

**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.*

**\$96,780,000**  
**STATE OF WISCONSIN**  
**GENERAL OBLIGATION REFUNDING BONDS OF 2006, SERIES 1**

**Dated: Date of Delivery**

**Due: May 1 as shown below**

**Ratings—See page 3**

Based on MBIA	Underlying	
<u>Insurance</u>	<u>Rating</u>	
AAA	AA-	Fitch Ratings
Aaa	Aa3	Moody's Investors Service, Inc.
AAA	AA-	Standard & Poor's Ratings Services

**Tax Exemption** Interest on the Bonds is excluded from gross income, and is not included as an item of tax preference, for federal income tax purposes. Interest on the Bonds is subject to State of Wisconsin income and franchise taxes—*See pages 10-11.*

**No Redemption** The Bonds are not subject to redemption.

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

**Insurance** Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the forward delivery of the Bonds—*Pages 7-9.*



**Purpose** Proceeds of the Bonds are being used for the current refunding of general obligation bonds—*See pages 1-2.*

**Interest Payment Dates** May 1 and November 1, beginning May 1, 2006

**Forward Delivery** On or about January 31, 2006. The forward delivery date gives rise to certain conditions to the Underwriters' obligation to purchase the Bonds and to certain risks to investors—*See pages 11-16.*

**Denominations** Multiples of \$5,000

**Bond Counsel** Foley & Lardner LLP

**Registrar/Paying Agent** Secretary of Administration

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

**Book-Entry System** The Depository Trust Company—*See page 4.*

**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 prices and yields listed below were determined on February 3, 2005 at negotiated sale. The Bonds were purchased at an aggregate purchase price of \$104,635,355.25.

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Call Date	Call Price
97705L GV3	2007	\$ 505,000	5.00%	3.05%	102.369%	Not Callable	-
97705L GW1	2008	525,000	5.00	3.15	103.983	Not Callable	-
97705L GX9	2009	11,585,000	5.00	3.19	105.541	Not Callable	-
97705L GY7	2010	12,200,000	5.00	3.28	106.766	Not Callable	-
97705L GZ4	2011	12,865,000	5.00	3.45	107.379	Not Callable	-
97705L HA8	2012	13,570,000	5.25	3.61	109.097	Not Callable	-
97705L HB6	2013	14,345,000	5.25	3.69	109.838	Not Callable	-
97705L HC4	2014	15,155,000	5.25	3.76	110.478	Not Callable	-
97705L HD2	2015	16,030,000	5.25	3.86	110.720	Not Callable	-

**Morgan Stanley**

**Robert W. Baird & Co.**

**Bear, Stearns & Co. Inc.**

**Citigroup**

**JPMorgan**

**Loop Capital Markets, LLC**

**Merrill Lynch & Co.**

February 4, 2005

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. Neither the delivery of this document nor any sale of the Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF BONDS

## BUILDING COMMISSION MEMBERS

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

## OTHER PARTICIPANTS

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

## DEBT MANAGEMENT AND DISCLOSURE

Department of Administration  
Capital Finance Office  
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(608) 267-0374  
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## SUMMARY DESCRIPTION OF BONDS

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

Description:	State of Wisconsin General Obligation Refunding Bonds of 2006, Series 1
Principal Amount:	\$96,780,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about January 31, 2006)
Record Dates:	April 15 and October 15
Interest Payment:	May 1 and November 1, beginning May 1, 2006
Maturities:	May 1, 2007-2015— <i>See cover</i>
Forward Delivery:	The Bonds are expected to be delivered on or about January 31, 2006. The forward delivery date gives rise to certain conditions to the Underwriters' obligation to purchase the Bonds and to certain risks to investors— <i>See pages 11-16</i>
No Redemption:	The Bonds are not subject to redemption.
Form:	Book entry only— <i>See page 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 Beneficial Owners as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of December 1, 2004, general obligations of the State were outstanding in the amount of \$4,876,460,340.
Insurance:	Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the forward delivery of the Bonds— <i>See pages 7-9</i>
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Proceeds of the Bonds are being used for the current refunding of general obligation bonds.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
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 10-11</i> Interest on the Bonds is subject to State of Wisconsin income and franchise taxes— <i>See page 11</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP on the forward delivery date, subject to certain changes in order to comply with the requirements of new regulations— <i>See pages 12-14 and APPENDIX C</i>

**OFFICIAL STATEMENT**  
**\$96,780,000**  
**STATE OF WISCONSIN**  
**GENERAL OBLIGATION REFUNDING BONDS OF 2006, SERIES 1**

**INTRODUCTION**

This Official Statement provides information about the \$96,780,000 General Obligation Refunding Bonds of 2006, Series 1 (**Bonds**), which are 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 Chapters 18 and 20 of the Wisconsin Statutes (**Act**), as well as an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on January 14, 2005 (**Resolution**).

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 updates to Part II of the 2004 Annual Report.

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

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

**PLAN OF REFUNDING**

**General**

The Act empowers the Commission to issue general obligation refunding bonds. The Bonds are being issued within the amounts authorized by the Act. See **APPENDIX B**.

The Bonds are primarily being issued for the current refunding on May 1, 2006 of certain maturities of general obligation bonds that the State previously issued. The refunded maturities are currently outstanding in the total principal amount of \$101,955,000 (**Refunded Bonds**). **APPENDIX E** identifies, and provides information on, the Refunded Bonds. Upon delivery of the Bonds of the **Settlement Date**, which is expected on or about January 31, 2006 (see **“DESCRIPTION OF FORWARD DELIVERY BOND PURCHASE AGREEMENT; Settlement”**), the proceeds of the Bonds will be deposited into the State’s Bond Security and Redemption Fund and will be used to pay on May 1, 2006 the principal of, and interest on, the Refunded Bonds.

The Bond proceeds deposited into the Bond Security and Redemption Fund may be expended only for the payment of principal and interest on the Refunded Bonds; however, notwithstanding the amount deposited into the Bond Security and Redemption Fund, the full faith, credit, and taxing power of the State will continue to be pledged for the payment of the Refunded Bonds. Each year, for the purpose of determining the constitutional limit on public debt, the amount on deposit in the Bond Security and Redemption Fund will be subtracted from the outstanding aggregate public debt of the State.

## **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 and will bear interest from that date payable on May 1 and November 1 of each year, beginning on May 1, 2006. The Bonds are expected to be delivered on or about January 31, 2006. The forward delivery date gives rise to certain conditions to the Underwriters’ obligation to purchase the Bonds and to certain risks to investors. See **“DESCRIPTION OF FORWARD DELIVERY BOND PURCHASE AGREEMENT”**.

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—initially, a nominee of 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.

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation (**MBIA**) simultaneously with the forward delivery of the Bonds. See **“OTHER INFORMATION; The MBIA Insurance Corporation Financial Guaranty Insurance Policy”**.

### **Redemption**

The Bonds are not subject to redemption.

**Registration and Payment of Bonds**

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

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

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

**Ratings**

At the State’s request, several rating agencies have rated the Bonds with the understanding that a financial guaranty insurance policy guaranteeing the scheduled payment of principal of and interest on the Bonds will be issued by MBIA simultaneously with the forward delivery of the Bonds:

<u>Rating</u>	<u>Rating Agency</u>
AAA	Fitch Ratings
Aaa	Moody’s Investors Service, Inc.
AAA	Standard & Poor’s Ratings Services

In addition, at the State’s request, these rating agencies have assigned an underlying rating to the Bonds:

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

<sup>(1)</sup> On March 4, 2002, Moody’s Investors Service, Inc. assigned a rating outlook on the State’s general obligations of “negative”.

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.

**Sources and Uses of Funds**

The proceeds from the sale of the Bonds are expected to be used as follows:

Sources	
Principal Amount of the Bonds .....	\$ 96,780,000.00
Original Issue Premium .....	<u>8,401,640.30</u>
<b>TOTAL SOURCES .....</b>	<b>\$ <u>105,181,640.30</u></b>

Uses

Deposit to Bond Security and Redemption Fund.....	\$ 104,460,717.50
Underwriters' Discount.....	546,285.05
Bond Insurance Premium.....	172,000.00
Applied to Costs of Issuance.....	<u>2,637.75</u>
TOTAL USES .....	<u>\$ 105,181,640.30</u>

**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](http://www.dtcc.com). The State is not responsible for any information available on DTC's web site. That information may be subject to change without notice.

