

STATE OF WISCONSIN CONTINUING DISCLOSURE ANNUAL REPORT

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

GENERAL OBLIGATIONS

(Base CUSIPs 977055, 977056, and 97705L)

MASTER LEASE CERTIFICATES OF PARTICIPATION

(Base CUSIP 977087)

TRANSPORTATION REVENUE OBLIGATIONS

(Base CUSIP 977123)

CLEAN WATER REVENUE BONDS

(Base CUSIP 977092)

PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS

(Base CUSIP 977109)

GENERAL FUND ANNUAL APPROPRIATION BONDS

(Base CUSIP 977100)

DECEMBER 26, 2008



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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GOVERNOR

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SECRETARY

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December 26, 2008

Thank you for your interest in the State of Wisconsin.

This is the Continuing Disclosure Annual Report for the fiscal year ending June 30, 2008 (**2008 Annual Report**).

The 2008 Annual Report provides information on different securities that the State issues and fulfills the State's continuing disclosure undertakings. These undertakings of the State are intended to help dealers and brokers comply with Rule 15c2-12 under the Securities Exchange Act of 1934. As of this date, the State has filed the 2008 Annual Report with each nationally recognized municipal securities information repository using the central post office provided by the Texas Municipal Advisory Council.

Official Statements for securities that the State issues during the next year may incorporate parts of this 2008 Annual Report by reference.

Organization of the 2008 Annual Report

The 2008 Annual Report is divided into eight parts. The first two parts present general information.

- **Part I** presents the **State's continuing disclosure undertakings**. A Master Agreement on Continuing Disclosure establishes a general framework. Separate addenda describe the information to be provided for specific types of securities.
- **Part II** presents **general information about the State**, including its operations and financial results. This part includes the General Purpose External Financial Statements portion of the audited Comprehensive Annual Financial Report for the fiscal year ending June 30, 2008. This part also includes the results of the 2007-08 fiscal year and the budget and updates for the 2008-09 fiscal year.

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

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

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

Ratings on the State’s Securities

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

<u>Security</u>	<u>Fitch Ratings</u>	<u>Moody’s Investors Service, Inc.</u>	<u>Standard & Poor’s Ratings Services</u>
General Obligations	AA–	Aa3 ⁽¹⁾	AA ⁽²⁾
Master Lease Certificates of Participation	A+	A1 ⁽¹⁾	AA– ⁽²⁾
Transportation Revenue Bonds	AA	Aa3	AA+
Clean Water Revenue Bonds	AA+	Aa1	AA+
Petroleum Inspection Fee Revenue Bonds	AA–	Aa3	AA
General Fund Annual Appropriation Bonds	A+	A1 ⁽¹⁾	AA– ⁽²⁾

⁽¹⁾ On March 17, 2008, Moody’s Investors Services, Inc. changed its rating outlook on the State’s general obligations, master lease certificates of participation, and general fund annual appropriation bonds from “stable” to “negative”.

⁽²⁾ On August, 15, 2008, Standard & Poor’s Ratings Services changed its rating on the State’s general obligations from “AA–” to “AA” and its rating on the State’s master lease certificates of participation and general fund annual appropriation bonds from “A+” to “AA–”.

How to Get Additional Information

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

December 26, 2008

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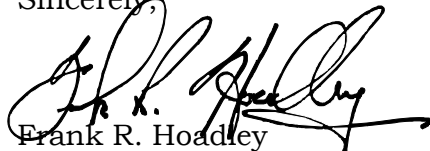
The Capital Finance Office maintains a web site that provides access to both disclosure and non disclosure information.

www.doa.wi.gov/capitalfinance

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

We welcome your comments or suggestions about the format and content of the 2008 Annual Report. The general telephone number of the Capital Finance Office is (608) 266-2305. The e-mail address is DOACapitalFinanceOffice@wisconsin.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "F. R. Hoadley", written over a printed name.

Frank R. Hoadley
Capital Finance Director

**SUMMARY OF OUTSTANDING STATE OF WISCONSIN OBLIGATIONS
AS OF DECEMBER 15, 2008**

	<u>Principal Balance 12/15/2007</u>	<u>Principal Issued 12/15/2007 - 12/15/08</u>	<u>Principal Matured, Redeemed, or Defeased 12/1/2007 - 12/15/08</u>	<u>Principal Balance 12/15/2008</u>
<u>GENERAL OBLIGATIONS^(a)</u>				
Total	\$5,781,428,689	\$498,080,000	\$340,127,259	\$5,939,381,430
General Purpose Revenue (GPR)	4,064,474,187	358,240,000	268,169,317	4,154,544,870
Self-Amortizing: Veterans	364,885,000	4,445,000	21,225,000	348,105,000
Self-Amortizing: Other	1,352,069,501	135,395,000	50,732,942	1,436,731,559
<u>MASTER LEASE CERTIFICATES OF PARTICIPATION</u>				
Total	\$ 84,577,160	\$15,800,680	\$26,242,412	\$74,135,428
<u>TRANSPORTATION REVENUE OBLIGATIONS^(a)</u>				
Total	\$1,598,528,000	\$185,000,000	\$94,775,000	\$1,688,753,000
<u>CLEAN WATER REVENUE BONDS</u>				
Total	\$ 729,575,000	\$219,545,000	\$83,085,000	\$866,035,000
<u>PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS^(a)</u>				
Total	\$ 252,320,000	—	\$21,280,000	\$231,040,000
<u>GENERAL FUND ANNUAL APPROPRIATION BONDS^(a)</u>				
Total	\$1,794,850,000	\$1,007,120,000	\$944,850,000	\$1,857,120,000

(a) This table includes variable rate obligations that have been issued by the State. Please see the respective part of this Annual Report for more information on the variable rate obligations issued for each credit.

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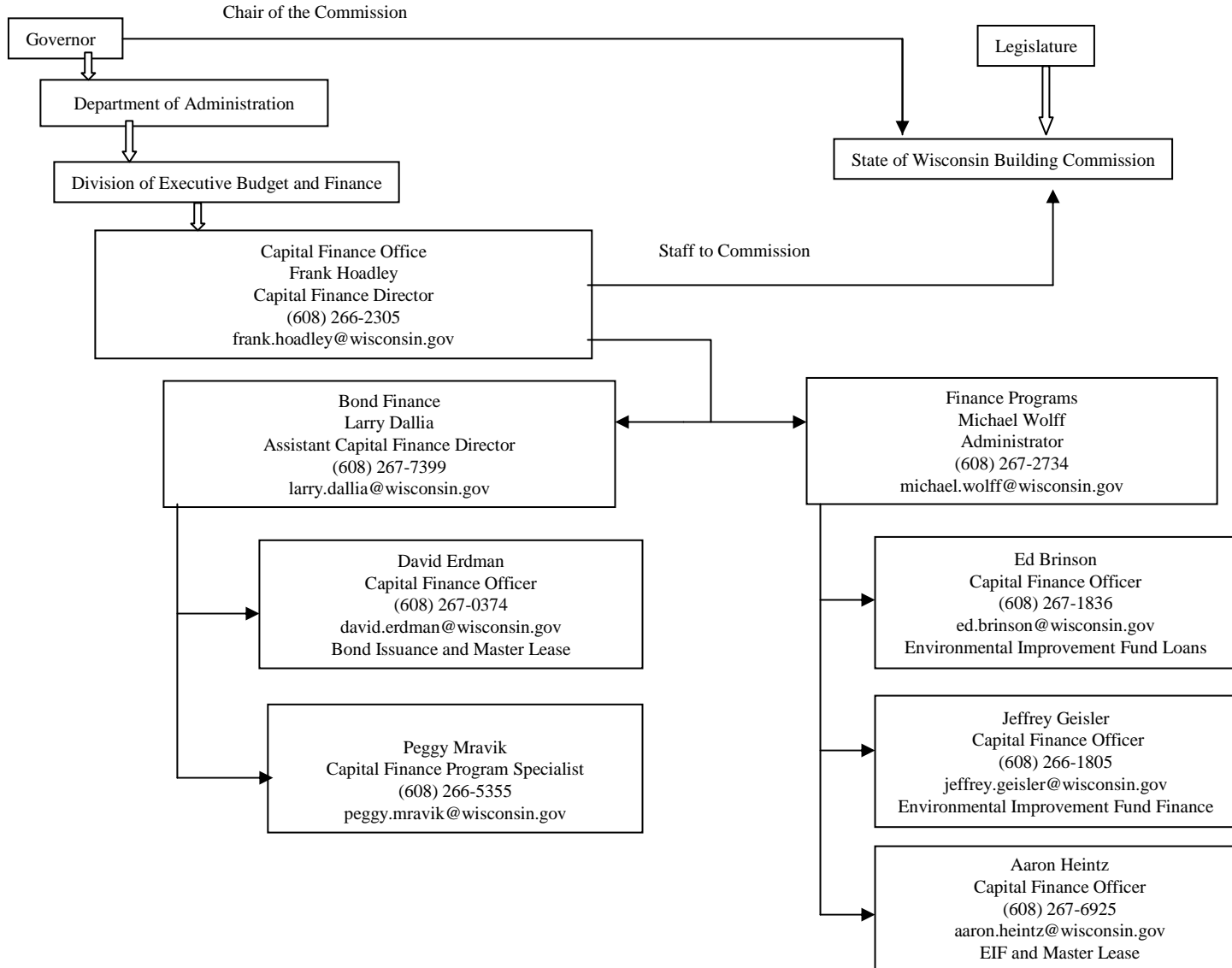
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Capital Finance Office Staff (December 26, 2008)



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

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Fred A. Risser, Vice-Chairperson	January 4, 2009
Senator Ted Kanavas	January 4, 2009
Senator Jeffrey Plale	January 2, 2011
Representative Dean Kaufert	January 4, 2009
Representative Phil Montgomery	January 4, 2009
Representative Jennifer Shilling	January 4, 2009
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Dave Haley, State Chief Architect Department of Administration	_____
Building Commission Secretary	
Mr. David W. Helbach, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 2, 2011
Mr. Michael L. Morgan, Secretary Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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PART III

GENERAL OBLIGATIONS

This Part III of the 2008 Annual Report provides information about general obligations issued by the State of Wisconsin (**State**).

Total Outstanding Balance (12/15/2008) ^(a)	\$5,939,381,430
Amount Outstanding; Fixed-Rate Obligations	\$5,298,888,430
Amount Outstanding; Variable-Rate Obligations	\$ 640,493,000
Percentage of Outstanding Obligations in the form of Variable-Rate Obligations	10.78%
Ratings ^(b) (Fitch/Moody's/Standard & Poor's)	
Bonds	AA-/Aa3 ^(c) /AA
CP Notes/EMCP	F1+/P-1 ^(c) /A-1+
^(a) Does not include the \$100 million principal amount of General Obligation Bonds of 2008, Series D, which were sold on December 8, 2008 and delivered on December 23, 2008.	
^(b) The ratings presented are the ratings assigned to the State's general obligations without regard to any bond insurance policy. No information is provided in the 2008 Annual Report about any rating assigned to the State's general obligations based on any bond insurance policy.	
^(c) On March 17, 2008, Moody's Investors Services, Inc. changed its rating outlook on the State's general obligations from "stable" to "negative".	

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

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

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

The 2008 Annual Report includes information and defined terms for different types of securities issued by the State. The context or meaning of terms used in this Part III of the 2008 Annual Report may differ from those of terms used in another part. No information or resource referred to in this 2008 Annual Report is part of this 2008 Annual Report unless expressly incorporated by reference.

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

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

SECURITY PROVISIONS FOR GENERAL OBLIGATIONS

Security

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

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

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

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

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

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

Flow of Funds to Pay Debt Service on General Obligations

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

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

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

due date, then the payments are deposited in the Bond Security and Redemption Fund at least 45 days in advance of the due date.

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

Interest on the outstanding commercial paper notes and extendible municipal commercial paper is paid when due. It is collected in the same manner as other general obligation notes and is deposited quarterly in advance with the respective issuing and paying agent on the first business day of February, May, August, and November.

Purposes of General Obligations

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

Limitations on Issuance of General Obligations

All general obligations issued by the State fall within a debt limit set forth in the Wisconsin Constitution and the Wisconsin Statutes. 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. Currently, the annual limit is \$3,857,954,728, and the aggregate limit is \$25,719,698,185. A funding or refunding bond issue does not count for purposes of the annual debt limit, and a funded or refunded bond issue does not count for purposes of the cumulative debt limit. Accrued interest on any general obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations. See [Table III-4 in "DEBT INFORMATION"](#).

Authorization of General Obligations

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

To date, the Legislature has authorized the issuance of general obligations for 87 distinct borrowing purposes and has limited the amount of general obligations that may be issued for each purpose. In practice, as a part of the budget, these amounts are adjusted to accommodate newly budgeted activity. As of the date of this 2008 Annual Report, 28 of the distinct borrowing purposes essentially have no remaining borrowing authority. The Legislature has delegated to the Commission responsibility to establish the form and terms of the issuance and sale of these general obligations. [Table III-1](#) describes the amounts authorized and issued for each borrowing purpose.

