

STATE OF WISCONSIN CONTINUING DISCLOSURE ANNUAL REPORT

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

GENERAL OBLIGATIONS

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

MASTER LEASE CERTIFICATES OF PARTICIPATION

(Base CUSIP 977087)

TRANSPORTATION REVENUE OBLIGATIONS

(Base CUSIP 977123)

CLEAN WATER REVENUE BONDS

(Base CUSIP 977092)

PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS

(Base CUSIP 977109)

GENERAL FUND ANNUAL APPROPRIATION BONDS

(Base CUSIP 977100)

DECEMBER 23, 2004



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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GOVERNOR

MARC J. MAROTTA
SECRETARY

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December 23, 2004

Thank you for your interest in the State of Wisconsin.

This is the Continuing Disclosure Annual Report for the fiscal year ending June 30, 2004 (**Annual Report**).

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

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

Organization of the Annual Report

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

- **Part I** presents the **State's continuing disclosure undertakings**. A Master Agreement on Continuing Disclosure establishes a general framework. Separate addenda describe the information to be provided for specific types of securities.
- **Part II** presents **general information about the State**, including its operations and financial results. This part includes the audited basic financial statements for the fiscal year ending June 30, 2004 and the State Auditor's report. This part also includes the results of the 2003-04 fiscal year and the current status of the budget for the 2004-05 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 ⁻⁽¹⁾	Aa3 ⁽²⁾	AA-
Master Lease Certificates of Participation	A+ ⁽¹⁾	A1 ⁽²⁾	A+
Transportation Revenue Bonds	AA	Aa3	AA-
Clean Water Revenue Bonds	AA+	Aa2	AA+
Petroleum Inspection Fee Revenue Bonds	AA-	Aa3	AA-
General Fund Annual Appropriation Bonds	A+ ⁽¹⁾	A1 ⁽²⁾	A+

- (1) On March 2, 2004, Fitch Ratings downgraded the State’s general obligations from “AA” to “AA-” and downgraded the State’s master lease certificates of participation and general fund annual appropriation bonds from “AA-” to “A+”.
- (2) Moody’s has assigned a negative outlook on the State’s long-term general obligation bonds, master lease certificates of participation, and general fund annual appropriation bonds.

How to Get Additional Information

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

December 23, 2004

Page 3 of 3


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 Annual Report. The general telephone number of the Capital Finance Office is (608) 266-2305. The e-mail address is **capfin@doa.state.wi.us**.

Sincerely,

A handwritten signature in black ink, appearing to read "F. R. Hoadley", with a stylized flourish extending to the right.

Frank R. Hoadley
Capital Finance Director

SUMMARY OF OUTSTANDING STATE OF WISCONSIN OBLIGATIONS AS OF DECEMBER 1, 2004

	<u>Principal Balance</u> <u>12/1/2003</u>	<u>Principal Issued</u> <u>12/1/2003 -</u> <u>12/1/04</u>	<u>Principal Matured,</u> <u>Redeemed, or</u> <u>Defeased</u> <u>12/1/2003 -</u> <u>12/1/04</u>	<u>Principal Balance</u> <u>12/1/2004</u>
<u>GENERAL OBLIGATIONS^(a)</u>				
Total	\$4,370,162,682	\$1,386,275,689	\$879,978,030	\$4,876,460,340
General Purpose Revenue (GPR)	3,301,980,073	659,393,045	736,065,302	3,225,307,815
Self-Amortizing: Veterans	413,275,000	22,000,000	65,335,000	369,940,000
Self-Amortizing: Other	654,907,609	704,882,644	78,577,728	1,281,212,525
<u>MASTER LEASE CERTIFICATES OF PARTICIPATION</u>				
Total	\$ 115,140,426	\$18,033,274	\$51,070,895	\$82,102,804
<u>TRANSPORTATION REVENUE OBLIGATIONS^(a)</u>				
Total	\$1,442,078,000	\$95,905,000	\$161,240,000	\$1,376,743,000
<u>CLEAN WATER REVENUE BONDS</u>				
Total	\$ 620,480,000	\$116,795,000	\$54,340,000	\$682,935,000
<u>PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS^(a)</u>				
Total	\$ 317,290,000	\$140,470,000	\$109,305,000	\$348,455,000
<u>TAXABLE GENERAL FUND ANNUAL APPROPRIATION BONDS^(a)</u>				
Total	\$1,794,850,000	—	—	\$1,794,850,000

(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.

TABLE OF CONTENTS

Page

PART III GENERAL OBLIGATIONS

INTRODUCTION	81
SECURITY PROVISIONS FOR GENERAL	
OBLIGATIONS	82
Security	82
Flow of Funds to Pay Debt Service on General	
Obligations	82
Purposes of General Obligations	83
Limitations on Issuance of General Obligations	83
Authorization of General Obligations	83
DEBT INFORMATION	88
VARIABLE RATE OBLIGATIONS	99
Commercial Paper Notes	99
Extendible Municipal Commercial Paper	100
REVENUE-SUPPORTED GENERAL OBLIGATION	
DEBT	102
General	102
Veterans Housing Loan Program	102
Special Redemption-Tax-Exempt Veterans	
Mortgage Bonds	104
Special Redemption-Taxable Veterans	
Mortgage Bonds	106
Financial and Statistical Information	113