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

**OTHER INFORMATION**

**Limitations on Issuance of General Obligations**

All general obligations issued by the State fall within a debt limit set forth in the Wisconsin Constitution and Statutes. There is an annual limit of three-quarters of one percent, and a cumulative limit of five percent, of the aggregate value of all taxable property in the State. The



annual limit is currently \$2,933,908,610, and the aggregate limit is currently \$19,559,390,735. A funding or refunding obligation does not count for purposes of the annual debt limit or the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations. As of December 1, 2004, general obligations of the State were outstanding in the amount of \$4,876,460,340.

### **Borrowing Plans for 2005**

#### *General Obligations*

The Bonds are the third series of general obligations to be sold in this calendar year. The State sold two issues during the week of January 19, 2005, and intends to deliver both issues on or about February 10, 2005:

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

In addition, the Commission has also authorized the following general obligations that may be issued in calendar year 2005:

- Up to \$149 million of general obligations for various governmental purposes. The State expects to issue these general obligations as bonds or extendible municipal commercial paper later in the first quarter of this calendar year.
- Up to \$33 million of additional general obligations to refund general obligations previously issued for various governmental purposes. The amount and timing of any issuance of additional refunding bonds depend on market conditions.
- Up to \$28 million of taxable general obligation bonds for the veterans housing loan program. The amount and timing of any issuance of taxable general obligation bonds depend on loan originations of the veterans housing loan program.
- Up to \$121 million of general obligation bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions.
- Up to \$30 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of any issuance of additional general obligation subsidy bonds for this purpose depend on loan disbursements from the Clean Water Fund Program.

The Commission is also expected to authorize additional general obligations in the third or fourth quarter for general governmental purposes. In addition, the Commission may authorize additional general obligation refunding bonds to the extent the amount of legislative authority for such purpose is increased.

#### *Other Obligations*

The Commission has authorized up to \$215 million of transportation revenue obligations to pay the costs of financing transportation facilities and major highway projects. The State expects to issue these obligations in the second quarter of 2005. The Commission has authorized up to \$154 million of 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 issued \$107 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds.

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

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

### **Underwriting**

Pursuant to the provisions of the Purchase Agreement (as defined herein), the **Underwriters**, for which Morgan Stanley & Co. Incorporated is acting as the representative (**Representative**), have agreed, subject to certain conditions, to purchase the Bonds from the State at an aggregate purchase price of \$104,635,355.25 (reflecting an original issue premium of \$8,401,640.30 and underwriters' discount of \$546,285.05). The Underwriters have agreed to reoffer the Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the Bonds if any Bonds are purchased. See **"DESCRIPTION OF FORWARD DELIVERY BOND PURCHASE AGREEMENT"**.

Certain legal matters will be passed upon for the Underwriters by their counsel, Quarles & Brady LLP.

The Purchase Agreement sets forth the rights and obligations of the Underwriters with respect to the purchase of the Bonds from the State. The Underwriters' obligation to purchase all of the Bonds on the Settlement Date is predicated on the satisfaction of certain conditions set forth in the Purchase Agreement. If, on the Settlement Date, the conditions to the Underwriters' obligations are not met, the Underwriters shall not be obligated to purchase the Bonds. See **"DESCRIPTION OF FORWARD DELIVERY BOND PURCHASE AGREEMENT"**.

The Purchase Agreement also provides for an initial closing date (expected to occur on or about February 23, 2005) at which time various opinions and other supporting documents will be delivered.

### **Reference Information About the Bonds**

The table below—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.

**\$96,780,000**  
**State of Wisconsin**  
**General Obligation Refunding Bonds of 2006, Series 1**

**Dated Date: Date of Delivery**

**First Interest Date: May 1, 2006**

**Issuance Date: On or about January 31, 2006**

<b>CUSIP</b>	<b>Due (May 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield at Issuance</b>	<b>Price at Issuance</b>	<b>First Call Date</b>	<b>Call Price</b>
97705L GV3	2007	\$ 505,000	5.00%	3.05%	102.369%	Not Callable	-
97705L GW1	2008	525,000	5.00	3.15	103.983	Not Callable	-
97705L GX9	2009	11,585,000	5.00	3.19	105.541	Not Callable	-
97705L GY7	2010	12,200,000	5.00	3.28	106.766	Not Callable	-
97705L GZ4	2011	12,865,000	5.00	3.45	107.379	Not Callable	-
97705L HA8	2012	13,570,000	5.25	3.61	109.097	Not Callable	-
97705L HB6	2013	14,345,000	5.25	3.69	109.838	Not Callable	-
97705L HC4	2014	15,155,000	5.25	3.76	110.478	Not Callable	-
97705L HD2	2015	16,030,000	5.25	3.86	110.720	Not Callable	-

**Financial Advisor**

First Albany Capital Inc. has been employed by the State to perform professional services in the capacity of financial advisor. The financial advisor has provided advice on the plan of refunding and the structure of the Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the Bonds by the Underwriters.

**The MBIA Insurance Corporation Financial Guaranty Insurance Policy**

The following information has been furnished by MBIA for use in this Official Statement. Reference is made to **APPENDIX F** for a specimen of MBIA's policy.

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

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

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

#### *MBIA*

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

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to (i) the accuracy of the information regarding the policy and MBIA set forth under the heading "OTHER INFORMATION; The MBIA Insurance Corporation Financial Guaranty Insurance Policy" and (ii) the specimen policy included as **APPENDIX F**. Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

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

#### *MBIA Information*

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

- The Company's Annual Report on Form 10-K for the year ended December 31, 2003; and
- The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly, and special reports, information statements, and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2003, and (2) the Company's Quarterly Report on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004, and September 30, 2004), are available (i) over the Internet at the SEC's web site; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2003, MBIA had admitted assets of \$9.9 billion (audited), total liabilities of \$6.2 billion (audited), and total capital and surplus of \$3.7 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 2004, MBIA had admitted assets of \$10.4 billion (unaudited), total liabilities of \$6.7 billion (unaudited), and total capital and surplus of \$3.7 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

#### *Financial Strength Ratings of MBIA*

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

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

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

#### **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 Foley & Lardner LLP (**Bond Counsel**). Bond Counsel will deliver an approving opinion when the Bonds are delivered, upon Settlement (as defined herein), in substantially the form shown in **APPENDIX C**. As noted in “**DESCRIPTION OF THE FORWARD DELIVERY BOND PURCHASE AGREEMENT; Conditions to Settlement; Proposed Changes to Form of Bond Counsel Opinion**”, changes to this form of approving opinion could occur if final regulations for Circular 230 concerning state or local bond opinions or final regulations concerning refunding bonds are adopted substantially in their proposed form, and the final regulations apply before the Settlement Date. If certificated Bonds are issued, then the opinion will be printed on the reverse side of each Bond.

### *Attorney General*

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

## **Tax Exemption**

### *Federal Income Tax*

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

Each Bond has an issue price that is greater than the amount payable at the maturity of the Bond, and each Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code (**Premium Bond**). An owner of a Premium Bond 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.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

*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.

## **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](mailto:capfin@doa.state.wi.us)  
[www.doa.wi.gov/capitalfinance](http://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.

## **DESCRIPTION OF FORWARD DELIVERY BOND PURCHASE AGREEMENT**

The State expects to issue and deliver the Bonds on a forward delivery date, which is expected to be on or about January 31, 2006. Each investor placing an order for the Bonds which is accepted by the Underwriters will be required to execute a forward delivery contract (**Delivery Contract**), in substantially the form set forth in **APPENDIX D**. The State will enter into a forward delivery

bond purchase agreement with the Underwriters for the sale and purchase of the Bonds on the forward delivery date (**Purchase Agreement**).

