-Chunk Nation relating to the 2003-05 biennium will be made in the 2005-07 biennium.) These revised estimates are lower than the amounts under the budget bill by \$28.2 million in 2005-06 and \$35.5 million in 2006-07.

Following the resolution of certain gaming-related legal issues before the Wisconsin Supreme Court, the renegotiation of the 2003 gaming compact amendments, and the completion of anticipated casino expansion projects by certain tribes, state revenue could increase from these reestimated amounts. However, the timing of these events is uncertain and may not significantly affect state revenue in the 2005-07 biennium.

Second, a base reestimate in the MA benefits program indicates the need for additional GPR of \$32.6 million in 2005-07 over the amounts contained in AB 100. The estimate calls for an addition of \$14.2 million in 2005-06 and \$18.4 million in 2006-07.

Third, estimates of the homestead and earned income tax credits indicate that these sum sufficient appropriations should be increased, above those contained in AB 100, by \$9.5 million and \$12.0 million GPR, respectively, for the 2005-07 biennium. The increase in the homestead tax credit amounts are estimated at \$5.0 million in 2005-06 and \$4.5 million in 2006-07. The adjustment for the earned income tax credit appropriation is \$5.3 million in 2005-06 and \$6.7 million in 2006-07.

If general fund appropriations were increased to cover all of the shortfalls identified above, and if the lower amount of tribal gaming revenues is considered, the 2005-07 general fund balance would be reduced by an estimated \$222.6 million. These modifications, along with the estimated

\$349.0 million increase in tax revenues, would result in a net increase to the general fund of \$126.4 million.

This office will continue to review other appropriations of AB 100. During the course of that review, there will likely be other modifications that will affect the general fund both positively and negatively. For example, it appears that the debt service amounts in AB 100 can be reestimated downward. We will notify you and your colleagues of those and other reestimates once our analysis is completed.

Sincerely,

A handwritten signature in black ink that reads "Bob". The letters are cursive and somewhat stylized.

Robert Wm. Lang
Director

cc: Members, Wisconsin Legislature

RWL/sas

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 June 30, 2005.

Previous General Fund cash flow projections assumed that all payments from tribal governments called for under the gaming compacts would be received, notwithstanding the Wisconsin Supreme Court's ruling in May 2004 that certain amendments to the gaming compacts were invalid. At the time of the decision, it was uncertain whether or to what extent the tribal governments would make those payments. For the fiscal year ending June 30, 2004, the State received the expected payments for all but one tribal government, which did not make its payment of about \$30 million. For the fiscal year ending June 30, 2005, as reflected in the following tables, the State received the expected payments from all but two tribal governments. One tribal government placed its payment of about \$40 million in escrow for release to the State upon completion of a new amendment to its gaming compact. The other tribal government did not make its payment of about \$30 million.

The following tables also reflect the provisions of 2005 Wisconsin Acts 2 and 15, which collectively address the shortfalls in the Medical Assistance Trust Fund by increasing a GPR appropriation for medical assistance by \$70 million, and transferring an additional amount of \$125 million from the General Fund to the Medical Assistance Trust Fund.

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 were 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.