Table III-1
GENERAL OBLIGATION ISSUANCE STATUS REPORT^(a)
(December 15, 2008)

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(b)</u>	<u>Total Authorized Unissued Debt</u>
University of Wisconsin; academic facilities.....	\$ 1,567,180,800	\$ 1,248,161,744	\$ 13,072,507	\$ 305,946,549
University of Wisconsin; self-amortizing facilities.....	1,615,268,200	1,081,141,661	2,911,822	531,214,717
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	1,432,000,000	460,824,651	405,319	970,770,030
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818	139,438
Clean water fund program.....	697,643,200	513,394,053		184,249,147
Safe drinking water loan program.....	38,400,000	38,311,520		88,480
Natural resources; nonpoint source grants.....	94,310,400	88,384,918	190,043	5,735,439
Natural resources; nonpoint source	11,000,000	7,295,000	1,454	3,703,546
Natural resources; environmental repair.....	54,000,000	43,219,054	203,594	10,577,352
Natural resources; urban nonpoint source cost-sharing.....	29,900,000	22,878,640	30,671	6,990,689
Natural resources; contaminated sediment removal.....	17,000,000	8,000,000		9,000,000
Natural resources; environmental segregated fund supported administrative facilities.....	10,339,800	7,532,686	143	2,806,971
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	6,157,779	617	441,604
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	145,060,325	145,010,325	50,000	
Natural resources; pollution abatement and sewage collection facilities.....	893,493,400	874,927,239	18,513,077	53,084
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	22,914,510	141,325	5,665
Natural resources; land acquisition.....	45,608,600	45,116,929	491,671	
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174	37,033

Table III-1 — Continued
GENERAL OBLIGATION ISSUANCE STATUS REPORT^(a)
(December 15, 2008)

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(b)</u>	<u>Total Authorized Unissued Debt</u>
Natural resources; segregated revenue supported facilities.....	73,277,700	55,417,692	93,544	17,766,464
Natural resources; general fund supported administrative facilities.....	11,410,200	11,204,102	21,753	184,345
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	227,652,895	1,306,849	2,040,256
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...	82,000,000	1,932,921	3,016	80,064,063
Transportation; accelerated highway improvements.....	185,000,000	185,000,000		
Transportation; connecting highway improvements.....	15,000,000	15,000,000		
Transportation; federally aided highway facilities.....	10,000,000	10,000,000		
Transportation; highway projects.....	41,000,000	41,000,000		
Transportation; major highway and rehabilitation projects.....	565,480,400	565,480,400		
Transportation; Marquette interchange and I 94 north-south corridor reconstruction projects.....	303,300,000	250,300,000	3,018,078	49,981,922
Transportation; state highway rehabilitation projects.....	300,000,000	297,942,103	1,182,897	875,000
Transportation; harbor improvements.....	53,400,000	36,791,500	234,581	16,373,919
Transportation; rail acquisitions and improvements.....	66,500,000	42,886,684	5,187	23,608,129
Transportation; local roads for job preservation, state funds.....	2,000,000	2,000,000		
Corrections; correctional facilities.....	812,235,900	783,800,337	11,467,562	16,968,001
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99	5,221,463
Corrections; juvenile correctional facilities.....	28,984,500	27,433,551	108,861	1,442,088
Health services; mental health and secure treatment facilities.....	172,817,700	140,045,268	895,124	31,877,308

Table III-1 — Continued
GENERAL OBLIGATION ISSUANCE STATUS REPORT^(a)
(December 15, 2008)

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(b)</u>	<u>Total Authorized Unissued Debt</u>
Agriculture; soil and water.....	33,075,000	25,657,960	3,025	7,414,015
Agriculture; conservation reserve enhancement...	40,000,000	11,591,000		28,409,000
Administration; Black Point Estate.....	1,600,000	1,597,000	445	2,555
Administration; energy conservation projects; capital improvement fund.....	30,000,000	300,000		29,700,000
Building commission; previous lease rental authority.....	143,071,600	143,068,654		2,946
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530		
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033		
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.....	1,775,000,000	1,266,025,000		508,975,000
Building commission; housing state departments and agencies.....	554,279,900	426,188,306	2,356,097	125,735,497
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479	
Building commission; project contingencies.....	47,961,200	45,014,610	64,761	2,881,829
Building commission; capital equipment acquisition.....	126,335,000	115,778,761	740,327	9,815,912
Building commission; discount sale of debt.....	90,000,000	67,493,598		22,506,402
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(c)		11,167
Building commission; other public purposes.....	1,883,901,000	1,511,503,856	8,728,268	363,668,876
Medical College of Wisconsin, Inc.;				
basic science education and health information technology facilities....	10,000,000	10,000,000		
Bond Health Center.....	1,000,000			1,000,000
HR Academy, Inc.....	1,500,000	1,500,000		
Medical College of Wisconsin, Inc.;				
biomedical research and technology incubator.....	35,000,000	25,000,000		10,000,000
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818	
Civil War exhibit at the Kenosha Public Museums.....	500,000			500,000

Table III-1 — Continued
GENERAL OBLIGATION ISSUANCE STATUS REPORT^(a)
(December 15, 2008)

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(b)</u>	<u>Total Authorized Unissued Debt</u>
Swiss cultural center.....	1,000,000			1,000,000
Hmong cultural centers.....	2,250,000	250,000		2,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000		
Children's research institute.....	10,000,000	10,000,000		
Administration; school educational technology infrastructure financial assistance.....	71,911,300	71,480,216	431,066	18
Administration; public library educational technology infrastructure financial assistance.....	269,000	268,918	42	40
Educational communications board; educational communications facilities.....	23,981,500	22,127,389	38,515	1,815,596
Historical society; self-amortizing facilities.....	1,157,000	1,029,156	3,896	123,948
Historical society; historic records.....	18,650,000			18,650,000
Historical society; historic sites.....	3,107,800	3,058,756	847	48,197
Historical society; museum facility.....	4,384,400	4,362,469		21,931
Historical society; Wisconsin history center.....	30,000,000			30,000,000
Public instruction; state school, state center and library facilities.....	7,367,700	7,330,612	32,509	4,579
Military affairs; armories and military facilities.....	32,772,500	26,217,447	195,308	6,359,745
Veterans affairs; veterans facilities.....	10,090,100	9,405,485	50,593	634,022
Veterans affairs; self-amortizing mortgage loans.....	2,205,840,000	2,122,542,395		83,297,605
Veterans affairs; refunding bonds.....	1,015,000,000	761,594,245		253,405,755
Veterans affairs; self-amortizing facilities.....	38,051,600	14,577,450	1,613	23,472,537
State fair park board; board facilities.....	14,787,100	14,769,363	1	17,736
State fair park board; housing facilities.....	11,000,000	10,999,985	15	
State fair park board; self-amortizing facilities.....	52,987,100	51,999,300	22,401	965,399
Total.....	\$21,061,425,088	\$17,176,786,928	\$73,888,123	\$3,810,750,139

^(a) Does not reflect the \$100,000,000 principal amount of General Obligation Bonds of 2008, Series D, which were sold on December 8, 2008 and delivered on December 23, 2008.

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

^(c) 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 issue debt.

Source: Wisconsin Department of Administration.

DEBT INFORMATION

The State has issued general obligations on the dates and in the amounts shown in Table III-2. The table also includes the outstanding balances as of December 15, 2008, and may not include previously issued general obligations that did not have an outstanding balance as of that date. The table does not include the \$100 million principal amount of General Obligation Bonds of 2008, Series D, which were sold on December 8, 2008 and delivered on December 23, 2008.

Table III-2
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2008)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
<i>Fixed-Rate General Obligations</i>				
1990- Bonds Series A	1/1/90	1991-2010	\$ 134,495,000	-0-
Bonds Series B	3/1/90			
Serial Bonds		1991-2004	3,575,000	-0-
Accelerated Term Bonds		2010	3,975,000	-0-
Term Bonds		2020	12,450,000	-0-
Bonds Series C	5/1/90	1991-2010	38,170,000	-0-
Bonds Series D (Higher Education)	5/24/90	1996-2010	65,859,000	\$ 8,782,000
Bonds Series E	8/1/90	1991-2010	76,810,000	-0-
Bonds Series F	10/1/90			
Serial Bonds		1991-2005	3,775,000	-0-
Accelerated Term Bonds		2010	3,800,000	-0-
Term Bonds		2020	12,425,000	-0-
Bonds Series G	12/1/90	1992-2011	128,765,000	-0-
1991- Bonds Series A	4/1/91			
Serial Bonds		1992-2006	5,775,000	-0-
Accelerated Term Bonds		2011	5,825,000	-0-
Term Bonds		2021	18,400,000	-0-
Bonds Series B (Higher Education)	5/15/91	1996-2011	117,136,000	21,963,000
Bonds Series C	6/1/191	1992-2011	60,580,000	-0-
Bonds Series D	9/1/91	1993-2012	97,000,000	-0-
1992- Bonds Series A	3/1/92	1993-2012	219,040,000	-0-
Refunding Bonds	3/1/92	1994-2015	448,935,000	37,825,000
Bonds Series B	6/1/92			
Serial Bonds		1993-2008	7,780,000	-0-
Accelerated Term Bonds		2012	4,000,000	-0-
Term Bonds		2022	18,220,000	-0-
Loan Series B	10/2/92	1995	5,330,000	-0-
Refunding Bonds Series 2	10/15/92	1994-2015	5,975,000	2,775,000
Bonds Series C	11/1/92	1994-2013	173,285,000	-0-
1993- Refunding Bonds Series 1	1/1/93	1994-2009	280,060,000	12,180,000
Refunding Bonds Series 2	3/1/93	1993-2011	137,530,000	58,855,000
Bonds Series A	5/1/93	1994-2013	124,325,000	-0-
Refunding Bonds Series 3	8/1/93	1995-2012	302,050,000	75,120,000
Refunding Bonds Series 6	10/15/93			
Serial Bonds		1994-2006	5,510,000	-0-
Term Bonds		2010	2,125,000	260,000
Term Bonds		2013	2,150,000	-0-
Term Bonds		2016	10,215,000	7,310,000
Refunding Bonds Series 4	12/1/93	1994-2006	77,575,000	-0-
Refunding Bonds Series 5	12/1/93			
Serial Bonds		1994-2006	113,550,000	-0-
Term Bonds		2010	14,770,000	1,865,000
Term Bonds		2013	1,190,000	-0-
Term Bonds		2016	1,405,000	710,000
Term Bonds		2023	4,340,000	4,340,000

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2008)

<u>Financing</u>	<u>Date of</u>	<u>Maturity</u>	<u>Amount of</u>	<u>Amount</u>
	<u>Financing</u>	<u>Maturity</u>	<u>Issuance</u>	<u>Outstanding</u>
1994- Bonds Series A	1/1/94	1995-2014	\$ 119,810,000	-0-
Refunding Bonds Series 1	3/1/94	1995-2002	106,610,000	-0-
Refunding Bonds Series 2	3/1/94			
Serial Bonds		1999-2009	52,050,000	\$ 890,000
Term Bonds		2014	1,700,000	-0-
Term Bonds		2024	4,775,000	-0-
Bonds Series B.....	6/1/94	1995-2014	110,000,000	-0-
Refunding Bonds Series 3	9/15/94	1995-2008	10,400,000	-0-
Bonds Series C.....	9/15/94			
Serial Bonds		1998-2013	17,135,000	-0-
Term Bonds		2016	5,135,000	-0-
Term Bonds		2020	8,535,000	-0-
Term Bonds		2025	14,195,000	-0-
1995- Bonds Series A	1/15/95	1996-2015	231,315,000	-0-
Refunding Bonds, Series 1	2/15/95			
Serial Bonds		1999-2000	4,350,000	-0-
Serial Bonds		2004	860,000	-0-
Serial Bonds		2007-15	10,525,000	-0-
Bonds Series B.....	2/15/95			
Term Bonds		2016	4,215,000	-0-
Term Bonds		2020	7,920,000	-0-
Term Bonds		2025	17,130,000	-0-
Note, Series B	7/6/95	2005	361,623	-0-
Bonds Series C.....	9/15/95	1997-2016	97,480,000	-0-
Refunding Bonds Series 2	10/15/95			
Serial Bonds		1997-2000	5,780,000	-0-
Serial Bonds		2004-05	2,715,000	-0-
Serial Bonds		2007-15	34,355,000	-0-
1996- Bonds Series A	1/15/96	1997-2016	158,080,000	-0-
Refunding Bonds Series 1	2/15/96	1996-2015	104,765,000	-0-
Bonds Series B.....	5/15/96			
Serial Bonds		1998-99	4,215,000	-0-
Serial Bonds		2007-14	16,550,000	-0-
Term Bonds		2021	10,305,000	-0-
Term Bonds		2026	13,930,000	1,515,000
Bonds Series C.....	9/1/96	1998-2017	115,230,000	-0-
Bonds Series D	10/15/96			
Serial Bonds		2007-09	8,550,000	-0-
Term Bonds		2014	3,700,000	-0-
Term Bonds		2020	6,405,000	-0-
Term Bonds		2027	11,345,000	2,715,000
1997- Bonds Series 1	3/15/97			
Serial Bonds		2006-15	17,880,000	-0-
Serial Bonds		2017	5,760,000	-0-
Bonds Series A	3/15/97			
Term Bonds		2021	8,065,000	-0-
Term Bonds		2028	13,295,000	1,745,000
Bonds Series B.....	7/15/97	1999-2018	101,010,000	-0-

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2008)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
1997 - Bonds Series C	9/15/97			
Serial Bonds		2000-01	\$ 520,000	-0-
Serial Bonds		2003-13	22,755,000	-0-
Term Bonds		2017	7,850,000	\$ 195,000
Term Bonds		2023	10,580,000	4,560,000
Term Bonds		2026	3,295,000	3,100,000
Bonds Series D (Taxable)	9/15/97			
Serial Bonds		1999-2012	13,385,000	1,585,000
Term Bonds		2017	6,760,000	1,570,000
Term Bonds		2028	24,855,000	5,315,000
1998- Bonds Series A	3/1/98	1999-2018	156,185,000	6,170,000 ^(a)
Bonds Series B	5/15/98			
Serial Bonds		2007-08	2,865,000	-0-
Term Bonds		2010	4,775,000	-0-
Term Bonds		2018	2,865,000	-0-
Term Bonds		2023	8,670,000	2,290,000
Term Bonds		2028	11,390,000	9,840,000
Bonds Series C (Taxable)	5/15/98			
Serial Bonds		1999-2008	6,245,000	-0-
Term Bonds		2028	27,760,000	6,000,000
Refunding Bonds Series 1	8/15/98			
Serial Bonds		1999	2,820,000	-0-
Serial Bonds		2004-16	154,760,000	97,720,000
Refunding Bonds Series 2	9/15/98			
Serial Bonds		1999-2001	17,095,000	-0-
Serial Bonds		2004-09	77,155,000	15,985,000
Bonds Series D	9/1/98	2000-19	74,840,000	3,725,000 ^(a)
Bonds Series E	10/15/98	2012-17	6,155,000	1,925,000
Bonds Series F (Taxable)	10/15/98			
Serial Bonds		1999-2009	9,410,000	-0-
Term Bonds		2029	45,590,000	9,795,000
1999- Bonds Series A	2/1/99	2000-19	147,060,000	7,735,000 ^(a)
Refunding Bonds Series 1	5/1/99			
Serial Bonds		2008-12	4,905,000	2,295,000
Term Bonds		2015	3,880,000	2,200,000
Term Bonds		2020	7,005,000	3,960,000
Bonds Series B (Taxable)	5/1/99			
Serial Bonds		2000-10	6,370,000	225,000
Term Bonds		2013	2,620,000	400,000
Term Bonds		2016	3,180,000	485,000
Term Bonds		2030	27,830,000	4,255,000
Bonds Series C	10/15/99	2001-20	100,000,000	10,385,000 ^(a)
Bonds Series D (Taxable)	11/1/99			
Term Bonds		2010	9,465,000	325,000
Term Bonds		2030	55,535,000	6,925,000