The following discussion summarizes certain provisions of the Delivery Contract and of the Purchase Agreement. A prospective investor should read the entire Delivery Contract.

### **Forward Delivery Contract with Prospective Bondholders**

In the Delivery Contract, the investor acknowledges review of this Official Statement in its entirety and that its order was placed with full knowledge and understanding of the forward delivery closing conditions and risks; the investor also agrees that it is obligated to purchase the Bonds that are the subject of the order, so long as the conditions of the Purchase Agreement for the forward delivery of the Bonds are satisfied.

### **Settlement**

On or about January 31, 2006, or on such later date as may be mutually agreed upon by the State and the Representative, the State will, subject to the terms and conditions of the Purchase Agreement, deliver the Bonds to the Underwriters and deliver or cause to be delivered to the Underwriters the other documents, opinions, certificates, and instruments required by the Purchase Agreement (**Settlement Documents**), including an updated Official Statement (**Updated Official Statement**) relating to the Bonds. Subject to the terms and conditions of the Purchase Agreement, the Underwriters will accept such delivery and pay the purchase price for the Bonds. All the foregoing described transactions are referred to herein as the **Settlement**, and the date upon which such transactions are consummated is referred to herein as the **Settlement Date**.

The State will have no obligation to issue, sell, and deliver the Bonds, and the Underwriters will have no obligation to purchase the Bonds if, because of a Change in Law (defined below), such issuance, sale, and delivery would be illegal as to the State. In such event, the State will have no liability whatsoever for its failure to issue, sell, and deliver the Bonds, and the Underwriters will have no liability for their failure to purchase the Bonds.

In addition, as described below under “**DESCRIPTION OF FORWARD DELIVERY BOND PURCHASE AGREEMENT; Termination of Purchase Agreement**”, the Representative, on behalf of the Underwriters, may terminate the Purchase Agreement, without liability, by notification to the State, if at any time on or prior to the Settlement Date there occurs an event comprising a Change in Law.

### **Conditions to Settlement**

#### *General*

The Settlement and the issuance of the Bonds will not require further action by the State, other than the satisfaction of the specific conditions of the Purchase Agreement, including delivery of the Settlement Documents. The Settlement Documents include, among other items, the opinion of Bond Counsel in substantially the form set forth as **APPENDIX C**, certain other opinions of Bond Counsel and the Counsel to the Underwriters, and certificates of the State as to the completeness and accuracy of the Updated Official Statement. The Purchase Agreement requires the State to prepare the Updated Official Statement as of a date between January 1, 2006 and January 31, 2006 (inclusive) and to furnish it to the Underwriters.

THE PURCHASE AGREEMENT DOES NOT PERMIT THE UNDERWRITERS TO REFUSE TO ACCEPT DELIVERY OF AND PAY FOR THE BONDS BECAUSE OF ANY ADVERSE CHANGE IN THE FINANCIAL CONDITION OR OPERATIONS OF THE STATE; RATHER, IT PERMITS SUCH REFUSAL ONLY IF ANY SUCH CHANGE HAS NOT BEEN ACCURATELY AND COMPLETELY DESCRIBED IN THE UPDATED



OFFICIAL STATEMENT OR IN A SUPPLEMENT OR AMENDMENT TO THE UPDATED OFFICIAL STATEMENT OR IF SUCH CHANGE WOULD CAUSE THE STATE OR ANOTHER PARTY TO BE UNABLE TO DELIVER ANY OF THE SETTLEMENT DOCUMENTS IN THE FORM AND SUBSTANCE PROVIDED FOR IN THE PURCHASE AGREEMENT.

FAILURE TO COMPLETE THE REQUIREMENTS OF THE SETTLEMENT, INCLUDING FAILURE OF THE STATE TO DELIVER ANY OF THE SETTLEMENT DOCUMENTS IN THE FORM AND SUBSTANCE PROVIDED FOR IN THE PURCHASE AGREEMENT (UNLESS SUCH FAILURE IS WAIVED BY THE REPRESENTATIVE), WILL MEAN THAT THE BONDS WILL NOT BE ISSUED AND DELIVERED. THE REPRESENTATIVE HAS THE RIGHT, BUT IT IS UNDER NO OBLIGATION, TO WAIVE ANY SUCH FAILURE.

#### *Issuance of Legal Opinions*

It is a condition to the issuance of the Bonds on the Settlement Date that Bond Counsel deliver its approving opinion in substantially the form attached hereto as **APPENDIX C**, except as the form of such opinion may be modified as described under the heading “**DESCRIPTION OF THE FORWARD DELIVERY BOND PURCHASE AGREEMENT; Conditions to Settlement; Proposed Changes to Form of Bond Counsel Opinion**”.

The ability of Bond Counsel to deliver such an opinion on the Settlement Date is subject to its review and analysis at that time of certain matters, including, among others, the application of the proceeds of the Bonds and pertinent provisions of the Act, federal income tax and securities laws, regulations, rulings, and court decisions, including, but not necessarily limited to, State law and federal income tax and security laws then in effect or proposed to be in effect. Bond Counsel has advised the State and the Underwriters that, assuming satisfaction by the State and the Underwriters of their respective obligations to be satisfied in the Purchase Agreement, and the issuance of the Bonds, and no change in any applicable law, regulations, or rulings, or in interpretations thereof, or in any other facts or circumstances (tax or otherwise) which, in Bond Counsel’s view, affect or are material to its opinion (including without limitation, the existence of any litigation), Bond Counsel expects to be able to issue on the Settlement Date an opinion substantially in the form attached hereto as **APPENDIX C**.

In addition, to deliver such opinion, Bond Counsel will require appropriate certifications and representations to establish the State’s reasonable expectations. Although the State is not aware, as of the date of this Official Statement, of any information that would lead it to believe that it will be unable to satisfy its obligations under the Purchase Agreement on the Settlement Date, no assurances can be made that there will be no change in any applicable law, regulations, or rulings, or in interpretations thereof, prior to the Settlement Date. Furthermore, no assurance can be made that the facts and circumstances that are material to such opinion will not differ, as of the Settlement Date, from those that are currently expected, or that such certifications and representations will be delivered and made in connection with the issuance of the Bonds. As a consequence of any of the foregoing, such opinion of Bond Counsel may not be rendered.

As described above, the Purchase Agreement does not permit the Underwriters to refuse to accept delivery of and pay for the Bonds because of any adverse change in the financial condition or operations of the State. Accordingly, it is not a condition to the Settlement that any of the rating agencies confirm any ratings of the State.

#### *Proposed Changes to Form of Bond Counsel Opinion*

United States Department of the Treasury (**Treasury Department**) Circular 230 governs the practice of attorneys and other tax advisors before the Internal Revenue Service. On December 20, 2004, the Treasury Department published final regulations amending standards of practice for

rendering federal tax opinions and published proposed regulations that would amend standards of practice for rendering certain state or local bond federal tax opinions. The amendments to the final regulations will apply after June 20, 2005, and the proposed regulations state that they will apply no sooner than 120 days after publication of final regulations concerning the covered state or local bond federal tax opinions.

If final regulations concerning state or local bond opinions are adopted in substantially their proposed form, and those regulations apply before the Settlement Date of the Bonds, the opinion of Bond Counsel with respect to the Bonds will be subject to new requirements. If such new regulations do apply before the Settlement Date, Bond Counsel expects to deliver an opinion that contains the same overall conclusion regarding the excludability of interest on the Bonds from gross income for federal income tax purposes as described in the form of opinion set forth as **APPENDIX C**, with certain changes in order to comply with the requirements of the new regulations. Bond Counsel expects to add the following paragraph in a separate section at the beginning of its opinion (in boldface type that may be larger than any other typeface used in the opinion):

“The opinion set forth in this letter with respect to federal income tax matters is not intended or written by Foley & Lardner LLP to be used, and it cannot be used by any owner of a Bond, for the purpose of avoiding penalties that may be imposed on the owner of the Bond. The opinion is written to support the marketing of the Bonds. Each Bond owner should seek advice based on its particular circumstances from an independent tax advisor.”