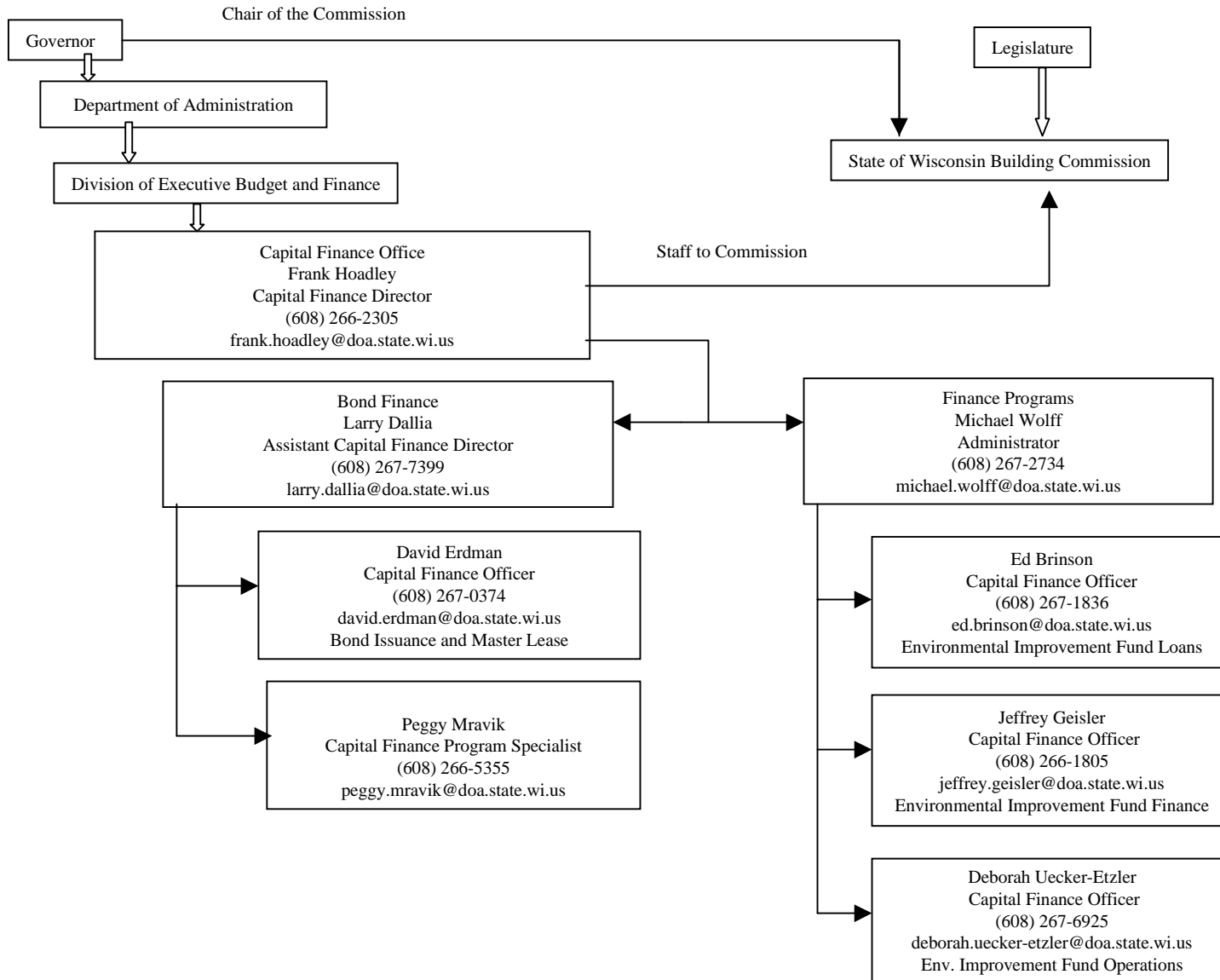
TABLE OF TABLES

Table Page

PART III GENERAL OBLIGATIONS

III-1 State Of Wisconsin General Obligation Issuance Status Report	84
III-2 Outstanding General Obligations By Issue	88
III-3 Per Capita State General Obligation Debt	93
III-4 Limitation On Aggregate Public Debt Derivation Of Amount For 2004	94
III-5 Annual Debt Limit Compared to Actual Borrowing.....	94
III-6 Debt Statement	95
III-7 Comparison Of Outstanding Indebtedness to Equalized Valuation of Property.....	95
III-8. Debt Service Payment History: Amount Paid On . General Obligations	96
III-9 Debt Service Maturity Schedule: Amount Due Annually On General Obligation Bonds	97
III-10 Amortization Schedule: Amount Due Annually On General Obligation Variable Rate Obligations	98
III-11 Source Of Debt Service Payments On General Obligations Issued as of June 30, 2004	98
III-12 Summary of Outstanding Tax-Exempt Veterans Mortgage Bonds Subject to Special Redemption	105
III-13 November 1, 2004 Special Redemption Tax-Exempt Veterans Mortgage Bonds	106
III-14 November 1, 2004 Special Redemption Taxable Veterans Mortgage Bonds	107
III-15. Summary of All Special Redemptions Taxable Veterans Mortgage Bonds.....	109
III-16 Veterans Primary Mortgage Housing Loan Program Balance Sheet	113
III-17 Veterans Primary Mortgage Housing Loan Program Statement of Revenues, Expenses and Changes in Retained Earnings.....	114
III-18 Statement Of Cash Flows	115
III-19 Veterans Housing Loan Program Bonds Issued and Related Rates of Interest	116
III-20 Veterans Primary Mortgage Housing Loan Program 60+ Day Loan Delinquencies	117
III-21 Debt Service Schedule On State General Obligations Issued To Fund Veterans Housing & HILP Loans	118
III-22 Veterans Housing Loan Program Total Loans By County	119
III-23 Outstanding Tax-Exempt Veterans Mortgage Bonds Subject to Special Redemption.....	120
III-24 Summary Of Prepayments On Veterans Housing and HILP Loans	124

Capital Finance Office Staff (As of December 1, 2004)



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 8, 2007
Senator Fred A. Risser, Vice-Chairperson	January 3, 2005
Senator Robert Cowles	January 3, 2005
Senator Carol Roessler	January 3, 2005
Representative Spencer Black	January 3, 2005
Representative Jeff Fitzgerald	January 3, 2005
Representative Daniel Vrakas	January 3, 2005
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Dave Haley, State Chief Architect Department of Administration	_____
Building Commission Secretary	
Mr. Robert G. Cramer, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

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

DEBT MANAGEMENT AND DISCLOSURE

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PART III

GENERAL OBLIGATIONS

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

Total Outstanding Balance (12/1/2004)	\$4,876,460,340
Amount Outstanding—Fixed Rate Obligations	\$4,493,932,340
Amount Outstanding—Variable Rate Obligations	\$ 382,528,000
Percentage of Outstanding Obligations in form of Variable Rate Obligations	7.8%
Bond Ratings (Fitch/Moody's/Standard & Poor's)	AA- ⁽¹⁾ /Aa3 ⁽²⁾ /AA-
Variable Rate Obligation Ratings	F1+/P-1/A-1+
⁽¹⁾ On March 2, 2004, Fitch Ratings downgraded their rating on the State's general obligations from "AA" to "AA-".	
⁽²⁾ On March 4, 2002, Moody's Investors Service, Inc. assigned a rating outlook on the State's general obligation bonds of "negative".	

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

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

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

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

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

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

SECURITY PROVISIONS FOR GENERAL OBLIGATIONS

Security

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

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

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

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

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

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

Flow of Funds to Pay Debt Service on General Obligations

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

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

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

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

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

Purposes of General Obligations

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

Limitations on Issuance of General Obligations

All general obligations issued by the State fall within a debt limit set forth in the Wisconsin Constitution and the Wisconsin Statutes. Each calendar year, the State's issuance of general obligations is limited to the lesser of two amounts, each based on a percentage of the aggregate value of all taxable property in the State: (1) three-quarters of one percent and (2) five percent less outstanding debt. For the current calendar year, the lesser is the first amount, which is \$2,933,908,610. A refunding bond issue does not count for purposes of the annual debt limit, and a refunded bond issue does not count for purposes of the cumulative debt limit. Accrued interest on any general obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations. See [Table III-4 in "DEBT INFORMATION"](#).