Operating notes were not issued for the 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 can have a negative cash balance 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 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	\$1,216,964	\$371,940	\$582,997	\$1,003,050
Ending Balance^(c)	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,173,280	\$1,216,964	\$371,940	\$582,997	\$1,003,050	(\$193,683)
Lowest Daily Balance^(c)	(\$431,440)	(\$436,769)	\$53,578	\$403,787	\$383,199	(\$351,824)	\$205,179	\$796,175	\$295,070	\$81,325	\$480,441	(\$285,950)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$533,817	\$540,819	\$571,670	\$464,819	\$526,873	\$430,598	\$962,378	\$459,605	\$496,915	\$869,372	\$570,200	\$600,468
Sales & Use	380,702	389,894	384,632	378,842	371,408	334,261	408,819	309,549	309,647	344,001	346,925	380,569
Corporate Income	30,839	16,739	144,521	34,036	36,179	161,303	20,921	19,052	202,608	31,571	20,753	158,057
Public Utility	0	38	179	3,948	131,313	497	2,419	10	74	1,692	128,910	1,289
Excise	29,945	32,206	32,708	31,917	29,395	30,788	29,490	27,527	24,774	27,147	28,569	30,842
Insurance	295	2,305	27,417	229	1,496	58,508	910	17,530	26,784	27,272	1,300	28,774
Inheritance	8,654	7,954	14,003	10,329	9,156	5,230	6,824	12,383	10,523	7,543	7,804	13,485
Subtotal Tax Receipts	\$984,252	\$989,955	\$1,175,130	\$924,120	\$1,105,820	\$1,021,185	\$1,431,761	\$845,656	\$1,071,325	\$1,308,598	\$1,104,461	\$1,213,484
NON-TAX RECEIPTS												
Federal	\$344,173	\$535,363	\$537,338	\$462,100	\$546,148	\$456,585	\$506,599	\$559,541	\$626,099	\$440,758	\$540,908	\$524,516
Other & Transfers ^(d)	196,901	339,783	411,016	330,993	241,754	155,269	478,650	427,854	162,532	292,897	249,827	337,730
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	\$987,395	\$788,631	\$733,655	\$790,735	\$862,246
TOTAL RECEIPTS	\$1,525,326	\$1,865,101	\$2,123,484	\$1,717,213	\$1,893,722	\$1,633,039	\$2,417,010	\$1,833,051	\$1,859,956	\$2,042,253	\$1,895,196	\$2,075,730
DISBURSEMENTS												
Local Aids ^{(e)(f)}	\$835,926	\$170,248	\$670,948	\$115,497	\$774,303	\$1,163,305	\$196,800	\$232,064	\$1,176,452	\$93,211	\$249,705	\$1,842,612
Income Maintenance	383,180	416,654	427,137	405,086	419,216	390,891	444,808	432,390	460,679	440,792	407,448	431,897
Payroll and Related	390,998	244,728	314,918	378,189	319,992	326,967	359,515	327,431	371,284	471,104	248,414	312,525
Tax Refunds	49,162	55,304	51,246	50,655	64,252	127,443	73,997	437,298	366,230	311,188	132,115	137,268
Debt Service	0	687	0	118,493	1,108	0	0	1,547	0	216,976	35,279	0
Miscellaneous ^(g)	276,284	336,913	332,051	309,893	277,867	331,949	373,789	358,637	330,335	297,925	402,182	548,161
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	\$1,789,367	\$2,704,980	\$1,831,196	\$1,475,143	\$3,272,463

(a) This table reflects the provisions of 2005 Wisconsin Act 2 and 2005 Wisconsin Act 15, which collectively address the shortfall in the Medical Assistance Trust Fund. This table also reflects that, for payments due from tribal governments called for under the gaming compacts, as amended and after giving effect to the Wisconsin Supreme Court's ruling in May 2004 that certain amendments to the gaming compacts were invalid, the State received the expected payments from all but two tribal governments. One tribal government placed its payment of about \$40 million in escrow for release to the State upon completion of a new amendment to its gaming compact. The other tribal government did not make its payment of about \$30 million. Does 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 was 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.

(g) Includes \$50 million and \$75 million that have been separately transferred from the General Fund to the Medicaid Trust Fund.

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 June 30, 2005
(Amounts in Thousands)