The proposed regulations contemplate that separate “written advice” must be provided to the State that identifies relevant facts and relates the applicable law (including potentially applicable judicial doctrines) to the relevant facts. The State contemplates that this separate “written advice” will not be provided to purchasers of the Bonds.

Bond Counsel advises that, if final regulations concerning state or local bond opinions are adopted in a different form than the proposed regulations, then the form of Bond Counsel’s opinion may contain additional changes. In addition, the State may determine that the separate “written advice” to be provided by Bond Counsel may contain statements that are material to Bond owners. There can be no assurance that the market value of the Bonds will not be adversely affected if the opinion of Bond Counsel delivered at the Settlement Date is different from the form of Bond Counsel’s opinion set forth as **APPENDIX C**, or if the State determines that the separate “written advice” contains statements that are material to Bond owners.

In addition, on May 16, 2003, the Treasury Department published regulations concerning how the rules in the Code that restrict use of property financed with tax-exempt bonds apply to refunding bonds, such as the Bonds. In certain cases, these proposed regulations would require the refunding bond issue and the refunded bonds to be treated as a single “combined issue.” If final regulations concerning refunding bonds are adopted in their proposed form with an effective date on or before the Settlement Date, the form of Bond Counsel’s opinion may contain additional changes, although Bond Counsel expects to deliver an opinion that contains the same overall conclusion regarding the excludability of interest on the Bonds from gross income for federal income tax purposes as described in the form of opinion set forth as **APPENDIX C**.

#### **Termination of Purchase Agreement**

The Representative, on behalf of the Underwriters, may terminate the Purchase Agreement, without liability, by notification to the State if, at any time on or before the Settlement Date there occurs an event comprising a Change in Law.

A “**Change in Law**” is defined in the Purchase Agreement and the Delivery Contract as: (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date which is on or before the Settlement Date), (iii) any rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted rule or regulation has a proposed effective date which is on or before the Settlement Date), or (iv) any judgment, ruling, or order issued by any court or administrative body, which in any such case, would, (A) as to the Underwriters, legally prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from (1) accepting delivery of and paying for the Bonds in accordance with the provisions of the Purchase Agreement or (2) selling the Bonds or beneficial ownership interests therein to bona fide purchasers; or (B) as to the State, would (1) make the issuance, sale, or delivery of the Bonds illegal (or have the retroactive effect of making such issuance, sale, or delivery illegal, if enacted, adopted, passed or finalized); (2) eliminate the exclusion from gross income of interest on the Bonds (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed, or finalized); or (3) require the Bonds to be registered under the Securities Act of 1933, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended; provided, however, that such change in or addition to law, legislation, rule, or regulation or judgment, ruling, or order shall have become effective, been enacted, introduced, or recommended or been proposed or been issued, as the case may be, subsequent to the date of the Purchase Agreement.

If a change or addition to law, legislation, rule or regulation, or judgement, ruling, or order involves the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes of, interest payable on the Bonds, the State may, nonetheless, be able to satisfy the requirements for the delivery of the Bonds. In such event, purchasers would be required to accept delivery of the Bonds.

#### **Other Investment Considerations**

Events which may occur prior to the Settlement Date may have significant consequences to investors who have agreed to purchase the Bonds on the Settlement Date. The values of the Bonds of each maturity on the Settlement Date will likely be greater or less than, the purchase prices therefor, and such differences may be substantial. Several factors may adversely affect such values including, but not limited to, a general increase in interest rates for all obligations and other indebtedness, any threatened or adopted change in the federal income tax laws affecting the relative benefits of owning tax-exempt securities versus other types of investments, such as fully taxable obligations, or any adverse development with respect to the State’s results of operations, financial condition, or prospects or with respect to the ratings of the State’s general obligations or the Bonds. In addition, changes or proposed changes in federal income tax laws or regulations or interpretations thereof could affect the market value of tax-exempt securities generally, including, without limitation, the Bonds, without preventing the delivery of the Bonds at the Settlement.

#### *Secondary Market Risk*

The Underwriters are not obligated to make a secondary market in the Bonds. No assurance is given that a secondary market will exist for the Bonds before the Settlement Date, and investors should assume that those Bonds will be illiquid during that period.

*Market Value Risk*

The market value of the Bonds on the Settlement Date could be greater or less than the purchase price paid by an investor, and the difference could be substantial. Changes in market value of the Bonds could result from general market conditions or other factors, including changes in the financial condition or operations of the State. Neither the Underwriters nor the State make any representation as to the market price of the Bonds as of the Settlement Date.

Dated: February 4, 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 changes or additions to the information presented in Part II of the 2004 Annual Report.

[Part II to 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 Auditors' 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](http://www.doa.wi.gov/capitalfinance)

Copies of the 2004 Annual 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](mailto:capfin@doa.state.wi.us)  
[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

Listed below, by reference to particular sections 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:

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

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

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

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

Furthermore, the LFB report includes a projection of the General Fund ending balance for the 2004-05 fiscal year. This projected net ending General Fund balance is \$88 million, which is \$88 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’s projections of General Fund tax collections are \$16 million less than those projected by DOR in November, 2004.
- LFB’s projections of departmental revenues are \$60 million less than those projected by DOA 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 is \$30 million. Discussions continue with the tribal government regarding the one outstanding payment and other payments due in the 2004-05 fiscal year.

- LFB's projections of net General Fund appropriations are \$13 million more than those projected by DOA in November, 2004.

The following table provides a comparison of the estimated General Fund condition statements from DOA and LFB for the 2004-05 fiscal year.

<b>Estimated General Fund Condition Statement</b>			
<b>2004-05 Fiscal Year</b>			
	DOA Estimate <u>November 2004</u>	LFB Estimate <u>January 2005</u>	<u>Difference</u>
<b>Revenues</b>			
Opening Balance	\$ 105,200,000	\$ 105,200,000	0
Taxes	11,335,700,000	11,320,100,000	(\$ 15,600,000)
<b>Department Revenues</b>			
Tribal Gaming	111,000,000	48,651,100	(62,348,900)
Other	327,100,000	329,682,100	2,582,100
Total Available	11,878,900,000	11,803,633,200	(75,266,800)
<b>Appropriations</b>			
Gross Appropriations	11,768,300,000	11,767,851,700	(448,300)
Compensation Reserves	163,000,000	163,019,600	19,600
Less: Lapses and Sum Sufficient Re-Estimates	(268,700,000)	(254,952,500)	13,747,500
Net Appropriations	11,662,700,000	11,675,918,800	13,218,800
<b>Balances</b>			
Gross Balance	216,300,000	127,714,400	(88,585,600)
Less: Required Statutory Bal.	<u>(40,000,000)</u>	<u>(40,000,000)</u>	<u>0</u>
Net Balance, June 30	\$ 176,300,000	\$ 87,714,400	(\$ 88,585,600)

The LFB report contains information, as did the 2004 Annual Report, on a projected \$206 million shortfall in the State's Medical Assistance-related programs (Medical Assistance, BadgerCare, and Senior Care). While this shortfall appears to be \$24 million less than the amount included in DOA's November 2004 report, the difference is simply the result of different accounting for a lapse to the General Fund. The Legislature has not made appropriations to address this shortfall, and therefore the projected shortfall is not incorporated in the projected net General Fund budgetary balance. The LFB report also identifies a projected \$31 million shortfall in the fuel and utility appropriation for the University of Wisconsin System.

A copy of the LFB report may be obtained from:

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

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

Governor Jim Doyle is expected to release his proposed budget for the 2005-07 biennium on February 8, 2005.

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

For the 2005-06 and 2006-7 fiscal years, LFB's projections of General Fund tax collections are \$19 million less and \$31 million more, respectively, than those projected by DOR in November 2004. The following table provides a more detailed comparison of the General Fund tax collection projections for the 2005-06 and 2006-07 fiscal years.

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

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

**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 December 31, 2004 and projections after that date reflect the General Fund tax revenue estimates that were provided by the Department of Revenue (DOR) on November 20, 2004. The following information does not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. In light of this decision, it was uncertain whether or to what extent the tribal governments would make the payments due under the amended gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with tribal governments regarding the one outstanding payment and the assumed payments due during the 2004-05 fiscal year.