Authorization of General Obligations

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

To date, the Legislature has authorized the issuance of general obligations for 81 distinct 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. The Legislature has delegated to the Commission responsibility to establish the form and terms of the issuance and sale of these general obligations. [Table III-1](#) describes the amounts authorized and issued for each borrowing purpose.

Table III-1
State of Wisconsin
General Obligation Issuance Status Report
December 1, 2004

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(a)</u>	<u>Total Authorized Unissued Debt</u>
University of Wisconsin; academic facilities.....	\$ 1,107,898,000	\$ 958,992,229	\$ 12,046,136	\$ 136,859,635
University of Wisconsin; self-amortizing facilities.....	992,385,200	629,032,621	1,643,606	361,708,973
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	182,433,000	13,392	389,553,608
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818	139,438
Clean water fund program.....	637,743,200	442,334,053		195,409,147
Safe drinking water loan program.....	26,210,000	25,506,520		703,480
Natural resources; nonpoint source grants.....	85,310,400	64,130,658	132,570	21,047,172
Natural resources; nonpoint source compliance.....	2,000,000	2,000,000		
Natural resources; environmental repair.....	48,000,000	38,346,900	161,017	9,492,083
Natural resources; urban nonpoint source cost-sharing.....	22,400,000	10,598,850		11,801,150
Natural resources; environmental segregated fund supported administrative facilities.....	6,770,400	2,867,750		3,902,650
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	5,993,000		607,000
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	145,060,325	145,010,325	50,000	
Natural resources; pollution abatement and sewage collection facilities.....	893,493,400	874,674,068	18,513,076	306,256
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,312,599	6,287,401	
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006	
Natural resources; local parks land acquisition and development.....	2,490,000	2,447,741	42,259	
Natural resources; recreation development.....	23,061,500	22,871,110	141,227	49,163
Natural resources; land acquisition.....	45,608,600	45,116,930	491,671	

TABLE III-1
GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
December 1, 2004

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Interest Earnings^(a)	Total Authorized Unissued Debt
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174	37,032
Natural resources; segregated revenue supported facilities.....	45,296,900	23,647,802	45,287	21,603,811
Natural resources; general fund supported administrative facilities.....	10,882,400	10,470,126	21,432	390,842
Natural resources; ice age trail.....	750,000	750,000		
Natural resources; dam safety projects.....	5,500,000	5,400,148	49,701	50,151
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,500,000		
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	224,675,820	1,293,404	5,030,776
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943	96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800		
Transportation; rail passenger route development...	50,000,000	1,432,921		48,567,079
Transportation; accelerated highway improvements.....	185,000,000	185,000,000		
Transportation; connecting highway improvements.....	15,000,000	15,000,000		
Transportation; federally aided highway facilities.....	10,000,000	10,000,000		
Transportation; highway projects.....	41,000,000	41,000,000		
Transportation; major highway and rehabilitation projects.....	565,480,400	454,837,720		110,642,680
Transportation; harbor improvements.....	28,000,000	19,748,190	232,605	8,019,205
Transportation; rail acquisitions and improvements.....	32,500,000	26,764,625	16	5,735,359
Transportation; local roads for job preservation, state funds.....	2,000,000	1,958,357		41,643
Corrections; correctional facilities.....	793,787,700	766,702,362	11,467,003	15,618,335
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99	5,221,463
Corrections; juvenile correctional facilities.....	27,726,500	25,448,556	102,026	2,175,918
Health and family services; mental health and secure treatment facilities.....	129,057,200	121,005,267	895,124	7,156,809

TABLE III-1
GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
December 1, 2004

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(a)</u>	<u>Total Authorized Unissued Debt</u>
Agriculture; soil and water.....	20,575,000	10,808,000	1,248	9,765,752
Agriculture; conservation reserve enhancement...	40,000,000	8,153,000		31,847,000
Administration; Black Point Estate.....	1,600,000			1,600,000
Building commission; previous lease rental authority.....	143,071,600	143,068,654		2,946
Building commission; refunding corporation self-amortizing debt.....	870,000			870,000
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530 ^(b)		
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033 ^(b)		
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005...	250,000,000	250,000,000		
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	440,000,000	440,000,000		
Building commission; housing state departments and agencies.....	480,088,500	402,454,121	2,329,712	75,304,667
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479	
Building commission; project contingencies.....	47,961,200	37,290,000	62,251	10,608,949
Building commission; capital equipment acquisition.....	117,042,900	102,754,191	729,518	13,559,191
Building commission; discount sale of debt.....	90,000,000	66,758,598		23,241,402
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(b)		11,167
Building commission; other public purposes.....	1,495,901,000	1,139,984,244	6,188,961	349,727,795
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities....	10,000,000	10,000,000		
HR Academy, Inc.....	1,500,000	1,292,042		207,958
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	25,000,000			25,000,000
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818	
Swiss cultural center.....	1,000,000			1,000,000
Racine County; Discovery Place museum.....	1,000,000			1,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000		

Table III-1
General Obligation Issuance Status Report—Continued
December 1, 2004

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(a)</u>	<u>Total Authorized Unissued Debt</u>
Administration; school educational technology infrastructure financial assistance.....	90,200,000	68,285,000	431,066	21,483,934
Administration; public library educational technology infrastructure financial assistance.....	300,000	268,918	41	31,041
Educational communications board; educational communications facilities.....	22,858,100	16,809,539	37,069	6,011,492
Historical society; self-amortizing facilities.....	3,173,600	1,029,156	3,896	2,140,547
Historical society; historic records.....	400,000			400,000
Historical society; historic sites.....	1,839,000	1,825,756		13,244
Historical society; museum facility.....	4,384,400	4,362,469		21,931
Historical society; Wisconsin history center.....	30,000,000			30,000,000
Public instruction; state school, state center and library facilities.....	7,367,700	7,330,612	32,508	4,579
Military affairs; armories and military facilities.....	24,393,800	20,662,527	192,632	3,538,641
Veterans affairs; veterans facilities.....	10,090,100	9,405,565	50,593	633,941
Veterans affairs; self-amortizing mortgage loans.....	2,120,840,000	2,045,652,395	2,133,000	73,054,605
Veterans affairs; refunding bonds.....	840,000,000	721,169,245		118,830,755
Veterans affairs; self-amortizing facilities.....	34,412,600	4,277,500	501	30,134,599
State fair park board; board facilities.....	13,587,100	12,887,010		700,090
State fair park board; housing facilities.....	11,000,000	10,999,990	13	
State fair park board; self-amortizing facilities.....	56,787,100	51,991,800	22,328	4,772,972
Total.....	<u>\$16,067,837,488</u>	<u>\$13,804,016,927</u>	<u>\$66,333,629</u>	<u>\$2,197,487,037</u>

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

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

Source: Wisconsin Department of Administration.