	FY04 through June 2004	FY05 through June 2005				Difference FY04 Actual to FY05 Actual
	Actual	Actual	Estimate ^(b)	Variance	Adjusted Variance ^(c)	
RECEIPTS						
Tax Receipts						
Individual Income	\$ 6,520,758	\$ 7,027,534	\$ 6,855,000	\$ 172,534	\$ 172,534	\$ 506,776
Sales	4,185,129	4,339,249	4,376,000	(36,751)	(36,751)	154,120
Corporate Income	775,303	876,579	841,200	35,379	35,379	101,276
Public Utility	276,945	270,369	270,800	(431)	(431)	(6,576)
Excise	367,140	355,308	364,100	(8,792)	(8,792)	(11,832)
Insurance	160,708	192,820	165,000	27,820	27,820	32,112
Inheritance	88,274	113,888	103,600	10,288	10,288	25,614
Total Tax Receipts	\$ 12,374,257	\$ 13,175,747	\$ 12,975,700	\$ 200,047	\$ 200,047	\$ 801,490
Non-Tax Receipts						
Federal	\$ 6,254,404	\$ 6,080,128	\$ 6,021,700	\$ 58,428	\$ 58,428	\$ (174,276)
Other and Transfers	4,331,324	3,625,206	3,977,000	(351,794)	(351,794)	(706,118)
Note Proceeds	400,000	-	-	-	-	(400,000) ^(d)
Total Non-Tax Receipts	\$ 10,985,728	\$ 9,705,334	\$ 9,998,700	\$ (293,366)	\$ (293,366)	\$ (1,280,394)
TOTAL RECEIPTS	\$ 23,359,985	\$ 22,881,081	\$ 22,974,400	\$ (93,319)	\$ (93,319)	\$ (478,904)
DISBURSEMENTS						
Local Aids	\$ 7,761,669	\$ 7,503,309	\$ 7,606,662	\$ 103,353	\$ 103,353	\$ (258,360)
Income Maintenance	4,140,437	5,053,635	5,163,830	110,195	110,195	913,198
Payroll & Related	3,917,215	4,066,065	4,105,792	39,727	39,727	148,850
Tax Refunds	1,876,440	1,856,158	1,984,212	128,054	128,054	(20,282)
Debt Service	237,156	374,090	456,723	82,633	82,633	136,934
Miscellaneous	4,744,458	4,200,291	3,736,774	(463,517)	(463,517)	(544,167)
Note Repayment	402,706	-	-	-	-	(402,706)
TOTAL DISBURSEMENTS	\$ 23,080,081	\$ 23,053,548	\$ 23,053,993	\$ 445	\$ 445	\$ (26,533)
VARIANCE FY05 YEAR-TO-DATE				\$ (92,874)	\$ (92,874)	

- (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) This table reflects the provisions of 2005 Act 2 and 2005 Act 15, which collectively address the shortfall in the Medical Assistance Trust Fund. This table also reflects that, for payments due from tribal governments called for under the gaming compacts, as amended and after giving effect to the Wisconsin Supreme Court's ruling in May 2004 that certain amendments to the gaming compacts were invalid, the State received the expected payments from all but two tribal governments. One tribal government placed its payment of about \$40 million in escrow for release to the State upon completion of a new amendment to its gaming compact. The other tribal government did not make its payment of about \$30 million.
- (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 were not 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 June 30, 2005 — Actual^(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 ^(a)		2,030,380	2,848,351
	July.....	(301,120) ^(a)		1,676,451	1,997,749
	August.....	(622,418) ^(a)		1,461,025	1,239,109
	September.....	(400,502) ^(a)		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 ^(a)		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) ^(a)		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		1,833,051	1,789,367
	March.....	1,216,964		1,859,956	2,704,980
	April.....	371,940		2,042,253	1,831,196
	May.....	582,997		1,895,196	1,475,143
	June.....	1,003,050 ^(a)		2,075,730	3,272,463

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

^(b) This table reflects the provisions of 2005 Act 2 and 2005 Act 15, which collectively address the shortfall in the Medical Assistance Trust Fund. This table also reflects that, for payments due from tribal governments called for under the gaming compacts, as amended and after giving effect to the Wisconsin Supreme Court's ruling in May 2004 that certain amendments to the gaming compacts were invalid, State received the expected payments from all but two tribal governments. One tribal government placed its payment of about \$40 million in escrow for release to the State upon completion of a new amendment to its gaming compact. The other tribal government did not make its payment of about \$30 million.

^(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 and 2004-05 fiscal years.