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

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2008)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
2000- Bonds Series A	3/15/2000			
Serial Bonds		2001-18	\$128,875,000	\$ 15,315,000 ^(a)
Term Bonds		2020	21,125,000	-0- ^(a)
Bonds Series B (Taxable)	7/1/2000			
Term Bonds		2010	4,625,000	120,000
Term Bonds		2030	30,375,000	3,175,000
Bonds Series C	7/15/2000	2012-21	87,715,000	-0- ^(a)
Bonds Series D	11/1/2000	2012-21	199,965,000	-0- ^(a)
Bonds Series E (Taxable)	11/7/2000			
Term Bonds		2016	5,000,000	860,000
2001- Bonds Series A (Taxable)	2/21/01			
Term Bonds		2031	15,000,000	2,580,000
Bonds Series B	4/1/01	2012-21	91,620,000	7,365,000 ^(a)
Bonds Series C	6/1/01	2002-11	92,410,000	27,565,000
Bonds Series D (Taxable)	6/15/01			
Serial Bonds		2002-08	2,060,000	-0-
Term Bonds		2011	1,110,000	170,000
Term Bonds		2016	2,390,000	350,000
Term Bonds		2021	3,305,000	470,000
Term Bonds		2031	11,135,000	1,605,000
Loan Series A	8/24/01		50,000,000	-0-
Bonds Series F	10/1/01	2003-22	186,615,000	50,970,000 ^(a)
Refunding Bonds Series 1	10/1/01			
Serial Bonds		2005	4,230,000	-0-
Serial Bonds		2007-15	242,875,000	219,555,000
Bonds Series E (Taxable)	10/1/01			
Term Bonds		2017	6,210,000	1,000,000
Term Bonds		2021	2,730,000	655,000
Term Bonds		2031	11,060,000	2,640,000
2002- Bonds Series A	3/1/02	2003-22	112,280,000	34,630,000 ^(a)
Refunding Bonds Series 1	3/1/02	2004-20	75,000,000	47,535,000
Bonds Series B (Taxable)	3/26/02			
Term Bonds		2032	15,000,000	4,170,000
Bonds Series C	6/1/02	2003-22	143,545,000	45,720,000 ^(a)
Bonds Series D (Taxable)	6/12/02			
Term Bonds		2033	20,000,000	5,890,000
Bonds Series E (Taxable)	9/26/02			
Term Bonds		2018	2,000,000	835,000
Bonds Series F (Taxable)	9/26/02			
Term Bonds		2033	13,000,000	9,615,000
Bonds Series G	10/15/02	2004-23	190,550,000	82,760,000 ^(a)
Bonds Series H	12/30/02			
Term Bonds		2033	15,000,000	9,845,000

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

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2008)

<u>Financing</u>	<u>Date of</u>		<u>Amount of</u>	<u>Amount</u>
	<u>Financing</u>	<u>Maturity</u>	<u>Issuance</u>	<u>Outstanding</u>
2003- Refunding Bonds Series 1 (Taxable)	4/3/03	2019	\$ 7,000,000	\$ 2,735,000
Refunding Bonds Series 2	4/1/03			
Serial Bonds		2007-21	10,650,000	9,540,000
Term Bonds		2024	3,090,000	3,090,000
Bonds Series A	5/1/03	2004-23	173,900,000	93,665,000 ^(a)
Bonds Series B (Taxable)	7/24/03	2033	30,000,000	25,445,000
Bonds Series C	10/15/03		285,130,000	
Serial Bonds		2005-24	251,865,000	144,650,000 ^(a)
Term Bonds		2026	5,420,000	5,420,000
Term Bonds		2029	9,190,000	9,190,000
Term Bonds		2034	18,655,000	18,655,000
Refunding Bonds Series 3	10/30/03			
Serial Bonds		2004-07	9,495,000	-0-
Term Bonds		2013	16,210,000	13,710,000
Term Bonds		2025	13,000,000	13,000,000
Term Bonds		2026	29,185,000	29,185,000
2004- Refunding Bonds Series 1	1/28/04	2006-19	146,970,000	144,040,000
Refunding Bonds Series 2	1/28/04	2006-20	175,830,000	174,985,000
Refunding Notes Series 1	3/16/04	2004	175,000,000	-0-
Bonds Series A	4/14/04	2005-24	307,4350,000	213,670,000 ^(a)
Bonds CWF Global Certificate	5/1/04	2009-24	116,840,688	116,840,688
Refunding Bonds Series 3	6/15/04	2006-22	175,000,000	97,575,000 ^(a)
Refunding Bonds Series 4	7/29/04	2006-20	117,200,000	116,095,000
Bonds Series B (Taxable)	8/12/04			
Term Bonds		2014	1,000,000	630,000
Bonds Series C (Taxable)	8/12/04			
Term Bonds		2019	1,000,000	710,000
Bonds Series D (Taxable)	8/26/04			
Term Bonds		2034	20,000,000	5,780,000
Bonds Series E	10/21/04	2006-25	225,000,000	183,275,000 ^(a)
2005- Bonds Series A	2/10/05	2016-25	131,485,000	131,485,000
Refunding Bonds Series 1	2/10/05	2006-21	430,240,000	424,030,000
Bonds Series B	4/20/05	2006-15	148,515,000	111,145,000 ^(a)
Bonds Series C (Taxable)	4/7/05			
Term Bonds		2035	5,000,000	4,495,000
Bonds Series D	8/11/05	2007-25	186,640,000	172,060,000
Bonds Series E	12/8/05	2007-11	48,275,000	28,905,000
2006- Refunding Bonds Series 1	1/31/06	2007-15	96,780,000	95,750,000
Bonds Series A	3/28/06	2015-26	331,215,000	331,215,000
Bonds Series B (Taxable)	7/7/06			
Term Bonds		2037	2,000,000	1,780,000
Bonds Series C	8/2/06	2008-37	61,685,000	60,735,000
Bonds Series D	9/13/06	2018-26	176,490,000	176,490,000

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

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2008)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
2007- Bonds Series A	2/1/07	2016-27	\$ 158,390,000	\$ 158,390,000
Refunding Bonds Series 1	2/1/07	2014-20	299,005,000	299,005,000
Bonds CWF Series A	2/1/07	2026	13,148,554	12,851,296
Bonds CWF Series B	2/1/07	2027	6,851,446	6,851,446
Bonds Series B	6/27/07	2008-27	150,000,000	145,385,000
Refunding Bonds Series 2	10/31/07			
Serial Bonds		2008-2017	13,905,000	9,890,000
Term Bonds		2022	2,510,000	2,510,000
Term Bonds		2027	4,155,000	4,155,000
Refunding Bonds Series 3	10/31/07	2026	3,835,000	3,835,000
Bonds Series C	12/5/07	2009-28	154,890,000	154,890,000
2008- Bonds CWF Series A	3/1/08	Extend	10,300,000	10,300,000
Bonds Series A	4/30/08	2009-28	164,535,000	164,535,000
Bonds Series B (Taxable)	5/30/08			
Term Bonds		2038	4,445,000	4,445,000
Bonds CWF Series B	6/17/08	2026-28	16,600,000	16,600,000
Refunding Bonds Series 1	6/26/08			
Serial Bonds		2009-2018	3,120,000	3,120,000
Term Bonds		2018	14,680,000	14,680,000
Serial Bond		2023	175,000	175,000
Refunding Bonds Series 2	6/26/08			
Term Bonds		2020	1,880,000	1,880,000
Bonds Series C	9/4/08	2010-29	302,200,000	<u>302,200,000</u>
<i>Total Fixed-Rate General Obligations</i>				<u>\$5,298,888,430</u>
 <i>Variable-Rate General Obligations</i>				
1997- Commercial Paper Series A	4/3/97		\$ 99,270,000	-0-
Commercial Paper Series B	7/15/97		31,335,000	-0-
1998- Commercial Paper Series A	12/1/98		35,925,000	-0-
Commercial Paper Series B	12/1/98		29,120,000	-0-
1999- Extendible Commercial Notes Series A	9/9/99		50,000,000	-0-
Extendible Commercial Notes Series B	10/6/99		75,000,000	-0-
2000- Ext. Muni. Comm. Paper Series A	8/8/00		125,000,000	-0-
Ext. Muni. Comm. Paper Series B	8/8/00		93,430,000	-0-
Ext. Muni. Comm. Paper Series C	11/16/00		80,390,000	-0-
2002- Ext. Muni. Comm. Paper Series A	2/5/02		41,670,000	-0-
2004- Ext. Muni. Comm. Paper Series A	3/9/04		100,000,000	-0-
2005- Commercial Paper Series A	12/14/05		100,350,000	\$ 85,221,000
Ext. Muni. Comm. Paper Series A (AMT)	12/29/05		61,000,000	-0-
2006- Ext. Muni. Comm. Paper Series A	2/9/06		161,905,000	-0-
Commercial Paper Series A	8/2/06		123,510,000	119,988,000
Ext. Muni. Comm. Paper Series B	12/1/06		91,720,000	-0-
Ext. Muni. Comm. Paper Series C (AMT)	12/1/06		4,445,000	-0-
2008- Ext. Muni Comm. Paper Program	2/1/08		452,189,000	<u>435,284,000</u>
<i>Total Variable-Rate General Obligations</i>				<u>\$ 640,493,000</u>
 TOTAL GENERAL OBLIGATIONS				 <u>\$5,939,381,430</u>

**Table III-3
PER CAPITA STATE GENERAL OBLIGATION DEBT**

<u>Year Ending December 31</u>	<u>Outstanding Indebtedness^(a) (Amounts in Thousands)</u>	<u>Debt Per Capita</u>	<u>Debt Per Capita as % of Per Capita Income</u>
1998.....	\$3,751,542	\$ 718.41	2.72%
1999.....	3,942,659	750.92	2.75
2000.....	4,270,718	796.18	2.78
2001.....	4,452,626	823.65	2.80
2002.....	4,682,045	860.67	2.87
2003.....	4,794,398	875.85	2.86
2004.....	5,116,439	929.59	2.90
2005.....	5,445,615	983.67	2.93
2006.....	5,898,647	1,061.48	3.08
2007.....	5,893,590	1,052.05	2.90

^(a) Includes obligations of nonstock, nonprofit building corporations

**Sources: Legislative Audit Bureau
Tables II-28 and II-31 in Part II of this 2008 Annual Report**

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

The aggregate debt contracted in calendar year 2008 shall not exceed the lesser of (a) or (b):

(a)	3/4 of 1% x \$514,393,963,700		\$ 3,857,954,728
(b)	5% x \$514,393,963,700	\$25,719,698,185	
	Deduct: Net Indebtedness 1/1/2008	<u>(5,893,589,748)</u>	
			\$19,826,108,437

The amount of \$514,393,963,700 shown above is the aggregate full market value of all taxable property in the State for the year 2008 as certified by the Department of Revenue.

The amount of \$5,893,589,748 shown above is the net indebtedness as of January 1, 2008 as certified by the Legislative Audit Bureau.

The lesser of (a) or (b) is \$3,857,954,728. Aggregate debt contracted in the calendar year 2008 shall not exceed this amount.

Source: Department of Administration

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

<u>Calendar Year</u>	<u>Annual Debt Limitation</u>	<u>Actual Borrowing^(a)</u>	<u>Borrowing as Percentage of Limitation</u>
1999	\$1,999,256,351	\$482,360,000	24.1%
2000	2,147,411,186	538,795,000	25.1
2001	2,343,627,800	485,645,000	20.7
2002	2,514,948,590	481,000,000	19.1
2003	2,705,326,585	499,030,000	18.4
2004	2,933,908,610	664,435,000	22.6
2005	3,209,501,715	571,990,000	17.8
2006	3,517,373,999	891,285,000	25.3
2007	3,734,402,615	483,280,000	12.9
2008	3,857,954,728	493,635,000	12.8

(a) Does not reflect the \$100,000,000 principal amount of General Obligation Bonds of 2008, Series D, which were sold on December 8, 2008 and delivered on December 23, 2008.

Source: Department of Administration

**Table III-6
DEBT STATEMENT
(December 15, 2008)**

	<u>Tax-Supported Debt</u>		<u>Revenue-Supported Debt^(a)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Segregated Funds^(b)</u>	<u>Veterans Housing</u>	<u>Other^(c)</u>	
General Obligations	<u>\$4,154,544,870</u>	<u>\$394,662,860</u>	<u>\$348,105,000</u>	<u>\$1,042,068,701</u>	<u>\$5,939,381,430</u>
Total Outstanding					
Indebtedness	<u>\$4,154,544,870</u>	<u>\$394,662,860</u>	<u>\$348,105,000</u>	<u>\$1,042,068,701</u>	<u>\$5,939,381,430</u>

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

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

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

Source: Department of Administration

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

<u>Calendar Year</u>	<u>Value of Taxable Property (Amounts in Thousands)</u>	<u>Outstanding Indebtedness^(a) (Amounts in Thousands)</u>	<u>Debt as Percentage of Equalized Value</u>
1998	\$248,994,915	\$3,751,542	1.51%
1999	266,567,513	3,942,659	1.48
2000	286,321,492	4,270,718	1.49
2001	312,483,707	4,452,626	1.42
2002	335,326,479	4,682,045	1.40
2003	360,710,815	4,794,398	1.33
2004	391,187,815	5,116,439	1.31
2005	427,933,562	5,445,615	1.27
2006	468,983,200	5,898,647	1.26
2007	514,393,964	5,893,590	1.18

^(a) As of December 31.

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
To June 30, 1990.....	\$1,817,985,000	\$1,711,347,263	\$ 3,529,332,236
1990-91	185,050,000	161,025,824	346,075,824
1991-92	157,985,000	100,545,026	258,530,026
1992-93	131,634,000	138,331,828	269,965,828
1993-94	151,416,138	153,491,249	304,907,387
1994-95	188,718,292	159,985,783	348,704,075
1995-96	199,622,231	159,090,781	358,713,012
1996-97	205,112,886	167,659,261	372,772,147
1997-98	217,184,565	171,783,741	388,968,306
1998-99	236,344,072	173,743,794	410,087,867
1999-2000	244,211,911	183,158,974	427,370,884
2000-01	285,088,311	209,230,800	494,319,110
2001-02.....	273,060,055	202,386,510	475,446,565
2002-03.....	270,544,076	216,328,685	486,872,762
2003-04.....	310,843,832	183,991,355	494,835,186
2004-05.....	361,327,888	185,242,899	546,570,787
2005-06.....	349,172,670	216,358,460	565,531,131
2006-07.....	379,470,000	233,687,100	613,157,100
2007-08.....	350,005,000	268,124,600	618,129,600
7/1/2008-12/15/2008	<u>80,192,258</u>	<u>130,067,119</u>	<u>210,259,377</u>
Totals.....	<u>\$6,394,968,186</u>	<u>\$5,125,581,052</u>	<u>\$11,520,549,237</u>

Source: Department of Administration

Table III-9
DEBT SERVICE MATURITY SCHEDULE:
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION BONDS^(a)
(Issued to December 15, 2008)

<u>Fiscal Year</u> <u>(Ending June 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2009 ^(b)	\$ 262,017,000	\$ 141,160,837	\$ 403,177,837
2010.....	352,526,450	246,725,773	599,252,223
2011.....	348,441,325	226,308,398	574,749,722
2012.....	339,646,829	210,211,796	549,858,625
2013.....	334,332,930	194,248,492	528,581,422
2014.....	321,715,021	178,056,554	499,771,575
2015.....	330,348,280	162,250,191	492,598,470
2016.....	314,026,289	145,697,128	459,723,416
2017.....	312,110,350	130,085,741	442,196,091
2018.....	292,439,630	115,869,502	408,309,132
2019.....	278,927,162	101,822,142	380,749,304
2020.....	273,892,905	88,087,354	361,980,260
2021.....	254,108,476	75,421,661	329,530,136
2022.....	227,817,142	62,562,108	290,379,250
2023.....	208,464,552	51,463,042	259,927,594
2024.....	190,010,831	41,622,471	231,633,301
2025.....	173,172,120	32,304,520	205,476,640
2026.....	144,089,316	23,882,078	167,971,394
2027.....	158,616,824	16,807,527	175,424,351
2028.....	58,750,000	9,229,208	67,979,208
2029.....	40,370,000	6,227,930	46,597,930
2030.....	23,240,000	3,893,493	27,133,493
2031.....	12,810,000	2,944,892	15,754,892
2032.....	12,140,000	2,298,051	14,438,051
2033.....	11,560,000	1,706,845	13,266,845
2034.....	10,330,000	1,115,306	11,445,306
2035.....	4,880,000	640,730	5,520,730
2036.....	4,440,000	404,465	4,844,465
2037.....	3,390,000	182,715	3,572,715
2038.....	275,000	13,475	288,475
TOTALS.....	\$ 5,298,888,430	\$ 2,273,244,423	\$ 7,572,132,854

^(a) This maturity schedule does not include interest and principal payments on outstanding variable rate obligations such as commercial paper notes and extendible municipal commercial paper. This table also does not include the \$100,000,000 principal amount of General Obligation Bonds of 2008, Series D, which were sold on December 8, 2008 and delivered on December 23, 2008.