DEBT INFORMATION

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

Table III-2
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 1, 2004)

<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	\$ 23,346,000
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	51,247,000
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	145,250,000
Bonds Series B.....	6/1/92			
Serial Bonds.....		1993-2008	7,780,000	-0-
Accelerated Term Bonds.....		2012	4,000,000	-0-
Term Bonds.....		2022	18,220,000	-0-
Loan Series B.....	10/2/92	1995	5,330,000	-0-
Refunding Bonds Series 2.....	10/15/92	1994-2015	5,975,000	3,895,000
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	108,135,000
Refunding Bonds Series 2.....	3/1/93	1993-2011	137,530,000	123,190,000
Bonds Series A.....	5/1/93	1994-2013	124,325,000	-0-
Refunding Bonds Series 3.....	8/1/93	1995-2012	302,050,000	163,015,000
Refunding Bonds Series 6.....	10/15/93			
Serial Bonds.....		1994-2006	5,510,000	900,000
Term Bonds.....		2010	2,125,000	1,815,000
Term Bonds.....		2013	2,150,000	1,830,000
Term Bonds.....		2016	10,215,000	8,710,000
Refunding Bonds Series 4.....	12/1/93	1994-2006	77,575,000	-0-

^(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, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 1, 2004)

<u>Financing</u>	<u>Date of</u> <u>Financing</u>	<u>Maturity</u>	<u>Amount of</u> <u>Issuance</u>	<u>Amount</u> <u>Outstanding</u>
Refunding Bonds Series 5.....	12/1/93			
Serial Bonds		1994-2006	\$ 113,550,000	-0-
Term Bonds		2010	14,770,000	\$ 14,770,000
Term Bonds		2013	1,190,000	1,190,000
Term Bonds		2016	1,405,000	1,405,000
Term Bonds		2023	4,340,000	4,340,000
1994- Bonds Series A.....	1/1/94	1995-2014	119,810,000	-0- (a)
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	8,820,000
Term Bonds		2014	1,700,000	1,700,000
Term Bonds		2024	4,775,000	4,775,000
Bonds Series B.....	6/1/94	1995-2014	110,000,000	-0- (a)
Refunding Bonds Series 3.....	9/15/94	1995-2008	10,400,000	1,510,000
Bonds Series C.....	9/15/94			
Serial Bonds		1998-2013	17,135,000	615,000
Term Bonds		2016	5,135,000	-0-
Term Bonds		2020	8,535,000	1,900,000
Term Bonds		2025	14,195,000	900,000
1995- Bonds Series A.....	1/15/95	1996-2015	231,315,000	12,890,000 (a)
Refunding Bonds, Series 1.....	2/15/95			
Serial Bonds		1999-2000	4,350,000	-0-
Serial Bonds		2004	860,000	-0-
Serial Bonds		2007-15	10,525,000	1,235,000
Bonds Series B.....	2/15/95			
Term Bonds		2016	4,215,000	-0-
Term Bonds		2020	7,920,000	-0-
Term Bonds		2025	17,130,000	1,075,000
Note, Series B.....	7/6/95	2005	361,623	48,652
Bonds Series C.....	9/15/95	1997-2016	97,480,000	10,725,000 (a)
Refunding Bonds Series 2.....	10/15/95			
Serial Bonds		1997-2000	5,780,000	-0-
Serial Bonds		2004-05	2,715,000	-0-
Serial Bonds		2007-15	34,355,000	7,460,000
1996- Bonds Series A.....	1/15/96	1997-2016	158,080,000	23,715,000 (a)
Refunding Bonds Series 1.....	2/15/96	1996-2015	104,765,000	99,140,000
Bonds Series B.....	5/15/96			
Serial Bonds		1998-99	4,215,000	-0-
Serial Bonds		2007-14	16,550,000	-0-
Term Bonds		2021	10,305,000	-0-
Term Bonds		2026	13,930,000	3,780,000
Bonds Series C.....	9/1/96	1998-2017	115,230,000	15,640,000 (a)

^(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, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 1, 2004)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
Bonds Series D.....	10/15/96			
Serial Bonds		2007-09	\$ 8,550,000	-0-
Term Bonds		2014	3,700,000	-0-
Term Bonds		2020	6,405,000	-0-
Term Bonds		2027	11,345,000	\$3,635,000
1997- Bonds Series 1	3/15/97			
Serial Bonds		2006-15	17,880,000	-0-
Serial Bonds		2017	5,760,000	2,805,000
Bonds Series A.....	3/15/97			
Term Bonds		2021	8,065,000	-0-
Term Bonds		2028	13,295,000	2,270,000
Bonds Series B.....	7/15/97	1999-2018	101,010,000	41,600,000 (a)
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	9,975,000
Term Bonds		2026	3,295,000	3,100,000
Bonds Series D (Taxable).....	9/15/97			
Serial Bonds		1999-2012	13,385,000	3,575,000
Term Bonds		2017	6,760,000	2,170,000
Term Bonds		2028	24,855,000	7,530,000
1998- Bonds Series A.....	3/1/98	1999-2018	156,185,000	95,750,000 (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	5,950,000
Term Bonds		2028	11,390,000	9,840,000
Bonds Series C (Taxable)	5/15/98			
Serial Bonds		1999-2008	6,245,000	825,000
Term Bonds		2028	27,760,000	7,785,000
Refunding Bonds Series 1.....	8/15/98			
Serial Bonds		1999	2,820,000	-0-
Serial Bonds		2004-16	154,760,000	147,375,000
Refunding Bonds Series 2.....	9/15/98			
Serial Bonds		1999-2001	17,095,000	-0-
Serial Bonds		2004-09	77,155,000	65,010,000
Bonds Series D.....	9/1/98	2000-19	74,840,000	43,885,000 (a)
Bonds Series E.....	10/15/98	2012-17	6,155,000	5,270,000
Bonds Series F (Taxable).....	10/15/98			
Serial Bonds		1999-2009	9,410,000	1,455,000
Term Bonds		2029	45,590,000	13,085,000