^(d) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount was 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 June 30, 2005 — Actual
(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	960
March		1,203	1,179	1,043
April		1,133	1,157	964
May		1,187	1,163	1,045
June		1,279	1,054	1,183
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	3,984
March		5,438	5,197	4,101
April		5,113	4,707	3,749
May		4,674	4,417	3,627
June		4,835	4,274	3,905
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	

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 June 30, 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 June 30, 2004 ^(d)	Recorded Revenues July 1, 2004 to June 30, 2005 ^(e)
Individual Income Tax	\$ 5,277,119,000	\$ 5,557,000,000	\$ 4,849,907,567	\$ 5,310,911,477
General Sales and Use Tax	3,899,264,000	4,095,000,000	3,515,894,222	3,623,572,533
Corporate Franchise and Income Tax	650,526,000	627,000,000	656,457,961	769,425,013
Public Utility Taxes	269,801,000	271,000,000	268,244,412	253,064,010
Excise Taxes	355,495,000	351,800,000	325,978,235	322,945,961
Inheritance Taxes	86,357,000	90,000,000	86,693,559	112,371,418
Insurance Company Taxes	123,621,000	120,000,000	95,686,338	101,768,016
Miscellaneous Taxes	97,331,000	78,000,000	89,871,865	99,262,611
SUBTOTAL.....	<u>\$ 10,759,514,000</u>	<u>\$ 11,189,800,000</u>	<u>9,888,734,158</u>	<u>10,593,321,040</u>
Federal and Other Inter- Governmental Revenues ^(f)	\$ 6,617,596,000	\$ 5,509,000,000	6,246,779,263	6,133,390,658
Dedicated and Other Revenues ^(g)	<u>4,663,830,000</u>	<u>3,943,000,000</u>	<u>5,214,521,339</u>	<u>3,842,955,894</u>
TOTAL.....	<u>\$ 22,040,940,000</u>	<u>\$ 20,641,800,000</u>	<u>\$ 21,350,034,760</u>	<u>\$ 20,569,667,592</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 general fund taxes are based on the re-estimates of departmental revenues and expenditures that LFB released on January 15, 2004 and the general fund tax collection estimates 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 nor the provisions of 2005 Wisconsin Act 2 and 2005 Wisconsin Act 15, which collectively address the shortfall in the Medical Assistance Trust Fund. The projections assume that all payments from tribal governments called for under the gaming compacts will be received, notwithstanding the Wisconsin Supreme Court's ruling in May 2004 that certain amendments to the gaming compacts were invalid. At the time of the decision, it was uncertain whether or to what extent the tribal governments would make those payments. For the fiscal year ending June 30, 2004, the State received the expected payments for all but one tribal government, which did not make its payment of about \$30 million. For the fiscal year ending June 30, 2005, the State received the expected payments from all but two tribal governments. One tribal government placed its payment of about \$40 million in escrow for release to the State upon completion of a new amendment to its gaming compact. The other tribal government did not make its payment of about \$30 million.
- (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 June 30, 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 June 30, 2004 ^(d)	Recorded Expenditures July 1, 2004 to June 30, 2005 ^(e)
Commerce.....	\$ 310,494,000	\$ 274,448,400	\$ 270,000,490	\$ 247,023,318
Education.....	9,338,633,000	9,381,679,500	9,308,007,709	9,579,549,079
Environmental Resources.....	182,335,000	252,105,900	174,897,331	217,932,095
Human Relations & Resources	7,936,185,000	8,435,726,300	7,879,374,217	8,858,598,944
General Executive.....	2,104,690,000	636,573,200	2,126,661,511	641,648,013
Judicial.....	110,882,000	110,988,200	107,154,470	110,547,548
Legislative.....	59,302,000	62,479,800	55,878,728	53,852,007
General Appropriations.....	1,673,811,000	1,656,183,700	1,653,963,904	1,635,548,223
TOTAL.....	\$ 21,716,332,000	\$ 20,810,185,000	\$ 21,575,938,361	\$ 21,344,699,226

- (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.

Part III—Introduction Table (Page 81). Update the table with the following:

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

APPENDIX B

State of Wisconsin General Obligation Issuance Status Report June 15, 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 D</u>	<u>Total Authorized Unissued Debt^(c)</u>
University of Wisconsin; academic facilities.....	\$ 1,107,898,000	\$ 973,992,229	\$ 12,046,136	\$ 43,920,000	\$ 77,939,635
University of Wisconsin; self-amortizing facilities.....	992,385,200	677,292,621	1,643,606	20,445,000	293,003,973
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	211,080,526	13,392	52,100,000	308,806,082
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818		139,438
Clean water fund program.....	637,743,200	442,334,053		8,000,000	187,409,147
Safe drinking water loan program.....	26,210,000	25,506,520			703,480
Natural resources; nonpoint source grants.....	85,310,400	64,910,658	132,570	3,625,000	16,642,172
Natural resources; nonpoint source compliance.....	2,000,000	2,000,000			
Natural resources; environmental repair.....	48,000,000	34,899,374	161,017	1,725,000	11,214,609
Natural resources; urban nonpoint source cost-sharing.....	22,400,000	11,403,850		1,390,000	9,606,150
Natural resources; environmental segregated fund supported administrative facilities.....	6,770,400	3,652,756		1,295,000	1,822,644
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	6,007,994		575,000	17,006
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	874,924,068	18,513,076	3,100	53,156
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,312,599	6,287,401		
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006		
Natural resources; local parks land acquisition and development.....	2,490,000	2,447,741	42,259		
Natural resources; recreation development.....	23,061,500	22,871,110	141,227		49,163
Natural resources; land acquisition.....	45,608,600	45,116,930	491,671		

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
June 15, 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 D</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	25,047,802	45,287	1,500,000	18,703,811
Natural resources; general fund supported administrative facilities.....	10,882,400	10,580,127	21,432	20,000	260,841
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	400,000	4,630,776
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	1,457,921		35,000	48,507,079
Transportation; accelerated highway improvements.....	185,000,000	185,000,000			
Transportation; connecting highway improvements.....	15,000,000	15,000,000			
Transportation; federally aided highway facilities.....	10,000,000	10,000,000			
Transportation; highway projects.....	41,000,000	41,000,000			
Transportation; major highway and rehabilitation projects.....	565,480,400	565,480,400			
Transportation; harbor improvements.....	28,000,000	20,718,190	232,605	520,000	6,529,205
Transportation; rail acquisitions and improvements.....	32,500,000	27,344,625	16	2,000,000	3,155,359
Transportation; local roads for job preservation, state funds.....	2,000,000	1,958,357		41,600	43
Corrections; correctional facilities.....	793,787,700	771,202,362	11,467,003	3,500,000	7,618,336
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99		5,221,463
Corrections; juvenile correctional facilities.....	27,726,500	25,488,556	102,026		2,135,918
Health and family services; mental health and secure treatment facilities.....	129,057,200	121,505,268	895,124	300,000	6,356,808

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
June 15, 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 D</u>	<u>Total Authorized Unissued Debt^(c)</u>
Agriculture; soil and water.....	20,575,000	12,908,000	1,248	1,350,000	6,315,752
Agriculture; conservation reserve enhancement...	40,000,000	8,838,000		385,000	30,777,000
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	403,954,121	2,329,712	1,000,000	72,804,667
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		
Building commission; project contingencies.....	47,961,200	38,490,000	62,251	2,000,000	7,408,949
Building commission; capital equipment acquisition.....	117,042,900	106,004,191	729,518	2,000,000	8,309,191
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	1,198,455,606	6,188,961	35,443,800	255,812,633
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities....	10,000,000	10,000,000			
HR Academy, Inc.....	1,500,000	1,500,000			
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	25,000,000			3,000,000	22,000,000
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
June 15, 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 D</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	17,309,539	37,069		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	2,050,652,395	2,133,000		68,054,605
Veterans affairs; refunding bonds.....	840,000,000	721,169,245			118,830,755
Veterans affairs; self-amortizing facilities.....	34,412,600	7,277,500	501		27,134,599
State fair park board; board facilities.....	13,587,100	13,052,010		22,000	513,090
State fair park board; housing facilities.....	11,000,000	10,999,990	15		
State fair park board; self-amortizing facilities.....	56,787,100	51,049,800	22,328	44,500	5,670,472
Total.....	<u>\$16,627,837,488</u>	<u>\$14,519,256,927</u>	<u>\$66,333,631</u>	<u>\$186,640,000</u>	<u>\$1,855,607,036</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)

\$186,640,000

STATE OF WISCONSIN

GENERAL OBLIGATION BONDS OF 2005, SERIES D

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$186,640,000 General Obligation Bonds of 2005, Series D, dated August 11, 2005 (**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 June 15, 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



**FINANCIAL
SECURITY
ASSURANCE®**

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud, whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)