^(b) For the fiscal year ending June 30, 2009, the table includes debt service amounts for the period December 15, 2008 through June 30, 2009.

Source: Department of Administration

Table III-10
AMORTIZATION SCHEDULE:
GENERAL OBLIGATION VARIABLE RATE OBLIGATIONS^(a)
(Issued to December 15, 2008)

<u>(Year Ending June 30)</u>	<u>Principal</u>
2009.....	\$ 19,616,401
2010.....	129,186,393
2011.....	135,630,659
2012.....	88,947,341
2013.....	86,051,203
2014.....	90,366,052
2015.....	33,973,049
2016.....	18,465,905
2017.....	19,400,975
2018.....	2,313,802
2019.....	2,430,723
2020.....	2,553,797
2021.....	2,683,025
2022.....	2,818,407
2023.....	2,953,789
2024.....	3,101,479
	<u>\$ 640,493,000</u>

^(a) The State intends to treat each general obligation variable rate issue as if it were a long-term bond issue by making annual principal payments on May 1. The annual principal amounts reflect the re-amortization of principal amounts that were scheduled to be due in the 2007-08 and 2008-09 fiscal years.

Source: Department of Administration

Table III-11
SOURCE OF DEBT SERVICE PAYMENTS
ON GENERAL OBLIGATIONS
(June 30, 2008)

	<u>2007-08</u>	<u>%</u>	<u>2006-07</u>	<u>%</u>	<u>2005-06</u>	<u>%</u>
Tax-Supported Debt						
General Fund.....	\$455,510,677	73.7	\$489,236,883	79.8	\$438,867,406	77.6
Segregated Funds	<u>27,441,179</u>	<u>4.4</u>	<u>18,929,236</u>	<u>3.1</u>	<u>10,234,527</u>	<u>1.8</u>
Subtotal	482,951,857	78.1	508,166,119	82.9	449,101,933	79.4
Self-Amortizing Debt						
Veterans.....	43,139,650	7.0	27,700,312	4.5	41,455,908	7.3
University of Wisconsin.....	65,276,046	10.6	50,982,545	8.3	45,773,760	8.1
State Fair Park	3,518,715	0.6	3,281,282	0.5	3,417,570	0.6
Historical	97,321	0.0	97,927	0.0	98,088	0.0
Housing State Depts./Other.....	<u>23,146,011</u>	<u>3.7</u>	<u>22,928,914</u>	<u>3.7</u>	<u>25,683,872</u>	<u>4.6</u>
Subtotal	135,177,744	21.9	104,990,980	17.1	116,429,197	20.6
Total Debt Service.....	<u>\$618,129,600</u>	<u>100.0</u>	<u>\$613,157,099</u>	<u>100.0</u>	<u>\$565,531,130</u>	<u>100.0</u>

Source: Department of Administration

VARIABLE RATE OBLIGATIONS

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

Commercial Paper Notes

The State has appointed Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to serve as **Dealers** and Deutsche Bank Trust Company Americas to serve as **Issuing and Paying Agent** for

the CP Notes. On September 15, 2008, Merrill Lynch & Co., Inc. entered into an Agreement and Plan of Merger with Bank of America Corporation. The agreement contains certain termination rights for both parties, and is subject to customary closing conditions, including standard regulatory approvals. The merger has been approved by the board of directors and shareholders of each party, and the transaction is expected to close on January 1, 2009. The Depository Trust Company (DTC) serves as **Depository** for the CP Notes.

The State has obtained a **Liquidity Facility** in the form of a line of credit, which is provided through a **Credit Agreement**, as amended, between State Street Bank and Trust Company and California State Teachers' Retirement System (collectively, **Liquidity Facility Providers**) and the State. The principal portion of the Credit Agreement is currently \$233 million.

Table III-12 summarizes, for each authorized and outstanding series of CP Notes, the principal amount initially issued, the date of initial issuance, and the principal amount outstanding as of December 15, 2008.

Table III-12
SUMMARY OF OUTSTANDING GENERAL OBLIGATION CP NOTES
(December 15, 2008)

<u>Series of CP Notes</u>	<u>Amount Issued</u>	<u>Date of Initial Issuance</u>	<u>Amount Outstanding</u>
2005 Series A	\$100,350,000	December 14, 2005	\$ 85,221,000
2006 Series A	123,510,000	August 2, 2006	<u>119,988,000</u>
		Total Outstanding:	\$ 205,209,000

Additional CP Notes may be issued pursuant to action of the Commission, but the aggregate amount of CP Notes outstanding may not exceed the principal amount of the Liquidity Facility.

Description of CP Notes

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

The CP Notes are not callable prior to maturity.

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

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

Liquidity Facility

In order to provide liquidity for the payment of the principal of and interest on maturing CP Notes, the State has entered into the Credit Agreement with the Liquidity Facility Providers.

Pursuant to the Credit Agreement, the Liquidity Facility Providers are severally and not jointly obligated, subject to certain conditions, to make **Advances** in amounts equal to their respective percentages of the line of credit from time to time on any business day during the term of the Credit Agreement, only for providing funds to pay the principal of and interest on the CP Notes on the maturity date thereof to the extent that proceeds of other CP Notes or other moneys on deposit in the Note Fund for the CP Notes are not available. The respective percentages are currently 51.72% for State Street Bank and Trust Company (**State Street**) and 48.28% for California State Teachers' Retirement System (**CalSTRS**). The aggregate principal amount of all Advances made on any date may not exceed the principal portion of the Credit Agreement (currently \$233 million), as such amount may be increased or decreased from time to time. Also, the principal portion of the Credit Agreement cannot be less than the sum of the outstanding CP Notes plus the aggregate principal amount of all outstanding Advances provided by the Liquidity Facility Providers.

The Credit Agreement currently terminates on March 23, 2013. The Credit Agreement provides that the termination date may be extended, if the parties agree.

The State has delivered one or more promissory notes (**Promissory Notes**) to each Liquidity Facility Provider, evidencing its obligation to repay all Advances. Each Promissory Note is a general obligation of the State.

Description of the Liquidity Facility Providers

The following information concerning State Street and CalSTRS has been provided by respective representatives of State Street and CalSTRS and has not been independently confirmed or verified by the State. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

STATE STREET BANK AND TRUST COMPANY

State Street is a wholly-owned subsidiary of State Street Corporation (**Corporation**). The Corporation (NYSE: STT) is a leading specialist in providing institutional investors with investment servicing, investment management and investment research and trading. With \$15.3 trillion in assets under custody and \$2.0 trillion in assets under management, the Corporation operates in 26 countries and more than 100 markets worldwide. The assets of State Street at December 31, 2007 accounted for approximately 94% of the consolidated assets of the Corporation. At December 31, 2007, the Corporation had total assets of \$142.54 billion, total deposits (including deposits in foreign offices) of \$95.79 billion, total loans and lease finance assets net of unearned income, allowance and reserve for possible credit losses of approximately \$15.8 billion and total equity capital of \$11.30 billion.

State Street's Consolidated Reports of Condition for Insured Commercial and State Chartered Savings Banks FFIEC 031 for December 31, 2007, as submitted to the Federal Reserve Bank of Boston, are incorporated by reference in this Part III of the 2008 Annual Report and shall be deemed to be a part hereof.

In addition, all reports filed by State Street pursuant to 12 U.S.C. §324 after the date of this Part III of the 2008 Annual Report shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and State Street is set forth in the Corporation's annual report or Form 10-K for the year ended December 31, 2007. The annual report can be found on the Corporation's web site (www.statestreet.com). Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Part III of the 2008 Annual Report are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The Corporation's web site is not incorporated by reference into this Part III of the 2008 Annual Report. The Credit Agreement is an obligation of State Street and not of the Corporation.

With respect to this information concerning State Street, any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Part III of the 2008 Annual Report to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Part III of the 2008 Annual Report.

State Street hereby undertakes to provide, without charge to each person to whom a copy of this Part III of the 2008 Annual Report has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Part III of the 2008 Annual Report by reference, other than exhibits to such documents. Written requests for such copies

should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

Neither State Street nor its affiliates make any representation as to the contents of this Part III of the 2008 Annual Report (except as to this section to the extent it relates to State Street), the suitability of the CP Notes for any investor, the feasibility or performance of any project, or compliance with any securities or tax laws or regulations.

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

CalSTRS is a component unit of the State of California, organized and operating under the laws of the State of California, including the Teachers' Retirement Law, constituting Part 13 of Division 1 of Title 1 of the Education Code of the State of California, commencing at Section 22000 (**Law**), as amended. The Law establishes the Teachers' Retirement Board (**Board**), which has the sole and exclusive fiduciary responsibility over the administration and investment of funds held in the Teachers' Retirement Fund (**Fund**), in which the bulk of the assets of CalSTRS are held. School districts and other agencies employing members of CalSTRS are required to make monthly contributions to the Fund in an amount equal to 8.25% of the total of the salaries upon which members' contributions are based. All full-time certificated employees in the public school system from kindergarten through the community college level are required by law to be members of CalSTRS. CalSTRS provides defined retirement, survivor, and disability benefits to all members based on the final compensation attained by the member, the age of retirement and the term of service, and other factors.

Financial data for June 30, 2007 are taken from the audited financial statements presented in CalSTRS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. Financial data for fiscal years ended after 2007 presented in CalSTRS' Comprehensive Annual Financial Report for such fiscal years are incorporated by reference in this section and shall be deemed to be a part hereof.

As of June 30, 2007, the Fund had net assets held in trust for pension benefits with a market value of approximately \$171.9 billion, compared to approximately \$144.2 billion as of June 30, 2006. As of October 31, 2008, total investment assets had a market value of approximately \$129.3 billion (unaudited).

CalSTRS is independently rated "AA+/A-1+" by Standard and Poor's, a Division of the McGraw-Hill Companies, Inc., "Aaa/VMIG1" by Moody's Investors Service, and "AAA/F1+" by Fitch Ratings.

CalSTRS will provide without charge, upon request, a copy of its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007, which contains its financial statements for the years ended June 30, 2007 and 2006. Requests to CalSTRS for the most recent Comprehensive Annual Financial Report should be directed by mail to State Teachers' Retirement System, P.O. Box 163740, Sacramento, California 95816-3710, Attention: Credit Enhancement Program, or by email to cepinquiries@calstrs.com. The most recent Comprehensive Annual Financial Report and other information regarding CalSTRS can be viewed at www.calstrs.com; however, this web site is not incorporated by reference into this Part III of the 2008 Annual Report.

The foregoing information has been provided by CalSTRS and is not intended to serve as a representation, warranty, or contract modification of any kind.

Extendible Municipal Commercial Paper

General obligation extendible municipal commercial paper (**EMCP**) is similar to CP Notes; however, rather than liquidity from a bank or credit facility, the maturity date is extended in case there is a disruption in market liquidity for the EMCP. The State has appointed Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to serve as Dealers and U.S. Bank Trust National Association Bankers Trust Company to serve as Issuing and Paying Agent for the EMCP. On September 15, 2008, Merrill Lynch & Co., Inc. entered into an Agreement and Plan of Merger with Bank of America Corporation. The agreement contains certain termination rights for both parties, and is subject to customary closing conditions, including standard regulatory approvals. The merger has been approved by the board of

directors and shareholders of each party, and the transaction is expected to close on January 1, 2009. DTC serves as Depository for the EMCP.

On February 1, 2008, the State issued a single series of EMCP that replaced outstanding multiple series of EMCP that had been issued between calendar years 2000-2006. Table III-13 summarizes, for each authorized and outstanding program under this single series of EMCP, the principal amount initially issued, the date of initial issuance, and the principal amount outstanding as of December 15, 2008.

Table III-13
SUMMARY OF OUTSTANDING GENERAL OBLIGATION EMCP
(December 15, 2008)

<u>Series of EMCP</u>	<u>Amount Issued</u>	<u>Date of Initial Issuance</u>	<u>Amount Outstanding</u>
Tax-Exempt Notes	\$452,189,000	February 1, 2008	\$ 435,284,000
Tax-Exempt AMT Notes	4,445,000	February 1, 2008	<u>-0-</u>
		Total Outstanding:	\$ 435,284,000

Additional Authorized Notes

The State may increase the principal amount of Notes outstanding, upon adoption by the Commission of one or more Authorizing Resolutions, to fund various general governmental purposes and veterans housing loans. With respect to an initial issuance, specific instructions must be provided to the Issuing and Paying Agent before a Dealer may increase the principal amount of Notes outstanding. The total amount of Notes authorized to be outstanding pursuant to the program resolution is \$950 million. The Notes will not be given a series designation based on any initial issuance date.

Description of EMCP

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

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

If the State exercises its option to extend the maturity date, notice of this extension must be provided to the Depository in accordance with the Depository's operational requirements.

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

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

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

(2) if the Original Maturity Date is on or after the 15th day of the month, interest will next be payable on the first Business Day of the second succeeding month after the Original Maturity Date.

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

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

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

$$(1.35 \times BMA) + E$$

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

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

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

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

REVENUE-SUPPORTED GENERAL OBLIGATION DEBT

General

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

Table III-6 identifies the amount of outstanding general obligations designated as revenue supported. The programs and facilities funded with these general obligations support debt service payments on approximately \$1.390 billion of State general obligations outstanding on December 15, 2008.

Furthermore, [Table III-11](#) shows that revenue-supported debt service payments were approximately 21.9% of the total debt service cost for the fiscal year ending June 30, 2008.