(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, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 1, 2004)

<u>Financing</u>	<u>Date of</u> <u>Financing</u>	<u>Maturity</u>	<u>Amount of</u> <u>Issuance</u>	<u>Amount</u> <u>Outstanding</u>	(a)
1999- Bonds Series A.....	2/1/99	2000-19	\$ 147,060,000	\$ 77,985,000	(a)
Refunding Bonds Series 1.....	5/1/99				
Serial Bonds		2008-12	4,905,000	2,785,000	
Term Bonds		2015	3,880,000	2,200,000	
Term Bonds		2020	7,005,000	3,960,000	
Bonds Series B (Taxable).....	5/1/99				
Serial Bonds		2000-10	6,370,000	780,000	
Term Bonds		2013	2,620,000	500,000	
Term Bonds		2016	3,180,000	615,000	
Term Bonds		2030	27,830,000	5,365,000	
Bonds Series C.....	10/15/99	2001-20	100,000,000	28,485,000	(a)
Bonds Series D (Taxable).....	11/1/99				
Term Bonds		2010	9,465,000	930,000	
Term Bonds		2030	55,535,000	7,680,000	
2000- Bonds Series A.....	3/15/2000				
Serial Bonds		2001-18	128,875,000	20,825,000	(a)
Term Bonds		2020	21,125,000	21,125,000	
Bonds Series B (Taxable).....	7/1/2000				
Term Bonds		2010	4,625,000	360,000	
Term Bonds		2030	30,375,000	3,485,000	
Bonds Series C.....	7/15/2000	2012-21	87,715,000	40,735,000	(a)
Bonds Series D.....	11/1/2000	2012-21	199,965,000	89,290,000	(a)
Bonds Series E (Taxable).....	11/7/2000				
Term Bonds		2016	5,000,000	1,505,000	
2001- Bonds Series A (Taxable).....	2/21/01				
Term Bonds		2031	15,000,000	3,835,000	
Bonds Series B.....	4/1/01	2012-21	91,620,000	75,875,000	(a)
Bonds Series C.....	6/1/01	2002-11	92,410,000	64,735,000	
Bonds Series D (Taxable).....	6/15/01				
Serial Bonds		2002-08	2,060,000	215,000	
Term Bonds		2011	1,110,000	195,000	
Term Bonds		2016	2,390,000	420,000	
Term Bonds		2021	3,305,000	575,000	
Term Bonds		2031	11,135,000	1,940,000	
Loan Series A.....	8/24/01		50,000,000	-0-	
Bonds Series F.....	10/1/01	2003-22	186,615,000	108,015,000	(a)
Refunding Bonds Series 1.....	10/1/01				
Serial Bond.....		2005	4,230,000	4,230,000	
Serial Bonds		2007-15	242,875,000	242,875,000	
Bonds Series E (Taxable).....	10/1/01				
Term Bonds		2017	\$ 6,210,000	\$ 2,000,000	
Term Bonds		2021	2,730,000	1,005,000	
Term Bonds		2031	11,060,000	4,065,000	

(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, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 1, 2004)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>	
2002- Bonds Series A	3/1/02	2003-22	112,280,000	91,280,000	(a)
Refunding Bonds Series 1	3/1/02	2004-20	75,000,000	70,030,000	
Bonds Series B (Taxable)	3/26/02				
Term Bonds		2032	15,000,000	7,630,000	
Bonds Series C	6/1/02	2003-22	143,545,000	119,520,000	(a)
Bonds Series D (Taxable)	6/12/02				
Term Bonds		2033	20,000,000	8,465,000	
Bonds Series E (Taxable)	9/26/02				
Term Bonds		2018	2,000,000	1,845,000	
Bonds Series F (Taxable)	9/26/02				
Term Bonds		2033	13,000,000	11,440,000	
Bonds Series G	10/15/02	2004-23	190,550,000	175,350,000	(a)
Bonds Series H	12/30/02				
Term Bonds		2033	15,000,000	12,640,000	
2003- Refunding Bonds Series 1 (Taxable)	4/3/03	2019	7,000,000	4,635,000	
Refunding Bonds Series 2	4/1/03				
Serial Bonds		2007-21	10,650,000	10,650,000	
Term Bonds		2024	3,090,000	3,090,000	
Bonds Series A	5/1/03	2004-23	173,900,000	167,375,000	
Bonds Series B (Taxable)	7/24/03	2033	30,000,000	29,370,000	
Bonds Series C	10/15/03		285,130,000		
Serial Bonds		2005-24	251,865,000	251,865,000	
Term Bonds		2026	5,420,000	5,420,000	
Term Bonds		2029	9,190,000	9,190,000	
Term Bonds		2034	18,655,000	18,655,000	
Refunding Bonds Series 3	10/30/03				
Serial Bonds		2004-07	9,495,000	7,170,000	
Term Bonds		2013	16,210,000	16,120,000	
Term Bonds		2025	13,000,000	13,000,000	
Term Bonds		2026	29,185,000	29,185,000	
2004- Refunding Bonds Series 1	1/28/04	2006-19	146,970,000	146,970,000	
Refunding Bonds Series 2	1/28/04	2006-20	175,830,000	175,830,000	
Refunding Notes Series 1	3/16/04	2004	175,000,000	-	
Bonds Series A	4/14/04	2005-24	307,4350,000	307,435,000	
Bonds CWF Global Certificate	5/1/04	2009-24	116,840,688	116,840,688	
Refunding Bonds Series 3	6/15/04	2006-22	175,000,000	175,000,000	
Refunding Bonds Series 4	7/29/04	2006-20	117,200,000	117,200,000	
Bonds Series B (Taxable)	8/12/04				
Term Bonds		2014	1,000,000	1,000,000	
Bonds Series C (Taxable)	8/12/04				
Term Bonds		2019	1,000,000	1,000,000	
Bonds Series D (Taxable)	8/26/04				
Term Bonds		2034	20,000,000	20,000,000	
Bonds Series E	10/21/04	2006-25	225,000,000	<u>225,000,000</u>	
<i>Total Fixed Rate General Obligations</i>				<u>\$4,493,932,340</u>	

(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, and those bonds will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