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

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

The State is not prohibited from having a negative cash balance at the end of a fiscal year. This is different than budgetary requirements; the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget.

**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 DECEMBER 31, 2004  
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2005 TO JUNE 30, 2005<sup>(a)</sup>**

	(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
<b>BALANCES<sup>(b)</sup></b>												
<b>Beginning Balance</b>	(\$21,216)	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,250,945	\$1,468,236	\$520,789	\$890,353	\$1,124,262
<b>Ending Balance<sup>(c)</sup></b>	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,250,945	\$1,468,236	\$520,789	\$890,353	\$1,124,262	\$366,663
<b>Lowest Daily Balance<sup>(c)</sup></b>	(\$431,440)	(\$436,769)	\$53,578	\$403,787	\$383,199	(\$351,824)	\$205,179	\$908,447	\$433,944	\$244,135	\$629,860	\$108,095
<b>RECEIPTS</b>												
<b>TAX RECEIPTS</b>												
Individual Income	\$533,817	\$540,819	\$571,670	\$464,819	\$526,873	\$430,598	\$912,400	\$476,700	\$417,200	\$941,900	\$408,900	\$625,600
Sales & Use	380,702	389,894	384,632	378,842	371,408	334,261	427,100	333,600	301,200	339,600	361,000	370,600
Corporate Income	30,839	16,739	144,521	34,036	36,179	161,303	29,100	15,200	202,100	31,600	20,700	144,400
Public Utility	0	38	179	3,948	131,313	497	0	3,500	200	4,900	112,200	1,600
Excise	29,945	32,206	32,708	31,917	29,395	30,788	28,800	30,500	25,600	28,100	31,500	31,000
Insurance	295	2,305	27,417	229	1,496	58,508	2,300	15,100	24,100	30,400	4,900	29,200
Inheritance	8,654	7,954	14,003	10,329	9,156	5,230	10,700	7,200	8,100	13,400	8,300	7,400
<b>Subtotal Tax Receipts</b>	<b>\$984,252</b>	<b>\$989,955</b>	<b>\$1,175,130</b>	<b>\$924,120</b>	<b>\$1,105,820</b>	<b>\$1,021,185</b>	<b>\$1,410,400</b>	<b>\$881,800</b>	<b>\$978,500</b>	<b>\$1,389,900</b>	<b>\$947,500</b>	<b>\$1,209,800</b>
<b>NON-TAX RECEIPTS</b>												
Federal	\$344,173	\$535,363	\$537,338	\$462,100	\$546,148	\$456,585	\$588,900	\$510,700	\$461,600	\$518,200	\$504,900	\$536,400
Other & Transfers <sup>(d)</sup>	196,901	339,783	411,016	330,993	241,754	155,269	416,250	418,050	348,750	350,750	330,150	503,850
Note Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
<b>Subtotal Non-Tax Receipts</b>	<b>\$541,074</b>	<b>\$875,146</b>	<b>\$948,354</b>	<b>\$793,093</b>	<b>\$787,902</b>	<b>\$611,854</b>	<b>\$1,005,150</b>	<b>\$928,750</b>	<b>\$810,350</b>	<b>\$868,950</b>	<b>\$835,050</b>	<b>\$1,040,250</b>
<b>TOTAL RECEIPTS</b>	<b>\$1,525,326</b>	<b>\$1,865,101</b>	<b>\$2,123,484</b>	<b>\$1,717,213</b>	<b>\$1,893,722</b>	<b>\$1,633,039</b>	<b>\$2,415,550</b>	<b>\$1,810,550</b>	<b>\$1,788,850</b>	<b>\$2,258,850</b>	<b>\$1,782,550</b>	<b>\$2,250,050</b>
<b>DISBURSEMENTS</b>												
Local Aids <sup>(e)(f)</sup>	\$835,926	\$170,248	\$670,948	\$115,497	\$774,303	\$1,163,305	\$227,374	\$232,359	\$1,193,196	\$122,127	\$248,992	\$1,817,211
Income Maintenance	383,180	416,654	427,137	405,086	419,216	390,891	344,776	414,316	471,345	434,538	408,025	388,860
Payroll and Related	390,998	244,728	314,918	378,189	319,992	326,967	359,826	325,251	369,525	470,929	255,539	313,235
Tax Refunds	49,162	55,304	51,246	50,655	64,252	127,443	62,810	350,703	352,497	315,206	235,992	209,511
Debt Service	0	687	0	118,493	1,108	0	0	3,621	0	266,649	39,575	0
Miscellaneous	276,284	336,913	332,051	309,893	277,867	331,949	374,998	267,009	349,734	279,837	360,518	278,832
Note Repayment	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL DISBURSEMENTS</b>	<b>\$1,935,550</b>	<b>\$1,224,534</b>	<b>\$1,796,300</b>	<b>\$1,377,813</b>	<b>\$1,856,738</b>	<b>\$2,340,555</b>	<b>\$1,369,784</b>	<b>\$1,593,259</b>	<b>\$2,736,297</b>	<b>\$1,889,286</b>	<b>\$1,548,641</b>	<b>\$3,007,649</b>

(a) Projections reflect the revised General Fund revenue estimates that were released by DOR on November 20, 2004. Prior to this release, the estimates reflected the re-estimates of departmental revenues and expenditures provided by LFB on January 15, 2004 and the General Fund tax collection estimates provided by LFB on February 10, 2004. While the estimates from DOR and LFB are presented on a budgetary basis, the estimates herein are presented on a cash basis and not a budgetary basis. The following information does not reflect the Wisconsin Supreme Court's decision concerning amendments to gaming compacts. In light of the decision, it was uncertain whether or to what extent the tribal governments would make the payments due under the amended gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. It remains uncertain whether or to what extent the tribal governments will make the payments prior to June 30, 2005, and discussions continue with tribal governments regarding the one outstanding payment and the payments due on or after June 30, 2005. Projections do not include interfund borrowings.

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

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

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

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

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

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

**2004-05 FISCAL YEAR**  
**GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE**  
**COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR<sup>(a)</sup>**  
**(Cash Basis)**  
**As of December 31, 2004**  
**(Amounts in Thousands)**

	FY04 through December 2003		FY05 through December 2004			Adjusted Variance <sup>(c)</sup>	Difference FY04 Actual to FY05 Actual
	Actual		Actual	Estimate <sup>(b)</sup>	Variance		
<b>RECEIPTS</b>							
<b>Tax Receipts</b>							
Individual Income	\$ 2,846,958		\$ 3,068,596	\$ 3,072,300	\$ (3,704)	\$ (3,704)	\$ 221,638
Sales	2,153,789		2,239,739	2,242,900	(3,161)	(3,161)	85,950
Corporate Income	375,295		423,617	398,100	25,517	25,517	48,322
Public Utility	135,374		135,975	148,400	(12,425)	(12,425)	601
Excise	191,139		186,959	188,600	(1,641)	(1,641)	(4,180)
Insurance	57,815		90,250	59,000	31,250	31,250	32,435
Inheritance	45,901		55,326	48,500	6,826	6,826	9,425
<b>Total Tax Receipts</b>	<b>\$ 5,806,271</b>		<b>\$ 6,200,462</b>	<b>\$ 6,157,800</b>	<b>\$ 42,662</b>	<b>\$ 42,662</b>	<b>\$ 394,191</b>
<b>Non-Tax Receipts</b>							
Federal	\$ 3,013,843		\$ 2,881,707	\$ 2,901,000	\$ (19,293)	\$ (19,293)	\$ (132,136)
Other and Transfers	2,382,525		1,675,716	1,609,200	66,516	66,516	(706,809)
Note Proceeds	400,000		-	-	-	-	(400,000) <sup>(d)</sup>
<b>Total Non-Tax Receipts</b>	<b>\$ 5,796,368</b>		<b>\$ 4,557,423</b>	<b>\$ 4,510,200</b>	<b>\$ 47,223</b>	<b>\$ 47,223</b>	<b>\$ (1,238,945)</b>
<b>TOTAL RECEIPTS</b>	<b>\$ 11,602,639</b>		<b>\$ 10,757,885</b>	<b>\$ 10,668,000</b>	<b>\$ 89,885</b>	<b>\$ 89,885</b>	<b>\$ (844,754)</b>
<b>DISBURSEMENTS</b>							
Local Aids	\$ 3,874,267		\$ 3,730,227	\$ 3,765,403	\$ 35,176	\$ 35,176	\$ (144,040)
Income Maintenance	2,207,228		2,453,009	2,701,970	248,961	248,961	245,781
Payroll & Related	1,875,939		1,975,792	2,011,487	35,695	35,695	99,853
Tax Refunds	405,304		398,062	457,493	59,431	59,431	(7,242)
Debt Service	120,171		120,288	146,878	26,590	26,590	117
Miscellaneous	1,804,848		1,854,112	1,700,846	(153,266)	(153,266)	49,264
Note Repayment	-		-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 10,287,757</b>		<b>\$ 10,531,490</b>	<b>\$ 10,784,077</b>	<b>\$ 252,587</b>	<b>\$ 252,587</b>	<b>\$ 243,733</b>
<b>VARIANCE FY05 YEAR-TO-DATE</b>					<b>\$ 342,472</b>	<b>\$ 342,472</b>	