Veterans Housing Loan Program

The veterans housing loan program, operated by the State of Wisconsin Department of Veterans Affairs (**DVA** or **Department of Veterans Affairs**), is one of the largest revenue-supported general obligation bonding programs of the State. Lending activities under the veterans housing loan program began in 1974. The program is currently funded by general obligations that are either **Tax-Exempt Veterans Mortgage Bonds** or **Taxable Veterans Mortgage Bonds**, collectively referred to as **Veterans Mortgage Bonds**. The repayment of veterans housing loans funded with proceeds of the Veterans Mortgage Bonds are estimated to be at least sufficient to pay or reimburse the General Fund for the amount paid for debt service related to the Veterans Mortgage Bonds.

Approximately \$348 million in aggregate principal amount of Veterans Mortgage Bonds remain outstanding on December 15, 2008. As outlined later in this section, there are different special redemption provisions for the Tax-Exempt Veterans Mortgage Bonds and each series of Taxable Veterans Mortgage Bonds. [Tables III-17 through III-23](#) in this Part III of the 2008 Annual Report include unaudited financial and statistical information and related notes that may be helpful in describing the operation of the veterans housing loan program.

Veterans Housing Loan Program Requirements

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

Home Improvement Loan Program

In addition to veterans housing loans that are considered primary mortgage housing loans, as described above, DVA also makes loans through the Home Improvement Loan Program (**HILP**) that are funded with proceeds of Taxable Veterans Mortgage Bonds, with prepayments of loans previously funded with Taxable Veterans Mortgage Bonds, or with funds from the Insurance Reserve Account in excess of amounts needed to satisfy the insurance reserve requirement. This program has a maximum loan amount of 90% of the equity in the home and is processed through county veterans service officers rather than lending institutions. HILP loans have terms of 5, 7, 10, or 15 years and have different loan interest rates for differing terms and differing loan-to-value ratios. HILP loans in excess of \$3,000 are secured by either a first or second mortgage on the improved property and require a minimum equity position of 10% after considering the HILP loan. HILP loans under \$3,000 may be guaranteed by a guarantor or secured by a first or second mortgage. HILP loans use the same basic underwriting standards as the veterans primary mortgage housing loans but do not include loan-servicing charges.

Mortgage Interest Rates

It has been the policy of DVA to set the interest rate charged to a veteran at a level sufficient to pay the debt service on the Veterans Mortgage Bonds funding the loan, the cost of program administration, and if

deemed necessary, a loan loss reserve (which since 1985 has been charged to fund the Insurance Reserve Account described below).

In setting the interest rate, DVA has previously chosen to provide a subsidy for veterans primary mortgage housing loans, and some HILP loans, funded with some, but not all of the Taxable Veterans Mortgage Bonds. The result is that the lending rate may be lower than the true interest cost rate on the Taxable Veterans Mortgage Bonds issued to fund those loans.

With respect to veterans housing loans, DVA has not determined whether any subsidy or similar arrangement will be available to such loans funded with future issues of Taxable Veterans Mortgage Bonds. With respect to HILP loans, DVA has a policy that requires the interest rate established for any HILP loan to include a minimum mark-up over the cost of money to make such loan, which would include a mark-up over the true interest cost rate on any future Taxable Veterans Mortgage Bonds issued to fund HILP loans. This policy includes provisions that DVA must complete in advance if it desires to deviate from this policy.

Default Risks and Other Information

Veterans Mortgage Bonds issued prior to 1985 assumed a certain level of prepayments in estimating program cash flow. No prepayments have been assumed in scheduling principal payments for Veterans Mortgage Bonds issued since 1985. Based on asset and liability balances as of June 30, 2007 and existing DVA assumptions, the cash flow of the mortgages on June 23, 2008 was sufficient to meet future debt service payments. A loan under the veterans housing loan program may be assumed only by another qualifying veteran.

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

Program loans financed with Veterans Mortgage Bonds are not required to be insured or guaranteed (casualty insurance coverage is, however, required). Instead, the default risk with respect to such loans is borne by the program. The ability of DVA to dispose of defaulted properties and realize the amount of the outstanding principal balances of the related loans has varied in recent years depending upon the location of the properties within the State and their physical condition upon foreclosure. Although DVA expects that it will continue to experience liquidation losses, it also expects that such losses will not require recourse to the State's General Fund but rather will be covered by the Insurance Reserve Account within the Veterans Mortgage Loan Repayment Fund. As of October 31, 2008, of the 3,068 outstanding primary mortgage housing loans financed by the veterans housing loan program, there were 19 loans in an aggregate principal amount of approximately \$2.4 million for which payments were 60 days or longer past due. The insurance reserve requirement (4% of the principal amount of outstanding loans) is currently satisfied. See [Table III-22](#) for more complete details concerning delinquencies.

Special Redemption; Tax-Exempt Veterans Mortgage Bonds

The State had outstanding as of December 15, 2008, approximately \$221 million of Tax-Exempt Veterans Mortgage Bonds. All Tax-Exempt Veterans Mortgage Bonds are subject to special redemption before maturity (even if not subject to optional redemption as provided above), at the option of the Commission, on any date, in whole or in part, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption, from:

- Prepayments of veterans housing loans funded from or attributed to *any* series of Tax-Exempt Veterans Mortgage Bonds.
- Payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account, in excess of amounts required to

meet scheduled debt service on all Tax-Exempt Veterans Mortgage Bonds and other costs associated with the veterans housing loan program.

These redemption provisions listed above are commonly referred to as a “cross-call”. In addition, other special redemption provisions (such as unexpended proceeds) may apply to certain series of Tax-Exempt Veterans Mortgage Bonds. In the event of a partial redemption, the Capital Finance Director shall direct the maturities and amounts of the Bonds to be redeemed.

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

Table III-14 presents a summary of the outstanding Tax-Exempt Veterans Mortgage Bonds as of December 15, 2008. Table III-24 presents further detailed information on these outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to special redemption.

Table III-14
SUMMARY OF OUTSTANDING
TAX-EXEMPT VETERANS MORTGAGE BONDS SUBJECT TO SPECIAL REDEMPTION
(December 15, 2008)

<u>Series</u>	<u>Dated Date</u>	<u>Original Principal Amount Subject to Special Redemption</u>	<u>Outstanding Principal Amount Subject to Special Redemption</u>	<u>Range of Interest Rates on Outstanding Bonds</u>
1993 Series 6	10/15/93	\$ 20,000,000	\$ 7,570,000	5.15–5.30%
1993 Series 5	12/01/93	135,255,000	6,915,000	5.20–5.40
1994 Series 2	03/01/94	58,525,000	890,000	5.85
1996 Series B	05/15/96	45,000,000	1,515,000	6.20
1996 Series D	10/15/96	30,000,000	2,715,000	6.00
1997 Series A	03/15/97	21,360,000	1,745,000	6.00
1997 Series C	09/15/97	45,000,000	7,855,000	5.40-5.50
1998 Series B	05/15/98	30,565,000	12,130,000	5.30-5.35
1998 Series E	10/15/98	6,155,000	1,925,000	4.75-4.80
1999 Series 1	05/01/99	15,790,000	8,455,000	4.70-5.30
2003 Series 2	04/01/03	13,740,000	12,630,000	3.20-5.00
2003 Series 3	10/30/03	67,890,000	55,895,000	3.50-5.00
2006 Series C	08/02/06	61,685,000	60,735,000	4.50-5.00
2007 Series 2	10/31/07	16,735,000	16,555,000	3.55-4.50
2007 Series 3	10/31/07	3,835,000	3,835,000	5.00
2008 Series 1	6/26/08	17,975,000	17,975,000	2.30-4.75
2008 Series 2	6/26/08	1,880,000	<u>1,880,000</u>	5.50
			<u>\$ 221,220,000</u>	

The State has historically received, and expects to continue to receive, prepayments of veterans housing loans funded with Tax-Exempt Veterans Mortgage Bonds. See Table III-25 for a summary of the prepayments received over the past three years. The State may use, and has from time to time used, veterans housing loan prepayments to make new veterans housing loans. If the State determines that it is not feasible to make new veterans housing loans, then the State intends to use these prepayments to purchase or redeem Tax-Exempt Veterans Mortgage Bonds, as determined by the Commission.

Prior to calendar year 2002, it had been the working policy of the Department of Administration, on behalf of the Commission, to call Tax-Exempt Veterans Mortgage Bonds for special redemption based on the highest estimated market price, while taking into consideration the Legislature’s mandate that the veterans housing loan program be self-amortizing. Since that time, this working policy has been modified from time to time to address both (1) the impact special redemption cross-calls have on the cash flow that

supports all Veterans Mortgage Bonds, and (2) compliance with applicable federal tax law restrictions. This working policy may be further modified from time to time and is subject to change at any time.

The most recent redemption of Tax-Exempt Veterans Mortgage Bonds occurred on August 1, 2008. At that time, repayments in the amount of approximately \$20 million were utilized in a replacement refunding that was part of the financing plan for two series of general obligations refunding bonds issued on June 26, 2008.

Special Redemption; Taxable Veterans Mortgage Bonds

The State had outstanding, as of December 15, 2008, approximately \$127 million of Taxable Veterans Mortgage Bonds.

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

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

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

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

The State has historically received, and expects to continue to receive, prepayments of veterans housing loans and HILP loans funded with Taxable Veterans Mortgage Bonds. See [Table III-25](#) for a summary of these prepayments received over the past three years. The State may use prepayments of veterans housing loans and HILP loans funded with Taxable Veterans Mortgage Bonds to make new veterans housing loans and HILP loans. If the State determines that it is not feasible to make new veterans housing loans or HILP loans, then the State intends to use these prepayments to purchase or redeem Taxable Veterans Mortgage Bonds, as determined by the Commission.

The Commission has made several special redemptions of Taxable Veterans Mortgage Bonds from these prepayments. The Commission most recently made such a special redemption of Taxable Veterans Mortgage Bonds on April 1, 2008, as summarized in [Table III-15](#). No other special redemption of Taxable Veterans Mortgage Bonds occurred in calendar year 2008. See [Table III-16](#) for an aggregate summary of all special redemptions (from prepayments and unexpended proceeds) that have occurred on Taxable Veterans Mortgage Bonds.

Table III-15
APRIL 1, 2008 SPECIAL REDEMPTION
TAXABLE VETERANS MORTGAGE BONDS

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1998-C	2028	6.95	\$ 180,000
1999-B	2010	6.40	5,000
	2013	6.50	5,000
	2016	7.00	10,000
	2030	7.25	70,000
2001-A	2031	7.00	170,000
2001-D	2021	6.90	5,000
	2031	7.05	15,000
2002-B	2032	6.25	160,000
2002-D	2033	6.25	130,000
2002-E	2018	4.80	220,000
2002-F	2033	5.25	430,000
2002-H	2033	5.25	660,000
2003-1	2019	4.85	510,000
2004-B	2014	4.50	40,000
2004-C	2019	5.15	40,000
2004-D	2034	5.65	160,000
2005-C	2023	5.40	280,000

Table III-16
SUMMARY OF ALL SPECIAL REDEMPTIONS
TAXABLE VETERANS MORTGAGE BONDS

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Special Redemption; Calendar Year 2006	Special Redemption; Calendar Year 2007	Special Redemption; Calendar Year 2008	Sinking Fund Payments Made	Outstanding Par Amount	Coupon		
1997 Series D	9/15/1997	11/1/1999	\$ 620,000	\$ 15,000											-	6.15%		
		11/1/2000	655,000	15,000	\$ 10,000											-	6.15%	
		11/1/2001	695,000	15,000	30,000	\$ 5,000										-	6.25%	
		11/1/2002	740,000	15,000	40,000	5,000	\$ 35,000									-	6.30%	
		11/1/2003	785,000	20,000	45,000	10,000	75,000	\$ 165,000								-	6.40%	
		11/1/2004	840,000	20,000	45,000	15,000	70,000	280,000	\$ 25,000							-	6.50%	
		11/1/2005	895,000	20,000	45,000	5,000	90,000	305,000	65,000	\$ 20,000						-	6.55%	
		11/1/2006	950,000	20,000	45,000	15,000	85,000	330,000	85,000	25,000	\$ 15,000					-	6.60%	
		11/1/2007	1,010,000	25,000	55,000	10,000	100,000	340,000	75,000	25,000	25,000	\$ 40,000				-	6.65%	
		11/1/2008	1,080,000	25,000	50,000	15,000	100,000	385,000	95,000	30,000	20,000	40,000				-	6.70%	
		11/1/2009	1,155,000	25,000	55,000	15,000	115,000	385,000	85,000	30,000	25,000	45,000			\$ 375,000	6.80%		
		11/1/2010	1,230,000	25,000	75,000	15,000	120,000	420,000	100,000	25,000	30,000	50,000				370,000	6.85%	
		11/1/2011	1,320,000	30,000	65,000	15,000	120,000	450,000	110,000	40,000	25,000	55,000				410,000	6.90%	
		11/1/2012	1,410,000	35,000	75,000	20,000	130,000	490,000	115,000	35,000	30,000	50,000				430,000	6.90%	
		11/1/2017	6,760,000	125,000	345,000	90,000	710,000	2,650,000	670,000	215,000	185,000	200,000				1,570,000	7.15%	
		11/1/2028	24,855,000	430,000	1,220,000	340,000	2,650,000	10,095,000	2,590,000	830,000	705,000	680,000				5,315,000	7.25%	
			Subtotal		45,000,000	860,000	2,200,000	575,000	4,400,000	16,295,000	4,015,000	1,275,000	1,060,000	1,160,000		-	8,470,000	
		1998 Series C	5/15/1998	5/1/1999	495,000												-	5.80%
5/1/2000	495,000			5,000												-	5.85%	
5/1/2001	525,000			5,000	20,000											-	5.90%	
5/1/2002	550,000			5,000	35,000	5,000	25,000									-	6.05%	
5/1/2003	595,000			10,000	25,000	10,000	70,000	55,000								-	6.05%	
5/1/2004	625,000			5,000	30,000	10,000	80,000	265,000								-	6.10%	
5/1/2005	675,000			5,000	30,000	10,000	95,000	305,000	40,000							-	6.15%	
5/1/2006	710,000			15,000	45,000	10,000	85,000	310,000	50,000	20,000						-	6.20%	
5/1/2007	760,000			5,000	35,000	15,000	105,000	340,000	50,000	20,000	5,000					-	6.25%	
5/1/2008	815,000			15,000	50,000	10,000	95,000	365,000	50,000	30,000	10,000	10,000				-	6.30%	
5/1/2028	27,760,000			365,000	1,200,000	380,000	2,910,000	12,935,000	2,185,000	870,000	185,000	550,000	180,000			6,000,000	6.95%	
	Subtotal				34,005,000	435,000	1,470,000	450,000	3,465,000	14,575,000	2,375,000	940,000	200,000	560,000	180,000	-	6,000,000	