Variable Rate General Obligations

1997- Commercial Paper Series A	4/3/97	\$ 99,270,000	\$ 38,755,000
Commercial Paper Series B	7/15/97	31,335,000	9,745,000
1998- Commercial Paper Series A	12/1/98	35,925,000	8,655,000
Commercial Paper Series B	12/1/98	29,120,000	11,450,000
1999- Extendible Commercial Notes Series A ..	9/9/99	50,000,000	-0-
Extendible Commercial Notes Series B ..	10/6/99	75,000,000	-0-
2000- Extend. Muni. Comm. Paper Series A	8/8/00	125,000,000	46,705,000
Extend. Muni. Comm. Paper Series B	8/8/00	93,430,000	62,190,000
Extend. Muni. Comm. Paper Series C.....	11/16/00	80,390,000	68,693,000
2002- Extend. Muni. Comm. Paper Series A	2/5/02	41,670,000	36,335,000
2004- Extend. Muni. Comm. Paper Series A.....	3/9/04	100,000,000	<u>100,000,000</u>
<i>Total Variable Rate General Obligations</i>			<u>\$ 382,528,000</u>
TOTAL GENERAL OBLIGATIONS			<u>\$4,876,460,340</u>

**Table III-3
PER CAPITA STATE GENERAL OBLIGATION DEBT
1994 TO 2003**

<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>
1994.....	\$3,244,079	\$636.59	3.03%
1995.....	3,305,471	643.46	2.85
1996.....	3,468,447	670.36	2.85
1997.....	3,604,798	693.10	2.80
1998.....	3,751,542	718.41	2.74
1999.....	3,942,659	750.92	2.74
2000.....	4,270,718	796.18	2.84
2001.....	4,452,626	823.80	2.94
2002.....	4,682,045	860.67	3.07
2003.....	4,794,398	876.17	3.12

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

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

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

2004

The aggregate debt contracted in 2004 shall not exceed the lesser of (a) or (b):

(a)	3/4 of 1% x \$391,187,814,700	\$2,933,908,610
(b)	5% x \$391,187,814,700	\$19,559,390,735
	Deduct: Net Indebtedness 1/1/2004	<u>(4,794,398,152)</u>
		\$14,764,992,583

The amount of \$391,187,814,700 shown above is the aggregate full market value of all taxable property in the State for the year 2004 as certified by the Department of Revenue.

The amount of \$4,794,398,152 shown above is the net indebtedness as of January 1, 2004 as certified by the Legislative Audit Bureau.

The lesser of (a) or (b) is \$2,933,908,610. Aggregate debt contracted in the calendar year shall not exceed this amount.

Source: Department of Administration.

Table III-5
ANNUAL DEBT LIMIT COMPARED
TO ACTUAL BORROWING
1995 TO 2004

<u>Calendar Year</u>	<u>Annual Debt</u> <u>Limitation</u>	<u>Actual</u> <u>Borrowing</u>	<u>Borrowing</u> <u>as Percentage</u> <u>of Limitation</u>
1995	\$1,511,535,818	\$368,322,196	24.4%
1996	1,627,078,182	353,295,000	21.7
1997	1,748,056,751	404,310,000	23.1
1998	1,867,461,864	475,485,000	25.5
1999	1,999,256,351	482,360,000	24.1
2000	2,147,411,186	538,795,000	25.1
2001	2,343,627,800	485,645,000	20.7
2002	2,514,948,590	481,000,000	19.1
2003	2,705,326,585	499,030,000	18.4
2004	2,933,908,610	664,435,000	22.6

Source: Department of Administration.

**Table III-6
DEBT STATEMENT
December 1, 2004**

	<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	\$3,225,307,815	\$552,376,171	\$369,940,000	\$728,836,354	\$4,876,460,340
Total Outstanding					
Indebtedness	\$3,225,307,815	\$552,376,171	\$369,940,000	\$728,836,354	\$4,876,460,340

^(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
1994 TO 2003**

<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>
1994	\$184,994,866	\$3,244,079	1.75%
1995	201,538,109	3,305,471	1.64
1996	216,943,758	3,468,447	1.60
1997	233,074,233	3,604,798	1.55
1998	248,994,915	3,751,542	1.51
1999	266,567,513	3,942,659	1.48
2000	286,321,492	4,270,718	1.49
2001	312,483,707	4,452,626	1.42
2002	335,326,479	4,682,045	1.40
2003	360,710,815	4,794,398	1.33

^(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, 1986.....	\$1,149,785,000	\$1,104,960,605	\$2,254,745,605
1986-87	159,920,000	161,142,905	321,062,905
1987-88	170,105,000	157,666,783	327,771,783
1988-89	168,560,000	140,461,544	309,021,544
1989-90	169,615,000	147,115,426	316,730,426
1990-91	185,050,000	161,025,824	346,075,824
1991-92	157,985,000	100,545,026	258,530,026
1992-93	131,634,000	138,331,828	269,965,828
1993-94	151,416,138	153,491,249	304,907,387
1994-95	188,718,292	159,985,783	348,704,075
1995-96	199,622,231	159,090,781	358,713,012
1996-97	205,112,886	167,659,261	372,772,147
1997-98	217,184,565	171,783,741	388,968,306
1998-99	236,344,072	173,743,794	410,087,867
1999-2000	244,211,911	183,158,974	427,370,884
2000-01	285,088,311	209,230,800	494,319,110
2001-02.....	273,060,055	202,386,510	475,446,565
2002-03.....	270,544,076	216,328,685	486,872,762
2003-04.....	310,843,832	183,991,355	494,835,186
7/1/2004-11/30/2004	<u>96,865,000</u>	<u>93,879,962</u>	<u>190,744,962</u>
Totals.....	<u>\$4,971,665,369</u>	<u>\$4,185,980,836</u>	<u>\$9,157,646,205</u>

Source: Department of Administration.

Table III-9

**DEBT SERVICE MATURITY SCHEDULE:
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION BONDS
ISSUED TO DECEMBER 1, 2004 ^(a)**

<u>Fiscal Year</u> <u>(Ending June 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2005 ^(b)	\$ 197,580,652	\$ 109,452,089	\$ 307,032,741
2006.....	287,242,000	225,142,735	512,384,735
2007.....	288,497,000	213,566,417	502,063,417
2008.....	291,167,000	197,351,936	488,518,936
2009.....	293,337,000	183,918,911	477,255,911
2010.....	296,135,075	155,675,497	451,810,572
2011.....	287,608,266	137,951,862	425,560,128
2012.....	284,548,976	124,689,347	409,238,323
2013.....	277,317,253	111,420,359	388,737,612
2014.....	260,935,874	97,779,323	358,715,197
2015.....	227,558,164	84,834,224	312,392,388
2016.....	200,852,189	73,230,137	274,082,327
2017.....	202,817,487	63,273,564	266,091,051
2018.....	185,361,832	53,970,174	239,332,006
2019.....	174,564,993	44,941,936	219,506,928
2020.....	171,819,510	36,252,195	208,071,704
2021.....	146,064,984	27,876,091	173,941,075
2022.....	113,549,243	20,678,999	134,228,242
2023.....	87,081,952	15,159,444	102,241,396
2024.....	64,442,890	11,211,301	75,654,191
2025.....	32,410,000	7,994,903	40,404,903
2026.....	21,660,000	6,267,343	27,927,343
2027.....	24,455,000	5,298,867	29,753,867
2028.....	14,405,000	4,323,570	18,728,570
2029.....	12,035,000	3,485,187	15,520,187
2030.....	11,725,000	2,909,832	14,634,832
2031.....	11,150,000	2,373,438	13,523,438
2032.....	9,780,000	1,737,314	11,517,314
2033.....	9,420,000	1,184,190	10,604,190
2034.....	7,085,000	353,053	7,438,053
2035.....	1,325,000	37,431	1,362,431
TOTALS.....	\$ 4,493,932,340	\$ 2,024,341,666	\$ 6,518,274,006

^(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.