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) Estimates reflect the revised General Fund revenue estimates that were released by DOR on November 20, 2004. Prior to this release, the estimates reflected the re-estimates of departmental revenues and expenditures provided by LFB on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004. While the information from DOR and LFB is presented on a budgetary basis, the estimates are presented on a cash basis and not a budgetary basis. The estimates do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal governments regarding the one outstanding payment and the assumed payments due during and after the 2004-05 fiscal year.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates can not be changed and results in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.
- (d) Operating notes were issued on September 18, 2003 for the 2003-04 fiscal year, but the State has determined that operating notes will not be issued for the 2004-05 fiscal year.

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

**GENERAL FUND MONTHLY CASH POSITION<sup>(a)</sup>  
July 1, 2002 through December 31, 2004 — Actual  
January 1, 2005 through June 30, 2005 — Estimated<sup>(b)</sup>**  
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts<sup>(c)</sup></u>	<u>Disbursements<sup>(c)</sup></u>
2002	July.....	\$ (421,915) <sup>(d)</sup>	\$ 1,700,476	\$ 1,895,272
	August.....	(616,711) <sup>(d)</sup>	1,637,001	1,171,887
	September.....	(151,597) <sup>(d)</sup>	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 <sup>(d)</sup>	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 <sup>(d)</sup>	2,101,401	1,712,702
	May.....	597,754	1,485,340	1,566,243
	June.....	516,851 <sup>(d)</sup>	2,030,380	2,848,351
	July.....	(301,120) <sup>(d)</sup>	1,676,451	1,997,749
	August.....	(622,418) <sup>(d)</sup>	1,461,025	1,239,109
	September.....	(400,502) <sup>(d)</sup>	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 <sup>(d)</sup>	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 <sup>(d)</sup>	1,929,719	2,982,788
	April.....	(14,243) <sup>(d)</sup>	2,105,306	1,538,546
	May.....	552,517	1,624,996	1,418,939
	June.....	758,574 <sup>(d)</sup>	2,286,899	3,066,689
	July.....	(21,216) <sup>(d)</sup>	1,525,326	1,935,550
	August.....	(431,440) <sup>(d)</sup>	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 <sup>(d)</sup>	1,633,039	2,340,555
2005	January.....	205,179	2,415,550	1,369,784
	February.....	1,250,945	1,810,550	1,593,259
	March.....	1,468,236	1,788,850	2,736,297
	April.....	520,789	2,258,850	1,889,286
	May.....	890,353	1,782,550	1,548,641
	June.....	1,124,262	2,250,050	3,007,649

- (a) The General Fund balances presented in this table are not based on Generally Accepted Accounting Principles (GAAP).
- (b) The monthly receipt and disbursement projections for January 1, 2005 through June 30, 2005 are based on the General Fund tax revenue estimates provided by DOR on November 20, 2004. The estimates do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal governments regarding the one outstanding payment and the assumed payments due during and after the 2004-05 fiscal year.
- (c) The amounts shown in September 2003 include receipts from the issuance of operating notes, and amounts shown in February through May 2004 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued for the 2002-03 fiscal year, and the State has determined that no operating notes will be issued for the 2004-05 fiscal year.
- (d) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount is approximately \$589 million for the 2004-05 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately \$354 million for the 2004-05 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

**Source: Wisconsin Department of Administration.**

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

**BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING<sup>(a)</sup>**  
**July 31, 2002 to December 31, 2004 — Actual**  
**January 31, 2005 to June 30, 2005— Estimated<sup>(b)</sup>**  
**(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	\$ 1,018 <sup>(b)</sup>
February .....		1,138	1,126	1,105
March .....		1,203	1,179	1,107
April .....		1,133	1,157	997
May .....		1,187	1,163	1,061
June .....		1,279	1,054	1,117
July .....	\$ 1,033	1,140	908	
August .....	1,049	1,242	1,003	
September .....	1,055	1,226	997	
October.....	1,032	1,187	954	
November.....	1,105	1,078	827	
December .....	1,131	1,130	892	

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

**(Includes Balances in the Local Government Investment Pool)**

<u>Month (Last Day)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
January .....		\$ 5,025	\$ 4,673	\$ 5,360 <sup>(b)</sup>
February .....		5,235	4,852	5,463
March .....		5,438	5,197	5,628
April .....		5,113	4,707	5,135
May .....		4,674	4,417	4,158
June .....		4,835	4,274	4,329
July .....	\$ 5,401	5,135	4,268	
August .....	4,785	4,580	3,904	
September .....	4,898	4,378	3,726	
October.....	4,328	3,922	3,233	
November.....	4,242	3,797	3,059	
December .....	4,737	4,090	3,392	

<sup>(a)</sup> 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	

<sup>(b)</sup> The balances for January 31, 2005 and subsequent months are estimates.

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

**General Fund Recorded Revenues  
(Agency Recorded Basis)  
July 1, 2004 to December 31, 2004 compared with previous year <sup>(a)</sup>**

	Annual Fiscal Report Revenues <u>2003-04 FY<sup>(b)</sup></u>	Projected Revenues <u>2004-05 FY<sup>(c)</sup></u>	Recorded Revenues July 1, 2003 to <u>December 31, 2003<sup>(d)</sup></u>	Recorded Revenues July 1, 2004 to <u>December 31, 2004<sup>(e)</sup></u>
Individual Income Tax .....	\$ 5,277,119,000	\$ 5,557,000,000	\$ 2,295,597,178	\$ 2,469,253,571
General Sales and Use Tax .....	3,899,264,000	4,095,000,000	1,641,600,639	1,682,972,127
Corporate Franchise and Income Tax .....	650,526,000	627,000,000	296,449,201	353,544,481
Public Utility Taxes .....	269,801,000	271,000,000	130,835,382	129,541,082
Excise Taxes .....	355,495,000	351,800,000	151,819,713	155,379,634
Inheritance Taxes .....	86,357,000	90,000,000	44,070,742	54,694,366
Insurance Company Taxes .....	123,621,000	120,000,000	28,365,947	30,370,022
Miscellaneous Taxes .....	97,331,000	78,000,000	41,178,040	41,832,495
SUBTOTAL.....	<u>\$ 10,759,514,000</u>	<u>\$ 11,189,800,000</u>	<u>\$ 4,629,916,842</u>	<u>\$ 4,917,587,778</u>
Federal and Other Inter- Governmental Revenues <sup>(f)</sup> .....	\$ 6,617,596,000	\$ 5,509,000,000	\$ 2,996,708,355	\$ 2,892,204,593
Dedicated and Other Revenues <sup>(g)</sup> .....	<u>4,663,830,000</u>	<u>3,943,000,000</u>	<u>3,436,899,754</u>	<u>1,863,281,443</u>
TOTAL.....	<u><u>\$ 22,040,940,000</u></u>	<u><u>\$ 20,641,800,000</u></u>	<u><u>\$ 11,063,524,951</u></u>	<u><u>\$ 9,673,073,814</u></u>