Table III-16 — Continued
SUMMARY OF ALL SPECIAL REDEMPTIONS
TAXABLE VETERANS MORTGAGE BONDS

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Special Redemption; Calendar Year 2006	Special Redemption; Calendar Year 2007	Special Redemption; Calendar Year 2008	Sinking Fund Payments Made	Outstanding Par Amount	Coupon		
1998 Series F	10/15/1998	11/1/1999	355,000												-	-		
		11/1/2000	725,000		\$ 5,000											-	5.00%	
		11/1/2001	760,000		10,000	\$ 5,000										-	5.10%	
		11/1/2002	790,000		20,000	5,000	\$ 40,000									-	5.20%	
		11/1/2003	830,000		20,000	10,000	85,000	\$ 290,000								-	5.35%	
		11/1/2004	870,000		15,000	5,000	80,000	440,000								-	5.45%	
		11/1/2005	915,000		20,000	10,000	90,000	460,000	\$ 75,000	\$ 30,000						-	5.55%	
		11/1/2006	960,000		20,000	10,000	100,000	475,000	80,000	35,000	\$ 5,000					-	5.55%	
		11/1/2007	1,015,000		20,000	10,000	100,000	510,000	85,000	35,000	10,000	\$ 30,000				-	5.60%	
		11/1/2008	1,065,000		25,000	10,000	105,000	535,000	85,000	40,000	15,000	30,000				-	5.65%	
		11/1/2009	1,125,000		20,000	10,000	105,000	570,000	95,000	40,000	10,000	35,000				\$ 240,000	5.75%	
		11/1/2029	45,590,000		955,000	415,000	4,495,000	22,890,000	3,750,000	1,665,000	460,000	1,405,000				9,555,000	6.40%	
		Subtotal		55,000,000	-	1,130,000	490,000	5,200,000	26,170,000	4,170,000	1,845,000	500,000	1,500,000			-	9,795,000	
		1999 Series B	5/1/1999	11/1/2000	420,000												-	5.35%
				11/1/2001	450,000		5,000											-
11/1/2002	480,000				5,000	10,000	50,000									-	5.80%	
11/1/2003	500,000				5,000	5,000	95,000	200,000								-	6.00%	
11/1/2004	535,000				5,000	5,000	100,000	280,000								-	6.20%	
11/1/2005	570,000				10,000	5,000	105,000	295,000	40,000	10,000						-	6.25%	
11/1/2006	600,000				5,000	5,000	115,000	310,000	45,000	10,000						-	6.25%	
11/1/2007	640,000				10,000	10,000	115,000	340,000	45,000	10,000	5,000	5,000				-	6.30%	
11/1/2008	680,000				10,000	5,000	130,000	355,000	50,000	10,000	10,000					-	6.35%	
11/1/2009	725,000				10,000	10,000	135,000	375,000	55,000	15,000	5,000	15,000				\$ 105,000	6.40%	
11/1/2010	770,000				10,000	5,000	145,000	400,000	55,000	10,000	5,000	10,000	5,000			125,000	6.40%	
11/1/2013	2,620,000				30,000	30,000	490,000	1,370,000	200,000	45,000	10,000	40,000	5,000			400,000	6.50%	
11/1/2016	3,180,000				40,000	35,000	600,000	1,655,000	235,000	55,000	15,000	50,000	10,000			485,000	7.00%	
11/1/2030	27,830,000				355,000	305,000	5,225,000	14,520,000	2,060,000	480,000	140,000	420,000	70,000			4,255,000	7.25%	
Subtotal				40,000,000	N/A	490,000	420,000	7,305,000	20,100,000	2,785,000	645,000	180,000	550,000	90,000		-	5,370,000	

Table III-16 — Continued
SUMMARY OF ALL SPECIAL REDEMPTIONS
TAXABLE VETERANS MORTGAGE BONDS

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Special Redemption; Calendar Year 2006	Special Redemption; Calendar Year 2007	Special Redemption; Calendar Year 2008	Sinking Fund Payments Made	Outstanding Par Amount	Coupon	
1999 Series D	11/1/1999	11/1/2010	\$ 9,465,000			\$ 550,000	\$ 3,290,000	\$ 2,970,000	\$ 240,000	\$ 75,000				\$ 2,015,000	\$ 325,000	7.70%	
		11/1/2030	55,535,000			2,315,000	22,430,000	21,150,000	1,960,000	755,000						6,925,000	7.70%
		Subtotal	65,000,000	N/A	-	2,865,000	25,720,000	24,120,000	2,200,000	830,000					2,015,000	7,250,000	
2000 Series B	7/1/2000	11/1/2010	4,625,000			1,000,000	870,000	1,520,000	85,000	10,000	\$ 5,000	\$ 5,000		1,010,000	120,000	7.50%	
		11/1/2030	30,375,000			7,215,000	6,655,000	12,170,000	850,000	100,000	75,000	135,000			3,175,000	8.05%	
		Subtotal	35,000,000	N/A	N/A	8,215,000	7,525,000	13,690,000	935,000	110,000	80,000	140,000			1,010,000	3,295,000	
2000 Series E	11/7/2000	11/1/2016	5,000,000	N/A	N/A	-	1,600,000	1,160,000	435,000	165,000	40,000	150,000		590,000	860,000	7.00%	
2001 Series A	2/21/2001	5/1/2031	15,000,000	N/A	N/A	N/A	-	9,625,000	1,145,000	255,000	340,000	280,000	170,000	605,000	2,580,000	7.00%	
2001 Series D	6/15/2001	11/1/2002	320,000												-	4.50%	
2001 Series D	6/15/2001	11/1/2003	255,000				10,000	125,000							-	5.00%	
2001 Series D	6/15/2001	11/1/2004	265,000				10,000	185,000							-	5.30%	
2001 Series D	6/15/2001	11/1/2005	280,000				10,000	200,000	20,000						-	5.50%	
2001 Series D	6/15/2001	11/1/2006	295,000				10,000	210,000	25,000						-	5.60%	
2001 Series D	6/15/2001	11/1/2007	315,000				15,000	225,000	15,000			5,000			-	5.75%	
2001 Series D	6/15/2001	11/1/2008	330,000				10,000	240,000	25,000			10,000			-	5.90%	
2001 Series D	6/15/2001	11/1/2011	1,110,000				45,000	785,000	85,000			25,000			170,000	6.20%	
2001 Series D	6/15/2001	11/1/2016	2,390,000				95,000	1,700,000	175,000	5,000	5,000	60,000			350,000	6.60%	
2001 Series D	6/15/2001	11/1/2021	3,305,000				130,000	2,350,000	250,000	5,000	10,000	85,000	5,000		470,000	6.90%	
2001 Series D	6/15/2001	11/1/2031	11,135,000				440,000	7,925,000	830,000	20,000	25,000	275,000	15,000		1,605,000	7.05%	
		Subtotal	20,000,000	N/A	N/A	N/A	775,000	13,945,000	1,425,000	30,000	40,000	460,000	20,000	-	2,595,000		
2001 Series E	10/1/2001	11/1/2017	6,210,000					3,230,000	440,000	180,000	265,000	205,000		890,000	1,000,000	6.12%	
2001 Series E	10/1/2001	11/1/2021	2,730,000					1,505,000	220,000	90,000	145,000	115,000			655,000	6.71%	
2001 Series E	10/1/2001	11/1/2031	11,060,000					6,095,000	900,000	375,000	580,000	470,000			2,640,000	6.96%	
		Subtotal	20,000,000	N/A	N/A	N/A	-	10,830,000	1,560,000	645,000	990,000	790,000		890,000	4,295,000		

Table III-16 — Continued
SUMMARY OF ALL SPECIAL REDEMPTIONS
TAXABLE VETERANS MORTGAGE BONDS

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Special Redemption; Calendar Year 2006	Special Redemption; Calendar Year 2007	Special Redemption; Calendar Year 2008	Sinking Fund Payments Made	Outstanding Par Amount	Coupon
2002 Series B	3/26/2002	11/1/2032	15,000,000	N/A	N/A	N/A	N/A	\$ 5,825,000	\$ 1,285,000	\$ 860,000	\$ 1,040,000	\$ 1,060,000	\$ 160,000	\$ 600,000	\$ 4,170,000	6.25%
2002 Series D	6/12/2002	5/1/2033	20,000,000	N/A	N/A	N/A	\$ 2,000,000	5,025,000	4,345,000	330,000	830,000	850,000	130,000	600,000	5,890,000	6.25%
2002 Series E	9/26/2002	5/1/2018	2,000,000	N/A	N/A	N/A	N/A	-	65,000	-	470,000	-	220,000	410,000	835,000	4.80%
2002 Series F	9/26/2002	5/1/2033	13,000,000	N/A	N/A	N/A	N/A	470,000	910,000	660,000	-	-	430,000	915,000	9,615,000	5.25%
2002 Series H	12/30/2002	5/1/2033	15,000,000	N/A	N/A	N/A	N/A	-	2,080,000	1,125,000	-	230,000	660,000	1,060,000	9,845,000	5.25%
2003 Series I	4/3/2003	11/1/2019	7,000,000	N/A	N/A	N/A	N/A	N/A	1,915,000	370,000	230,000	-	510,000	1,240,000	2,735,000	4.85%
2003 Series B	7/24/2003	11/1/2033	30,000,000	N/A	N/A	N/A	N/A	N/A	-	1,760,000	-	60,000	-	2,735,000	25,445,000	4.35%
2004 Series B	8/12/2004	11/1/2014	1,000,000	N/A	N/A	N/A	N/A	N/A	N/A	-	-	5,000	40,000	325,000	630,000	4.50%
2004 Series C	8/12/2004	11/1/2019	1,000,000	N/A	N/A	N/A	N/A	N/A	N/A	-	-	70,000	40,000	180,000	710,000	5.15%
2004 Series D	8/26/2004	11/1/2034	20,000,000	N/A	N/A	N/A	N/A	N/A	N/A	13,500,000	-	175,000	160,000	385,000	5,780,000	5.65%
2005 Series C	4/7/2005	5/1/2023	5,000,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	5,000	280,000	220,000	4,495,000	5.40%
2006 Series B	7/7/2006	11/1/2021	2,000,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20,000	-	200,000	1,780,000	5.65%
2008 Series B	5/30/2008	5/1/2038	4,445,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	4,445,000	4.90%
Totals			\$ 469,450,000	\$ 1,295,000	\$ 5,290,000	\$ 13,015,000	\$ 57,990,000	\$ 161,830,000	\$ 31,645,000	\$ 25,345,000	\$ 6,000,000	\$ 8,065,000	\$ 3,090,000	\$ 13,980,000	\$ 126,885,000	

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

Financial and Statistical Information

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

Table III-17
VETERANS HOUSING LOAN PROGRAM
BALANCE SHEET
(As of June 30; Amounts in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
ASSETS					
Cash and Cash Equivalents.....	\$ 129,521	\$ 154,097	\$ 166,816	\$ 104,981	\$ 140,573
Veterans Loans.....	276,838	256,280	250,748	276,822	305,104
Other Receivables.....	1,624	1,945	1,466	2,259	2,445
Due From Other Funds.....	0	0	1		11
Prepaid Items.....	40	72	248	64	68
Deferred Charges.....	3,311	3,612	3,344	3,777	4,768
Fixed Assets (net of accumulated depreciation).....	131	29	41	63	91
Other Assets.....	595	385	318	82	434
Total Assets.....	\$ 412,060	\$ 416,420	\$ 422,982	\$ 388,048	\$ 453,494
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable and Other Accrued Liabilities.....	\$ 325	\$ 621	\$ 631	\$ 759	\$ 1,792
Due to Other Funds.....	123	189	395	416	418
Due to Other Governments.....	41	520	13	4	
Tax and Other Deposits.....	0		1	1	1
Unearned Revenue.....	0	1	11	36	96
Interest Payable.....	3,024	3,228	2,793	2,992	3,617
Compensated Absences.....	209	328	376	346	295
Other Postemployment Benefits	80				
Short Term Note Payable.....	0	4,445	61,000		
General Obligation Bonds Payable.....	372,104	367,881	314,424	335,712	391,270
Total Liabilities.....	\$ 375,904	\$ 377,211	\$ 379,645	\$ 340,266	\$ 397,489
Fund Equity:					
Retained Earnings:					
Unreserved.....	\$ 36,156	\$ 39,209	\$ 43,336	\$ 47,781	\$ 56,000
Total Fund Equity.....	\$ 36,156	\$ 39,209	\$ 43,336	\$ 47,781	\$ 56,000
Total Liabilities and Fund Equity.....	\$ 412,060	\$ 416,420	\$ 422,982	\$ 388,049	\$ 453,493

Source: Department of Veterans Affairs

Table III-18
VETERANS HOUSING LOAN PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
(As of June 30; Amounts in Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating Revenues:					
Investment and Interest Income.....	\$ 16,418	\$ 15,346	\$ 16,141	\$ 18,755	\$ 21,392
Total Operating Revenues.....	<u>\$ 16,418</u>	<u>\$ 15,346</u>	<u>\$ 16,141</u>	<u>\$ 18,755</u>	<u>\$ 21,392</u>
Operating Expenses:					
Personal Services.....	\$ 2,313	\$ 3,762	\$ 3,796	\$ 3,826	\$ 3,819
Supplies and Services.....	495	889	747	1,010	823
Depreciation.....	21	15	23	34	45
Interest Expense.....	19,670	20,466	19,764	22,497	26,274
Other Expenses.....	1,149	1,072	1,059	1,278	1,349
Total Operating Expenses.....	<u>23,649</u>	<u>26,205</u>	<u>25,388</u>	<u>\$ 28,645</u>	<u>\$ 32,310</u>
Operating Income (Loss).....	<u>(\$ 7,230)</u>	<u>(\$ 10,859)</u>	<u>(\$ 9,247)</u>	<u>(\$ 9,890)</u>	<u>(\$ 10,918)</u>
Nonoperating Revenues (Expenses):					
Investment and Interest Income.....	\$ 5,375	\$ 7,665	\$ 5,401	\$ 2,437	\$ 1,713
Other Revenues.....				3	1
Other Expenses:					
Grants Disbursed.....	(451)	(449)	(457)	(444)	(444)
Other.....	(47)	(499)			
Total Nonoperating Revenue (Expense).....	<u>4,876</u>	<u>6,717</u>	<u>4,944</u>	<u>1,996</u>	<u>1,269</u>
Income (Loss) Before Operating Transfers.....	<u>(2,347)</u>	<u>(4,132)</u>	<u>(4,303)</u>	<u>(7,895)</u>	<u>(9,650)</u>
Operating Transfers In.....				67	
Operating Transfers Out.....	(707)	(67)	(142)	(391)	(81)
Net Income before Extraordinary Items and Cumulative	<u>(3,053)</u>	<u>(4,127)</u>	<u>(4,444)</u>	<u>(8,219)</u>	<u>(9,731)</u>
Extraordinary Items:					
Gain (Loss) from Extinguishment of Debt.....					
Net Income	<u>(\$ 3,053)</u>	<u>(\$ 4,127)</u>	<u>(\$ 4,444)</u>	<u>(\$ 8,219)</u>	<u>(\$ 9,731)</u>
Retained Earnings, Beginning of Year.....	\$39,209	\$43,336	\$47,781	\$56,000	\$66,996
Prior Period Adjustments.....					(1,265)
Retained Earnings, End of Year	<u>\$36,156</u>	<u>\$39,209</u>	<u>\$43,336</u>	<u>\$47,781</u>	<u>\$56,000</u>