^(b) For the fiscal year ending June 30, 2005, the table includes debt service amounts for the period December 1, 2004 through June 30, 2005.

Source: Department of Administration.

Table III-10

**AMORTIZATION SCHEDULE:
PRINCIPAL AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION VARIABLE RATE OBLIGATIONS
ISSUED TO DECEMBER 1, 2004^(a)**

Fiscal Year (Ending June 30)	Principal
2005.....	\$ 40,903,023
2006.....	42,949,436
2007.....	45,045,458
2008.....	47,295,968
2009.....	49,665,973
2010.....	50,153,528
2011.....	52,659,614
2012.....	14,255,000
2013.....	9,345,000
2014.....	9,810,000
2015.....	1,625,000
2016.....	1,705,000
2017.....	1,795,000
2018.....	1,880,000
2019.....	1,975,000
2020.....	2,075,000
2021.....	2,180,000
2022.....	2,290,000
2023.....	2,400,000
2024.....	2,520,000
TOTAL.....	\$ 382,528,000

^(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 Program Resolutions do not permit the State to have any variable rate obligations outstanding for more than 10 years after a specific initial issue date.

Source: Department of Administration.

Table III-11

**SOURCE OF DEBT SERVICE PAYMENTS
ON GENERAL OBLIGATIONS ISSUED AS OF
JUNE 30, 2004**

	<u>2003-04</u>	<u>%</u>	<u>2002-03</u>	<u>%</u>	<u>2001-02</u>	<u>%</u>
Tax-Supported Debt						
General Fund.....	\$182,462,138 ^(a)	36.9	\$357,160,622	73.4	\$343,295,288	72.2
Segregated Funds.....	<u>10,412,908</u>	<u>2.1</u>	<u>7,292,309</u>	<u>1.5</u>	<u>7,541,337</u>	<u>1.6</u>
Subtotal.....	192,875,046	39.0	364,452,932	74.9	350,836,626	73.8
Self-Amortizing Debt						
Veterans.....	247,402,733 ^(b)	50.0	67,787,147	13.9	76,243,489	16.0
University of Wisconsin.....	29,266,627	5.9	29,720,910	6.1	28,757,958	6.1
State Fair Park.....	2,667,089	0.5	2,507,651	0.5	2,234,097	0.5
Historical.....	97,149	0.0	97,036	0.0	97,065	0.0
Housing State Depts./Other.....	<u>22,526,541</u>	<u>3.7</u>	<u>22,307,087</u>	<u>4.6</u>	<u>17,277,330</u>	<u>3.6</u>
Subtotal.....	301,960,140	61.0	122,419,830	25.1	124,609,939	26.2
Total Debt Service.....	<u>\$494,835,186</u>	<u>100.0</u>	<u>\$486,872,762</u>	<u>100.0</u>	<u>\$475,446,565</u>	<u>100.0</u>

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

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

VARIABLE RATE OBLIGATIONS

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

Commercial Paper Notes

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

The State has obtained a **Liquidity Facility** in the form of a line of credit, which is provided for in a **Credit Agreement**, as amended, between the State and The Bank of Nova Scotia, New York Agency (**Bank**). The amount of the Commitment provided through this Credit Agreement is currently \$80 million.

The following summarizes, for each series of CP Notes that the State has issued, the principal amount initially issued, the date of initial issuance, and the principal amount outstanding as of December 1, 2004.

<u>Series of CP Notes</u>	<u>Amount Initially Issued^(a)</u>	<u>Date of Initial Issuance</u>	<u>Amount Outstanding</u>
1997 Series A	\$91,655,000	April 3, 1997	\$38,755,000
1997 Series B	25,000,000	July 15, 1997	9,745,000
1998 Series A	25,000,000	December 1, 1998	8,655,000
1998 Series B	25,000,000	December 1, 1998	11,450,000

^(a) Amount excludes the amount of CP Notes that were issued to pay for accrued interest due at maturity of a previously issued CP Note.

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

Description of CP Notes

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

The CP Notes are not callable prior to maturity.

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

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

Liquidity Facility

In order to provide liquidity for the payment of the principal of and interest on maturing CP Notes, the State has entered into the Credit Agreement with the Bank. Pursuant to the Credit Agreement, the Bank has agreed, subject to certain conditions, to make **Advances** from time to time on any business day during the term of the Credit Agreement, only for providing funds to pay the principal of and interest on CP Notes on the maturity date thereof to the extent that proceeds of other CP Notes or other moneys on deposit in the note fund for CP Notes are not available. The aggregate principal amount of all Advances made on any date may not exceed the outstanding commitment amount under the Credit Agreement (currently \$80 million), as such amount may be reduced from time to time pursuant to the Credit Agreement. The obligation of the Bank to make Advances is limited at any time to the outstanding commitment amount under the Credit

Agreement. The commitment amount cannot be less than the sum of the issued CP Notes plus the aggregate principal amount of all outstanding Advances provided by the Bank.

The Credit Agreement currently terminates on March 26, 2005. The Credit Agreement provides that the termination date may be extended, if both parties agree.

Description of the Bank

The Bank of Nova Scotia (**Scotiabank**) was founded in 1832 and is a Canadian chartered bank with its principal office located in Toronto, Ontario. Scotiabank is one of North America's premier financial institutions and Canada's most international bank. Scotiabank and its affiliates serve over 10 million customers throughout the world and currently employ over 49,000 employees.