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2003-04 fiscal year, dated October 15, 2004.
- (c) The projected revenues are based on the re-estimates of departmental revenues that LFB released on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004. Projections do not reflect the revised General Fund tax revenue estimates provided by DOR on November 20, 2004.
- (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 December 31, 2004 compared with previous year <sup>(a)</sup>**

	Annual Fiscal Report Expenditures <u>2003-04 FY<sup>(b)</sup></u>	Appropriations <u>2004-05 FY<sup>(c)</sup></u>	Recorded Expenditures July 1, 2003 to <u>December 31, 2003<sup>(d)</sup></u>	Recorded Expenditures July 1, 2004 to <u>December 31, 2004<sup>(e)</sup></u>
Commerce.....	\$ 310,494,000	\$ 274,448,400	\$ 137,088,382	\$ 118,940,931
Education.....	9,338,633,000	9,381,679,500	4,070,937,053	4,177,114,011
Environmental Resources.....	182,335,000	252,105,900	93,282,374	88,341,604
Human Relations & Resources .....	7,936,185,000	8,435,726,300	3,937,446,510	4,241,398,336
General Executive.....	2,104,690,000	636,573,200	1,079,239,010	306,600,154
Judicial.....	110,882,000	110,988,200	64,035,482	64,580,950
Legislative.....	59,302,000	62,479,800	25,469,595	24,648,339
General Appropriations.....	<u>1,673,811,000</u>	<u>1,656,183,700</u>	<u>1,608,351,481</u>	<u>1,331,696,502</u>
TOTAL.....	<u>\$ 21,716,332,000</u>	<u>\$ 20,810,185,000</u>	<u>\$ 11,015,849,888</u>	<u>\$ 10,353,320,826</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 FY04, dated October 15, 2004.

(c) Estimated appropriations based on the 2003-05 biennial budget bill (2003 Wisconsin Act 33), all budget acts from the 2003 legislative session, and the re-estimates of expenditures that LFB released on January 15, 2004.

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

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

**Source: Wisconsin Department of Administration.**

# Appendix B

## State of Wisconsin General Obligation Issuance Status Report December 1, 2004

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>G.O. Ref. Bonds of 2006, Series 1<sup>(c)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></u>
University of Wisconsin; academic facilities.....	\$ 1,107,898,000	\$ 958,992,229	\$ 12,046,136		\$ 136,859,635
University of Wisconsin; self-amortizing facilities.....	992,385,200	629,032,621	1,643,606		361,708,973
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	182,433,000	13,392		389,553,608
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818		139,438
Clean water fund program.....	637,743,200	442,334,053			195,409,147
Safe drinking water loan program.....	26,210,000	25,506,520			703,480
Natural resources; nonpoint source grants.....	85,310,400	64,130,658	132,570		21,047,172
Natural resources; nonpoint source compliance.....	2,000,000	2,000,000			
Natural resources; environmental repair.....	48,000,000	38,346,900	161,017		9,492,083
Natural resources; urban nonpoint source cost-sharing.....	22,400,000	10,598,850			11,801,150
Natural resources; environmental segregated fund supported administrative facilities.....	6,770,400	2,867,750			3,902,650
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	5,993,000			607,000
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	874,674,068	18,513,076		306,256
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,312,599	6,287,401		
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006		
Natural resources; local parks land acquisition and development.....	2,490,000	2,447,741	42,259		
Natural resources; recreation development.....	23,061,500	22,871,110	141,227		49,163
Natural resources; land acquisition.....	45,608,600	45,116,930	491,671		



**GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED**  
**December 1, 2004**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>G.O. Ref. Bonds of 2006, Series 1<sup>(c)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></u>
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174		37,032
Natural resources; segregated revenue supported facilities.....	45,296,900	23,647,802	45,287		21,603,811
Natural resources; general fund supported administrative facilities.....	10,882,400	10,470,126	21,432		390,842
Natural resources; ice age trail.....	750,000	750,000			
Natural resources; dam safety projects.....	5,500,000	5,400,148	49,701		50,151
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,500,000			
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	224,675,820	1,293,404		5,030,776
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800			
Transportation; rail passenger route development...	50,000,000	1,432,921			48,567,079
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	454,837,720			110,642,680
Transportation; harbor improvements.....	28,000,000	19,748,190	232,605		8,019,205
Transportation; rail acquisitions and improvements.....	32,500,000	26,764,625	16		5,735,359
Transportation; local roads for job preservation, state funds.....	2,000,000	1,958,357			41,643
Corrections; correctional facilities.....	793,787,700	766,702,362	11,467,003		15,618,335
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99		5,221,463
Corrections; juvenile correctional facilities.....	27,726,500	25,448,556	102,026		2,175,918
Health and family services; mental health and secure treatment facilities.....	129,057,200	121,005,267	895,124		7,156,809

**GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED**  
**December 1, 2004**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>G.O. Ref. Bonds of 2006, Series 1<sup>(c)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></u>
Agriculture; soil and water.....	20,575,000	10,808,000	1,248		9,765,752
Agriculture; conservation reserve enhancement...	40,000,000	8,153,000			31,847,000
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 <sup>(b)</sup>			
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033 <sup>(b)</sup>			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005...	250,000,000	250,000,000			
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	1,000,000,000 <sup>(d)</sup>	440,000,000		96,780,000	463,220,000
Building commission; housing state departments and agencies.....	480,088,500	402,454,121	2,329,712		75,304,667
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		
Building commission; project contingencies.....	47,961,200	37,290,000	62,251		10,608,949
Building commission; capital equipment acquisition.....	117,042,900	102,754,191	729,518		13,559,191
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 <sup>(b)</sup>			11,167
Building commission; other public purposes.....	1,495,901,000	1,139,984,244	6,188,961		349,727,795
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	1,292,042			207,958
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	25,000,000				25,000,000
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818		
Swiss cultural center.....	1,000,000				1,000,000
Racine County; Discovery Place museum.....	1,000,000				1,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000			

**General Obligation Issuance Status Report—Continued**  
**December 1, 2004**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>G.O. Ref. Bonds of 2006, Series 1<sup>(c)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></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	16,809,539	37,069		6,011,492
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	32,508		4,579
Military affairs; armories and military facilities.....	24,393,800	20,662,527	192,632		3,538,641
Veterans affairs; veterans facilities.....	10,090,100	9,405,565	50,593		633,941
Veterans affairs; self-amortizing mortgage loans.....	2,120,840,000	2,045,652,395	2,133,000		73,054,605
Veterans affairs; refunding bonds.....	840,000,000	721,169,245			118,830,755
Veterans affairs; self-amortizing facilities.....	34,412,600	4,277,500	501		30,134,599
State fair park board; board facilities.....	13,587,100	12,887,010			700,090
State fair park board; housing facilities.....	11,000,000	10,999,990	13		
State fair park board; self-amortizing facilities.....	56,787,100	51,991,800	22,328		4,772,972
<b>Total.....</b>	<b><u>\$16,627,837,488</u></b>	<b><u>\$13,804,016,927</u></b>	<b><u>\$66,333,629</u></b>	<b><u>\$96,780,000</u></b>	<b><u>\$2,660,707,037</u></b>

(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 \$430,240,000 General Obligation Refunding Bonds of 2005, Series 1 and the \$131,485,000 General Obligation Bonds of 2005, Series A, which are both expected to be delivered on February 10, 2005.

(d) This report reflects 2005 Wisconsin Act 1, which increased the amount of legislative authorization for this purpose to \$1,000,000,000.

**Source: Wisconsin Department of Administration.**

## Appendix C

### EXPECTED FORM OF LEGAL 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)

**\$96,780,000**

**STATE OF WISCONSIN**

**GENERAL OBLIGATION REFUNDING BONDS OF 2006, SERIES 1**

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$96,780,000 General Obligation Refunding Bonds of 2006, Series 1, dated the date hereof (**Bonds**). The Bonds are being issued pursuant to Chapters 18 and 20, Wisconsin Statutes and a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on January 14, 2005 (**Resolution**).