Source: Department of Veterans Affairs

Table III-19
VETERANS HOUSING LOAN PROGRAM
STATEMENT OF CASH FLOWS
(As of June 30; Amounts in Thousands)

	2008	2007	2006	2005	2004
Cash Flows from Operating Activities:					
Cash Payments to Suppliers for Goods and Services.....	(\$ 414)	(\$ 911)	(\$ 692)	(\$ 1,015)	(\$ 1,211)
Cash Payments to Employes for Services.....	(2,407)	(3,847)	(3,761)	(3,805)	(3,648)
Cash Payments for Loans Originated.....	(52,544)	(39,453)	(16,176)	(30,913)	(66,064)
Investment and Interest Income.....	16,756	15,628	16,403	19,468	22,270
Collection of Loans.....	31,431	32,994	42,240	57,899	156,568
Other Operating Revenues (Expenses).....	(1,039)	(976)	(963)	(1,103)	(1,330)
Net Cash Provided (Used) by Operating Activities.....	<u>(\$ 8,217)</u>	<u>\$ 3,437</u>	<u>\$ 37,051</u>	<u>\$ 40,532</u>	<u>\$ 106,585</u>
Cash Flows from Noncapital Financing Activities:					
Proceeds from Issuance of Debt.....	\$ 44,870	\$ 68,130	\$ 61,000	\$ 27,000	\$ 30,000
Grants to Individuals or Governments.....	(468)	(442)	(448)	(444)	(440)
Retirement of Long-Term Debt.....	(44,755)	(71,195)	(21,650)	(83,470)	(219,390)
Interest Payments.....	(19,383)	(19,497)	(19,405)	(21,218)	(27,961)
Operating Transfers Out.....	(221)	(67)	(75)	(325)	(81)
Other Cash Inflows from Noncapital Financing Activities.....	7	10	0	3	1
Other Cash Outflows from Noncapital Financing Activities.....	(1,284)	(746)			(463)
Net Cash Provided (Used) by Noncapital Financing Activities.....	<u>(\$ 21,233)</u>	<u>(\$ 23,807)</u>	<u>\$ 19,422</u>	<u>(\$ 78,454)</u>	<u>(\$218,334)</u>
Cash Flows from Capital and Related Financing Activities:					
Payments for Purchase of Fixed Assets.....	(\$ 123)	(\$ 4)	\$ 0	(\$ 7)	\$ 0
Net Cash Provided (Used) by Capital and Related Financing Activities.....	<u>(\$ 123)</u>	<u>(\$ 4)</u>	<u>\$ 0</u>	<u>(\$ 7)</u>	<u>\$ 0</u>
Cash Flows from Investing Activities:					
Interest and Dividends Receipts.....	4,998	7,654	5,362	2,335	1,582
Net Cash Provided (Used) by Investing Activities.....	<u>\$ 4,998</u>	<u>\$ 7,654</u>	<u>\$ 5,362</u>	<u>\$ 2,335</u>	<u>\$ 1,582</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	<u>(\$ 24,576)</u>	<u>(\$ 12,719)</u>	<u>\$ 61,835</u>	<u>(\$ 35,593)</u>	<u>(\$ 110,167)</u>
Cash and Cash Equivalents, Beginning of Year.....	154,096	166,815	104,980	140,573	250,741
Cash and Cash Equivalents, End of Year.....	<u>\$ 129,520</u>	<u>\$ 154,096</u>	<u>\$ 166,815</u>	<u>\$ 104,980</u>	<u>\$ 140,574</u>
Operating Income (Loss).....	<u>(\$ 7,230)</u>	<u>(\$ 10,859)</u>	<u>(\$ 9,247)</u>	<u>(\$ 9,891)</u>	<u>(\$ 10,919)</u>
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation.....	\$ 21	\$ 15	\$ 23	\$ 34	\$ 45
Provision for Uncollectible Accounts.....	9	(4)	(5)	75	(82)
Operating Expense (Interest Expense) Classified as Noncapital Financing Act.	19,670	20,466	19,764	22,497	26,274
Changes in Assets and Liabilities:					
Decrease (Increase) in Mortgage Loans Receivables.....	(20,567)	(5,528)	26,080	28,206	87,253
Decrease (Increase) in Other Accounts Receivables.....	321	(479)	793	186	4,306
Decrease (Increase) in Due From Other Funds.....	0	1	(1)	11	22
Decrease (Increase) in Investments.....	0	0	0	0	0
Decrease (Increase) in Prepaid Items.....	32	(0)	(8)	4	
Decrease (Increase) in Deferred Charges.....	101	101	101	101	101
Decrease (Increase) in Other Assets.....	(210)	(67)	(236)	352	(147)
Decrease (Increase) in Accounts Payable and Other Accrued Liabilities.....	(297)	(12)	(124)	(1,033)	571
Decrease (Increase) in Compensated Absences.....	(119)	(48)	30	52	20
Decrease (Increase) in Other Postemployment Benefits.....	80				
Decrease (Increase) in Due to Other Funds.....	(66)	(139)	(88)	(2)	(764)
Decrease (Increase) in Due to Other Governments.....	38	2	(4)		4
Decrease (Increase) in Tax and Other Deposits.....	0	(1)			(1)
Decrease (Increase) in Unearned Revenues.....	(1)	(10)	(25)	(60)	(98)
Total Adjustments.....	<u>(\$ 987)</u>	<u>\$ 14,295</u>	<u>\$ 46,298</u>	<u>\$ 50,423</u>	<u>\$ 117,504</u>
Net Cash Provided by Operating Activities.....	<u>(\$ 8,217)</u>	<u>\$ 3,437</u>	<u>\$ 37,051</u>	<u>\$ 40,532</u>	<u>\$ 106,585</u>
Noncash Investing, Capital and Financing Activities					
Other (Residual Equity Transfer)					
Total Noncash Investing, Capital and Financing Activities					

Source: Department of Veterans Affairs

Table III-20
VETERANS HOUSING LOAN PROGRAM
BONDS ISSUED AND RELATED RATES OF INTEREST ^(a)
(On Bonds Issued to December 15, 2008)

<u>Bonds Dated</u>	<u>Amount of Issue</u>	<u>Interest Rate Paid by the State</u>	<u>Interest Rate Charged to Veterans ^(b)</u>
4/01/85	\$290,955,000	9.49%	10.60%
5/22/86	38,185,500	7.78	8.55
7/01/88	15,000,000	7.87	8.55
1/01/89	20,000,000	7.98	8.55
8/01/89	20,000,000	7.22	7.85
3/01/90	20,000,000	7.60	8.25
10/01/90	20,000,000	7.62	8.25
4/01/91	30,000,000	7.36	8.10
6/01/92	30,000,000	6.56	7.40
10/15/93	20,000,000	5.40	5.25 ^(c)
9/15/94	45,000,000	6.62	7.25
2/15/95	29,625,000	6.46	7.45
10/15/95	42,850,000	5.58	6.55
5/15/96	45,000,000	6.07	7.00
10/15/96	30,000,000	5.93	6.90
3/15/1997	45,000,000	5.97	6.90
9/15/1997	45,000,000	5.41	6.40
9/15/1997	45,000,000	7.30	6.40 ^(d)
5/15/1998	30,565,000	5.41	6.65
5/15/1998	34,005,000	6.93	6.65 ^(d)
10/15/1998	6,155,000	4.87	6.50
10/15/1998	55,000,000	6.37	6.50 ^(d)
5/01/1999	40,000,000	7.14	6.85 ^(d)
11/01/1999	65,000,000	7.75	7.80 ^(d)
7/01/2000	35,000,000	8.02	7.90 ^(d)
2/21/2001	15,000,000	7.00	6.80 ^(d)
6/15/2001	20,000,000	6.96	7.00 ^(d)
10/1/2001	20,000,000	6.80	6.80 ^(d)
3/26/2002	15,000,000	6.25	6.50 ^(d)
6/12/2002	20,000,000	6.25	6.50 ^(d)
9/26/2002	13,000,000	5.25	5.65
12/30/2002	15,000,000	5.25	5.75
7/24/2003	30,000,000	4.35	5.35/5.75/5.30
8/26/2004	20,000,000	5.65	6.15
4/7/2005	5,000,000	5.40	5.90
8/2/2006	61,685,000	5.06	6.00
10/31/2007	20,570,000	4.66	6.00
6/26/2008	19,855,000	4.80	5.75

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

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

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

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

Source: Department of Administration

**Table III-21
VETERANS HOUSING LOAN PROGRAM
60+ DAY LOAN DELINQUENCIES**

	<u>Month Ending</u>	<u>Principal Amount Outstanding</u>	<u>Number of Loans Outstanding</u>	<u>60+ Day Delinquent Loans</u>	<u>Percent of Total</u>
2005	January	\$296,621,597	5,249	43	0.82%
	February	294,577,811	5,186	39	0.75
	March	290,098,838	5,084	31	0.61
	April	286,371,247	4,989	31	0.62
	May	283,221,485	4,912	41	0.83
	June	279,618,344	4,819	34	0.71
	July	275,925,819	4,738	33	0.70
	August	270,796,763	4,645	38	0.82
	September.....	267,665,543	4,564	33	0.72
	October.....	264,887,598	4,487	37	0.82
	November.....	262,351,311	4,422	42	0.95
	December	260,508,031	4,347	44	1.01
2006	January	260,174,703	4,288	42	0.98
	February	259,332,115	4,231	42	0.99
	March	258,001,047	4,165	37	0.89
	April	255,625,309	4,093	30	0.73
	May	252,844,330	4,024	31	0.77
	June	251,428,981	3,950	28	0.71
	July	248,536,715	3,890	30	0.77
	August	246,721,899	3,825	27	0.71
	September.....	246,705,072	3,781	28	0.74
	October.....	246,430,501	3,721	28	0.75
	November.....	246,910,805	3,693	32	0.87
	December	247,745,088	3,650	28	0.77
2007	January	246,922,395	3,601	27	0.75
	February	247,626,268	3,566	28	0.79
	March	248,305,638	3,525	25	0.71
	April	248,848,115	3,477	21	0.60
	May	248,719,529	3,432	23	0.67
	June	251,503,500	3,409	28	0.82
	July	252,665,761	3,369	31	0.92
	August	259,169,908	3,364	23	0.68
	September.....	260,258,220	3,341	31	0.93
	October.....	264,692,722	3,337	25	0.75
	November.....	246,910,805	3,693	32	0.87
	December	247,745,088	3,650	28	0.77
2008	January	246,922,395	3,601	27	0.75
	February	247,626,268	3,566	28	0.79
	March	248,305,638	3,525	25	0.71
	April	248,848,115	3,477	21	0.60
	May	248,719,529	3,432	23	0.67
	June	251,503,500	3,409	28	0.82
	July	252,665,761	3,369	31	0.92
	August	259,169,908	3,364	23	0.68
	September.....	260,258,220	3,341	31	0.93
	October.....	264,692,722	3,337	25	0.75

Source: Department of Veterans Affairs

Table III-22
DEBT SERVICE SCHEDULE ON STATE GENERAL OBLIGATION BONDS ISSUED TO FUND
VETERANS HOUSING AND HILP LOANS
(December 15, 2008)

Fiscal Year (Ending June 30)	Principal	Interest	Total Debt Service
2009 ^(a)	\$ 6,130,000	\$ 9,076,750	\$ 15,206,750
2010.....	8,530,000	17,734,163	26,264,163
2011.....	8,915,000	17,342,723	26,257,723
2012.....	9,400,000	16,927,050	26,327,050
2013.....	9,850,000	16,483,598	26,333,598
2014.....	10,330,000	16,015,769	26,345,769
2015.....	8,200,000	15,566,896	23,766,896
2016.....	10,865,000	15,106,460	25,971,460
2017.....	33,610,000	14,275,719	47,885,719
2018.....	11,255,000	12,936,612	24,191,612
2019.....	9,765,000	12,335,724	22,100,724
2020.....	13,230,000	11,717,819	24,947,819
2021.....	13,165,000	11,010,809	24,175,809
2022.....	15,380,000	10,271,312	25,651,312
2023.....	18,220,000	9,402,291	27,622,291
2024.....	18,545,000	8,412,153	26,957,153
2025.....	18,880,000	7,377,378	26,257,378
2026.....	23,465,000	6,378,258	29,843,258
2027.....	23,085,000	5,090,232	28,175,232
2028.....	13,465,000	4,001,521	17,466,521
2029.....	9,710,000	3,247,180	12,957,180
2030.....	9,565,000	2,703,243	12,268,243
2031.....	9,265,000	2,180,892	11,445,892
2032.....	8,420,000	1,711,301	10,131,301
2033.....	7,650,000	1,306,095	8,956,095
2034.....	6,225,000	910,056	7,135,056
2035.....	4,880,000	640,730	5,520,730
2036.....	4,440,000	404,465	4,844,465
2037.....	3,390,000	182,715	3,572,715
2038.....	275,000	13,475	288,475
TOTALS.....	<u>\$348,105,000</u>	<u>\$250,763,388</u>	<u>\$598,868,388</u>

^(a) For the fiscal year ending June 30, 2009, the table includes debt service amounts for the period December 15, 2008 through June 30, 2009.

Source: Department of Administration

Table III-23
VETERANS HOUSING LOAN PROGRAM
TOTAL LOANS BY COUNTY
(Through October 2008)

<u>County</u>	<u>Number of Loans</u>	<u>% of Total Loans</u>	<u>County</u>	<u>Number of Loans</u>	<u>% of Total Loans</u>
Adams.....	152	0.28%	Marinette	313	0.57%
Ashland.....	106	0.19	Marquette	76	0.14
Barron.....	437	0.79	Menominee.....	16	0.03
Bayfield	105	0.19	Milwaukee.....	9,507	17.22
Brown	3,047	5.52	Monroe	487	0.88
Buffalo.....	100	0.18	Oconto.....	324	0.59
Burnett	80	0.14	Oneida	384	0.70
Calumet.....	375	0.68	Outagamie	2,153	3.90
Chippewa.....	524	0.95	Ozaukee.....	575	1.04
Clark	210	0.38	Pepin.....	55	0.10
Columbia	520	0.94	Pierce.....	376	0.68
Crawford.....	124	0.22	Polk	251	0.45
Dane.....	4,455	8.07	Portage	779	1.41
Dodge	835	1.51	Price	147	0.27
Door.....	251	0.45	Racine.....	2,176	3.94
Douglas.....	551	1.00	Richland	119	0.22
Dunn	336	0.61	Rock	2,226	4.03
Eau Claire	1,245	2.25	Rusk	176	0.32
Florence	8	0.01	St. Croix	621	1.12
Fond du Lac.....	1,278	2.31	Sauk.....	533	0.97
Forest	31	0.06	Sawyer.....	71	0.13
Grant	404	0.73	Shawano	319	0.58
Green	335	0.61	Sheboygan	1,367	2.48
Green Lake	150	0.27	Taylor	107	0.19
Iowa.....	225	0.41	Trempeleau.....	218	0.39
Iron	37	0.07	Vernon.....	169	0.31
Jackson	221	0.40	Vilas	123	0.22
Jefferson	763	1.38	Walworth.....	667	1.21
Juneau	201	0.36	Washburn	142	0.26
Kenosha.....	1,431	2.59	Washington	1,092	1.98
Kewaunee	147	0.27	Waukesha	2,770	5.02
LaCrosse.....	1,324	2.40	Waupaca.....	471	0.85
Lafayette	132	0.24	Waushara.....	164	0.30
Langlade	126	0.23	Winnebago	2,116	3.83
Lincoln.....	225	0.41	Wood.....	<u>1,121</u>	<u>2.03</u>
Manitowoc.....	1,162	2.10	Total	55,223	100.00
Marathon	1,359	2.46			

Source: Department of Veterans Affairs.

Table III-24
OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS
SUBJECT TO SPECIAL REDEMPTION

<u>Series</u>	<u>Dated Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding^(a)</u>		<u>Coupon</u>
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>	
1993 Series 6	10/15/93	1994	\$ 210,000	\$ 165,000			2.70/2.80%
		1995	170,000	170,000			3.30
		1996	175,000	175,000			3.65
		1997	180,000	185,000			3.85
		1998	185,000	195,000			4.00
		1999	195,000	195,000			4.10
		2000	205,000	210,000			4.20
		2001	210,000	220,000			4.30
		2002	220,000	230,000			4.45
		2003	230,000	240,000			4.55
		2004	240,000	250,000			4.65
		2005	255,000	260,000			4.75
		2006	270,000	270,000			4.85
		2010	2,125,000		\$ 260,000		5.15
		2013	2,150,000				5.25
2016	10,215,000		7,310,000		5.30		
1993 Series 5	12/01/93	1994		95,000			2.50
		1995	90,000	85,000			3.20
		1996	90,000	95,000			3.60
		1997	95,000	95,000			3.80
		1998	95,000	100,000			4.00
		1999	105,000	105,000			4.10
		2000	105,000	6,805,000			4.20
		2001	3,605,000	9,135,000			4.35
		2002	5,650,000	10,885,000			4.45
		2003	8,425,000	9,555,000			4.55
		2004	7,160,000	11,000,000			4.65
		2005	8,875,000	10,275,000			4.75
		2006	9,000,000	12,025,000			4.85
		2010		14,770,000	\$ 1,865,000		5.20
		2013		1,190,000			5.30
2016		1,405,000		710,000	5.35		
2023		4,340,000		4,340,000	5.40		
1994 Series 2	03/01/94	1999	10,565,000				4.85
		2000	9,070,000				5.00
		2001	8,680,000				5.10
		2002	6,390,000				5.20
		2003	4,810,000				5.30
		2004	3,715,000				5.40
		2005	2,540,000				5.50
		2006	2,050,000				5.60
		2007	1,760,000				5.70
		2008	1,580,000				5.80
		2009	890,000		890,000		5.85
		2014	1,700,000				6.10
2024	4,775,000				6.20		
1996 Series B	05/15/96	1998		2,060,000			4.40
		1999		2,155,000			4.70
		2007		6,730,000			5.50
		2008		5,430,000			5.60
		2009		3,255,000			5.70
		2010		200,000			5.80
		2011		210,000			5.90
		2012		230,000			6.00
		2013		240,000			6.00
		2014		255,000			6.00
		2021		10,305,000			6.10
		2026		13,930,000		1,515,000	6.20

Table III-24 — Continued
OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS
SUBJECT TO SPECIAL REDEMPTION

Series	Dated Date	Maturities	Original Par Amount		Par Amount Outstanding ^(a)		Coupon	
			May	November	May	November		
1996 Series D	10/15/96	2007	\$ 4,500,000				5.25%	
		2008	2,250,000				5.30	
		2009	1,800,000				5.40	
		2014	3,700,000				5.75	
		2020	6,405,000				5.80	
		2027	11,345,000			\$ 2,715,000	6.00	
1997 Series A	03/15/97	2021	8,065,000				6.00	
		2028	13,295,000			1,745,000	6.00	
1997 Series C	09/15/97	2000		\$ 250,000			4.25	
		2001		270,000			4.30	
		2003		1,445,000			4.50	
		2004		1,645,000			4.50	
		2005		1,390,000			4.50	
		2006		1,480,000			4.60	
		2007		1,935,000			4.75	
		2008		2,035,000			4.80	
		2009		2,445,000			5.00	
		2010		2,765,000			5.00	
		2011		2,655,000			5.00	
		2012		2,600,000			5.10	
		2013		2,360,000			5.20	
		2017		7,850,000			\$ 195,000	5.40
		2023		10,580,000			4,560,000	5.50
2026		3,295,000			3,100,000	5.50		
1998 Series B	05/15/98	2007	955,000				4.75	
		2008	1,910,000				4.80	
		2010	4,775,000				5.00	
		2018	2,865,000				5.30	
		2023	8,670,000			2,290,000	5.30	
		2028	11,390,000			9,840,000	5.35	
1998 Series E	10/15/98	2012	950,000				4.60	
		2013	950,000				4.70	
		2014	995,000				4.80	
		2015	1,050,000				4.75	
		2016	1,100,000			940,000	4.75	
		2017	1,155,000			985,000	4.80	
1999 Series 1	05/01/99	2008	860,000				4.60	
		2009	935,000			530,000	4.70	
		2010	980,000			555,000	4.80	
		2011	1,030,000			585,000	5.00	
		2012	1,100,000			625,000	5.00	
		2015	3,880,000			2,200,000	5.10	
2020	7,005,000			3,960,000	5.30			
2003 Series 2	04/01/03	2007	545,000				2.45	
		2008	565,000				2.85	
		2009	575,000			575,000	3.20	
		2010	595,000			595,000	3.50	
		2011	620,000			620,000	3.80	
		2012	640,000			640,000	3.95	
		2013	665,000			665,000	4.00	
		2014	695,000			695,000	4.05	
		2015	720,000			720,000	4.15	
		2016	750,000			750,000	4.25	
		2017	785,000			785,000	4.35	
		2018	815,000			815,000	4.50	
		2019	855,000			855,000	4.60	
		2020	890,000			890,000	4.65	
		2021	935,000			935,000	4.80	
2024	3,090,000			3,090,000	5.00			

Table III-24 — Continued
OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS
SUBJECT TO SPECIAL REDEMPTION

<u>Series</u>	<u>Dated</u> <u>Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding^(a)</u>		<u>Coupon</u>		
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>			
2003 Series 3	10/30/03	2004		\$ 2,325,000			1.25%		
		2005		2,345,000			1.55		
		2006		2,395,000			1.85		
		2007		2,430,000			2.25		
		2013		16,210,000		\$ 13,710,000	3.50		
		2025		13,000,000		13,000,000	5.00		
		2026		29,185,000		29,185,000	5.00		
2006 Series C	08/02/06	2008	\$ 950,000				4.00		
		2009	790,000		\$ 790,000		4.50		
		2010	790,000		845,000		4.50		
		2011	790,000		890,000		4.50		
		2012	790,000		960,000		4.50		
		2013	790,000		1,010,000		4.50		
		2014	790,000		1,075,000		4.50		
		2015	790,000		1,145,000		4.50		
		2016	790,000		1,220,000		4.50		
		2017	790,000		1,300,000		4.60		
		2018	790,000		1,375,000		4.60		
		2019	790,000		1,470,000		4.60		
		2020	790,000		1,555,000		5.00		
		2021	790,000		1,660,000		5.00		
		2022	790,000		1,770,000		5.00		
		2023	790,000		1,880,000		5.00		
		2024	790,000		2,000,000		5.00		
		2025	790,000		2,120,000		5.00		
		2027	790,000		4,670,000		4.80		
2031	790,000		11,260,000		5.00				
2037	790,000		21,740,000		5.00				
2007 Series 2	10/31/07	2008	60,000	120,000			3.50		
		2009	130,000	130,000	130,000	130,000	3.55		
		2010	135,000	140,000	135,000	140,000	3.63		
		2011	145,000	145,000	145,000	145,000	3.70		
		2012	155,000	155,000	155,000	155,000	3.80		
		2013	165,000	165,000	165,000	165,000	3.85		
		2014	170,000	180,000	170,000	180,000	3.95		
		2015	180,000	570,000	180,000	570,000	4.05		
		2016	195,000	6,715,000	195,000	6,715,000	4.13		
		2017	205,000	210,000	205,000	210,000	4.25		
		2022		2,510,000		2,510,000	4.38		
		2027		4,155,000		4,155,000	4.50		
		2007 Series 3	10/31/07	2025	3,835,000		3,835,000		5.00
		2008 Series 1	06/26/08	2009	160,000	180,000	160,000	180,000	2.30/2.35
2010	185,000			190,000	185,000	190,000	2.60/2.65		
2011	195,000			205,000	195,000	205,000	2.95/3.00		
2012	210,000			215,000	210,000	215,000	3.25/3.30		
2013	220,000			200,000	220,000	200,000	3.45		
2014	235,000				235,000		3.60		
2015	250,000				250,000		3.75		
2016	100,000				100,000		3.88		
2017	175,000				175,000		4.00		
2018	400,000				400,000		4.13		
2018	14,680,000		14,680,000		4.75				
2023		175,000		175,000	4.75				
2008 Series 2	06/26/08	2028	1,880,000		1,880,000		5.50		

^(a) As of December 15, 2008.

Source: Department of Administration

Table III-25
SUMMARY OF PREPAYMENTS ON VETERANS HOUSING AND HILP LOANS
FUNDED WITH VETERANS MORTGAGE BONDS

Prepayments October 2005-September 2008

Mortgage Pool	Interest Rate Charged to Veterans	October 2005 - March 2006	April 2006 - September 2006	October 2006 - March 2007	April 2007 - September 2007	October 2007 - March 2008	April 2008 - September 2008
Tax-Exempt Veterans Mortgage Bonds							
1993 Series 6	5.25	\$ 464,324.41	\$ 262,880.16	\$ 172,746.41	\$ 423,724.50	\$ 159,051.92	\$ 289,976.63
1993 Series 5	5.25	181,300	179,793	408,706	1,044,288	406,473	663,939
1994 Series C	7.25	259,385	73,196	167,808	294,700	34,351	-
1994 Series 1	6.00	1,408,835	1,148,050	752,935	742,259	586,749	915,469
1994 Series 3		28,241	41,840	17,249	29,734	16,181	2,942
1995 Series B	7.45	119,510	4,454	1,370	92,402	691	645
1995 Series 1	7.45	27,465	89,357	79,161	94,743	1,385	-
1995 Series 2	6.55	425,666	526,243	217,857	166,174	184,850	-
1996 Series B	7.00	176,505	407,172	107,042	24,795	319,610	182,481
1996 Series D	6.90	448,835	82,556	18,203	113,331	351,536	86,043
1997 Series A	6.90	10,678	139,168	105,809	179,556	5,031	3,846
1997 Series 1	6.90	84,576	148,658	364,432	38,475	213,436	160,321
1997 Series C	6.40	490,987	395,267	301,626	450,023	327,790	220,431
1998 Series B	6.65	503,126	485,349	274,540	203,192	137,648	489,327
1998 Series E	6.50	48,618	26,333	90,017	72,149	23,173	53,153
1999 Series 1	N/A	16,809	110,349	107,556	84,307	51,655	49,145
2003 Series 2	5.75	507,513	396,876	236,579	288,933	120,201	179,684
2003 Series 3	5.30	1,308,597	1,981,915	1,160,550	1,344,991	913,154	1,076,906
2006 Series C	6.00/6.25	N/A	5,040	447,969	547,616	928,130	1,545,669
2007 Series 2	5.65/6.00	N/A	N/A	N/A	-	1,638	95,655
2007 Series 3	5.65/6.00	N/A	N/A	N/A	-	334	19,520
2008 Series 1	5.75	N/A	N/A	N/A	N/A	-	2,418
2008 Series 2	5.75	N/A	N/A	N/A	N/A	-	253
Equity Pool	N/A	1,152,664	925,494	898,226	1,107,684	507,559	1,384,332
	Subtotal:	\$ 7,663,633	\$ 7,429,991	\$ 5,930,381	\$ 7,343,078	\$ 5,290,624	\$ 7,422,156
Taxable Veterans Mortgage Bonds							
1997 Series D	6.40%	617,627	781,466	666,640	39,164	68,964	459,565
1998 Series C	6.65	278,846	487,957	235,536	133,376	154,094	343,962
1998 Series F	6.50	611,343	443,445	537,950	518,266	402,751	515,910
1999 Series B	6.85	341,109	412,684	149,953	91,890	258,685	376,885
1999 Series D	7.80	63,124	83,400	353,732	447,381	(33,449)	63,824
2000 Series B	7.90	236,270	269,706	39,150	49,189	1,139	155,663
2000 Series E	6.80	50,057	52,624	42,962	24,849	30,691	5,168
2001 Series A	7.00	234,138	75,669	63,400	246,642	188,320	113,225
2001 Series D	7.00	227,779	183,996	76,020	148,114	37,630	26,099
2001 Series E	6.80	493,559	385,661	356,901	87,664	600,307	554,430
2002 Series B	6.50	193,396	486,949	479,417	231,111	279,333	368,890
2002 Series D	6.50	286,782	632,212	186,001	128,186	86,427	554,486
2002 Series E	5.65	37,992	97,001	71,315	(23,480)	34,280	16,142
2002 Series F	5.65	99,263	243,797	440,160	200,700	60,711	504,963
2002 Series H	5.75	178,924	584,168	106,226	546,276	192,792	384,139
2003 Series 1	N/A	204,167	142,427	81,708	125,081	39,984	69,203
2003 Series B	5.35/5.75/5.30	425,781	920,239	1,245,926	786,555	859,341	619,991
2004 Series B	5.35	N/A	334	40,483	51,719	123,333	29,327
2004 Series C	5.65	N/A	-	4,648	87,964	141,050	-
2004 Series D	6.15	6,109	246,371	66,327	3,452	331,508	100,026
2005 Series C	5.99	651	9,002	15,273	278,545	11,820	2,195
2006 Series B	6.75/7.25	N/A	-	-	136,123	142,136	47,265
2008 Series B	6.00	N/A	N/A	N/A	N/A	-	4,399
	Subtotal:	\$ 4,586,918	\$ 6,539,107	\$ 5,259,728	\$ 4,338,764	\$ 4,011,846	\$ 5,315,758
	Total:	\$ 12,250,551	\$ 13,969,098	\$ 11,190,109	\$ 11,681,842	\$ 9,302,470	\$ 12,737,915