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

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

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

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement). However, in serving as bond counsel, nothing has come to our attention that would lead us to believe that the Official Statement

(except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Bonds, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

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

Very truly yours,

FOLEY & LARDNER LLP

**Appendix D**  
**FORM OF FORWARD DELIVERY CONTRACT**

\_\_\_\_\_, 2005

Re: State of Wisconsin General Obligation Refunding Bonds of 2006, Series 1 (the “Bonds”)

Dear Ladies and Gentlemen:

The Purchaser designated below and executing this instrument (the “Purchaser”) hereby agrees to purchase from the Underwriters for the initial offering of the Bonds, namely: Morgan Stanley & Co. Incorporated, Robert W. Baird & Co. Incorporated, Bear, Stearns & Co. Inc., Citigroup Global Markets, Inc., JPMorgan Securities Inc., Loop Capital Markets, LLC, and Merrill Lynch & Co. (the “Underwriters”), and the Underwriters agree to sell to the Purchaser, \$ \_\_\_\_\_ in aggregate principal amount of the Bonds (the “Purchased Bonds”) offered by the State of Wisconsin’s Preliminary Official Statement dated February \_\_, 2005 and the Official Statement dated \_\_\_\_\_, 2005 (the “Official Statement”), receipt of copies of which is hereby acknowledged, at a purchase price of \$ \_\_\_\_\_ (plus accrued interest, if any, from the date of initial delivery of the Bonds) bearing the interest rates, amounts and maturity dates shown in the following table, and on the further terms and conditions set forth in this Forward Delivery Contract:

<b>Maturity Date</b>	<b>Par Amount</b>	<b>Coupon</b>	<b>CUSIP NUMBER</b>
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Capitalized terms used and not otherwise defined in this Forward Delivery Contract have the meanings set forth in the Official Statement.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement and the Official Statement (including without limitation the section entitled “DESCRIPTION OF FORWARD DELIVERY BOND PURCHASE AGREEMENT” therein), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a “forward” basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Underwriters on or about January 31, 2006 (the “Settlement Date”), as and if they may be issued pursuant to the Forward Delivery Bond Purchase Agreement between the State of Wisconsin (the “State”) and the Underwriters (the “Purchase Agreement”).

Payment for the Purchased Bonds which the Purchaser has agreed to purchase on the Settlement Date shall be made to the Underwriters or their order by wire transfer to a bank account specified by the Underwriters, on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the State of the Bonds and purchase thereof by the Underwriters, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional. The Underwriters may terminate the Purchase Agreement and their obligation to purchase the Bonds on the Settlement Date for re-sale to the Purchaser because of a Change in Law. A “Change in Law” is defined to mean:

- (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations, or other pronouncements or interpretations by federal or state agencies;

(ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date which is on or before the Settlement Date);

(iii) any rule or regulation proposed or enacted by any governmental body, department, or agency (if such proposed or enacted rule or regulation has a proposed effective date which is on or before the Settlement Date); or

(iv) any judgment, ruling, or order issued by any court or administrative body;

which in any such case, would:

(A) as to the Underwriters, legally prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from

(1) accepting delivery of and paying for the Bonds in accordance with the provisions of the Purchase Agreement or

(2) selling the Bonds or beneficial ownership interests therein to bona fide purchasers; or

(B) as to the State, would:

(1) make the issuance, sale, or delivery of the Bonds illegal (or have the retroactive effect of making such issuance, sale, or delivery illegal, if enacted, adopted, passed, or finalized);

(2) eliminate the exclusion from gross income of interest on the Bonds (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed, or finalized); or

(3) require the Bonds to be registered under the Securities Act of 1933, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended;

provided, however, that such change in or addition to law, legislation, rule or regulation, or judgment, ruling, or order shall have become effective, been enacted, introduced, or recommended, or been proposed or been issued, as the case may be, subsequent to the date of the Purchase Agreement. IF A CHANGE OR ADDITION TO LAW, LEGISLATION, RULE OR REGULATION, OR JUDGMENT, RULING, OR ORDER INVOLVES THE ENACTMENT OF LEGISLATION WHICH ONLY DIMINISHES THE VALUE OF, AS OPPOSED TO ELIMINATING THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, INTEREST PAYABLE ON "STATE OR LOCAL BONDS," THE STATE MAY, NONETHELESS, BE ABLE TO SATISFY THE REQUIREMENTS FOR THE DELIVERY OF THE PURCHASED BONDS. IN SUCH EVENT, THE PURCHASER WOULD BE REQUIRED TO ACCEPT DELIVERY OF THE BONDS.

The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings anticipated to be assigned to the Bonds or in the credit associated with the Bonds generally, or (b) changes in the financial condition, operations, performance, properties, or prospects of the State from the date hereof to the Settlement Date of the Bonds (unless such changes give rise to an event of default under the financing documents). The Purchaser further acknowledges that the Underwriters could be liable under the Purchase Agreement for damages to the State in the event of a wrongful failure to accept delivery of the Bonds, and that the Underwriters have executed such Purchase Agreement in reliance on the Purchaser's commitment set forth herein. Finally, the Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Forward Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

This Forward Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors but will not be assignable by either party hereto without the written consent of the other.

This Forward Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Underwriters of any Forward Delivery Contract (including this one) is in the Underwriters' sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Forward Delivery Contract is acceptable to the Underwriters, then the Underwriters are asked to execute the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriters and the Purchaser when such executed counterpart is so mailed or delivered by the Underwriters. This Forward Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Forward Delivery Contract shall be construed and administered under the laws of the State of New York.

\_\_\_\_\_  
as Purchaser

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Accepted: \_\_\_\_\_, 2005

MORGAN STANLEY & CO. INCORPORATED

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

As Representative of the Underwriters  
Morgan Stanley & Co. Incorporated  
Robert W. Baird & Co. Incorporated  
Bear, Stearns & Co. Inc.  
Citigroup Global Markets, Inc.  
JPMorgan Securities Inc.  
Loop Capital Markets, LLC  
Merrill Lynch & Co.



**Appendix E**  
**STATE OF WISCONSIN**  
**OUTSTANDING BONDS REFUNDED**

<b>Series</b>	<b>Dated Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>CUSIP</b>	<b>Call Date</b>	<b>Call Price</b>
1996 Series 1	2/15/1996	\$ 665,000	4.50%	5/1/2007	977056 EP1	5/1/2006	100%
		690,000	4.60	5/1/2008	977056 EQ9	5/1/2006	100
		11,755,000	4.70	5/1/2009	977056 ER7	5/1/2006	100
		12,345,000	4.80	5/1/2010	977056 ES5	5/1/2006	100
		12,990,000	5.00	5/1/2011	977056 ET3	5/1/2006	100
		13,705,000	5.00	5/1/2012	977056 EU0	5/1/2006	100
		14,450,000	5.00	5/1/2013	977056 EV8	5/1/2006	100
		15,230,000	5.00	5/1/2014	977056 EW6	5/1/2006	100
		16,070,000	5.00	5/1/2015	977056 EX4	5/1/2006	100
2002 Series C	6/1/2002	4,055,000 <sup>(a)</sup>	4.50	5/1/2006	977056 Z29 <sup>(b)</sup>	n/a	n/a
		<u>101,955,000</u>					

<sup>(a)</sup> This amount represents a portion of the principal amount of the 2002 Series C Bonds maturing May 1, 2006.

<sup>(b)</sup> Original CUSIP number.

**Appendix F**  
**SPECIMEN OF FINANCIAL GUARANTY INSURANCE POLICY**

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

Policy No. [NUMBER]

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

[PAR]  
[LEGAL NAME OF ISSUE]

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

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

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

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

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

**MBIA Insurance Corporation**  
\_\_\_\_\_  
President  
Attest: \_\_\_\_\_  
Assistant Secretary

SPECIMEN

STD-R-6  
4/95