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

For the fiscal year ended October 31, 2004, Scotiabank recorded total assets of CDN\$279.2 billion (US\$229.2 billion) and total deposits of CDN\$195.2 billion (US\$160.3 billion). Net income for the fiscal year ended October 31, 2004 equaled CDN\$2.931 billion (US\$2.406 billion), compared to CDN\$2.477 billion (US\$2.034 billion) for the prior fiscal year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of October 29, 2004 (1.000 United States dollar equals 1.218 Canadian dollars).

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

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

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

Extendible Municipal Commercial Paper

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

The following summarizes, for each series of EMCP that the State has issued, the principal amount initially issued, the date of initial issuance, and the principal amount outstanding as of December 1, 2004.

<u>Series of EMCP</u>	<u>Amount Initially Issued</u>	<u>Date of Initial Issuance</u>	<u>Amount Outstanding</u>
2000 Series A	\$125,000,000	August 8 – November 6, 2000	\$ 46,705,000
2000 Series B	93,430,000	August 8, 2000	62,190,000
2000 Series C	80,390,000	November 16, 2000	68,693,000
2002 Series A	41,670,000	February 5, 2002	36,335,000
2004 Series A	100,000,000	March 9, 2004	100,000,000

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

Description of EMCP

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

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

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

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

- (1) if the Original Maturity Date is before the 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 that the Principal Office of the Issuing and Paying Agent and Dealers are located are not required or authorized by law or executive order to close for business and a day the New York Stock Exchange is not closed) of the next month, or
- (2) if the Original Maturity Date is on or after the 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:

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

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

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

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

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

REVENUE-SUPPORTED GENERAL OBLIGATION DEBT

General

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

Table III-6 identifies the amount of outstanding general obligations designated as revenue-supported. The programs and facilities funded with these general obligations support debt service payments on approximately \$1.099 billion of State general obligations outstanding on December 1, 2004. Furthermore, Table III-11 shows that revenue-supported debt service payments were approximately 61.0% of the total debt service cost for the fiscal year ending June 30, 2004; this percentage is unusually high due to the large amount of special redemptions from prepayments of veterans housing loans that were made in the 2003-04 fiscal year.

Veterans Housing Loan Program

The veterans primary mortgage housing loan program, operated by the State of Wisconsin Department of Veterans Affairs (**DVA** or **Department of Veterans Affairs**), is the largest revenue-supported general obligation bonding program of the State. Lending activities under the program began in 1974. The

program is currently funded by either **Tax-Exempt Veterans Mortgage Bonds** or **Taxable Veterans Mortgage Bonds**, collectively referred to as **Veterans Mortgage Bonds**.

Approximately \$370 million in aggregate principal amount of Veterans Mortgage Bonds remain outstanding on December 1, 2004. As outlined later in this section, there are different special redemption provisions for the Tax-Exempt Veterans Mortgage Bonds and each series of Taxable Veterans Mortgage Bonds. Tables III-16 through III-22 in this part of the Annual Report include unaudited financial and statistical information and related notes that may be helpful in describing the operation of the veterans primary mortgage housing loan program.

Primary Mortgage Housing Loan Program Requirements

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

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

Home Improvement Loan Program (HILP)

In addition to primary mortgage home loans described above, DVA also makes HILP loans that are funded solely with proceeds of Taxable Veterans Mortgage Bonds. This program has a maximum loan amount of \$25,000 and is processed through county veterans service officers rather than lending institutions. HILP loans have terms of 5, 10, or 15 years and have different loan interest rates for the differing terms. HILP loans in excess of \$3,000 are secured by either a first or second mortgage on the improved property and require a minimum equity position of 10% after considering the HILP loan. HILP loans under \$3,000 may be guaranteed by a guarantor or secured by a first or second mortgage. HILP loans use the same basic underwriting standards as the primary mortgage home loan program but do not include loan-servicing charges.

Mortgage Interest Rates

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

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

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

Default Risks and Other Information

Veterans Mortgage Bonds issued prior to 1985 assumed a certain level of prepayments in estimating program cash flow. No prepayments have been assumed in scheduling principal payments for Veterans Mortgage Bonds issued since 1985. Based on asset and liability balances as of July 1, 2003 and existing DVA assumptions, the cash flow of the mortgages on August 20, 2004 was sufficient to meet future debt service payments. A loan under the veterans housing loan program may be assumed only by another qualifying veteran.

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

Program loans financed with Veterans Mortgage Bonds are not required to be insured or guaranteed (casualty insurance coverage is, however, required). Instead, the default risk with respect to such loans is borne by the program. The ability of DVA to dispose of defaulted properties and realize the amount of the outstanding principal balances of the related loans has varied in recent years depending upon the location of such properties within the State and their physical condition upon foreclosure. Although DVA expects that it will continue to experience liquidation losses, it expects that such losses will not require recourse to the State's General Fund but rather will be covered by the Insurance Reserve Account within the Fund. As of October 31, 2004, of the 5,517 outstanding veterans primary mortgage home loans financed by the program, there were 54 loans in an aggregate principal amount of approximately \$2.7 million for which payments were 60 days or longer past due. The insurance reserve requirement (4% of outstanding loans) is currently satisfied. See Table III-20 for more complete details concerning delinquencies.

Special Redemption—Tax Exempt Veterans Mortgage Bonds

The State had outstanding, as of December 1, 2004, approximately \$200 million of Tax-Exempt Veterans Mortgage Bonds. All of the outstanding Tax-Exempt Veterans Mortgage Bonds are subject to special redemption before maturity, at the option of the Commission, on any date, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from:

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

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

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

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

Table III-12 presents a summary, as of December 1, 2004, of the outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to special redemption. Table III-23 presents further detailed information on these outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to special redemption.

Table III-12
Summary of Outstanding Tax-Exempt Veterans Mortgage Bonds
Subject to Special Redemption
December 1, 2004

<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	\$13,255,000	4.75–5.30%
1993 Series 5	12/01/93	135,255,000	21,705,000	5.20–5.40
1994 Series 2	03/01/94	58,525,000	15,295,000	5.50–6.20
1994 Series 3	09/15/94	10,400,000	1,510,000	5.50–5.80
1994 Series C	09/15/94	45,000,000	3,415,000	6.40–6.65
1995 Series 1	02/15/95	15,735,000	1,235,000	6.00–6.10
1995 Series B	02/15/95	29,265,000	1,075,000	6.50
1995 Series 2	10/15/95	42,850,000	7,460,000	5.60–5.75
1996 Series B	05/15/96	45,000,000	3,780,000	6.10–6.20
1996 Series D	10/15/96	30,000,000	3,635,000	5.80–6.00
1997 Series A	03/15/97	21,360,000	2,270,000	6.00
1997 Series 1	03/15/97	23,640,000	2,805,000	5.65–5.75
1997 Series C	09/15/97	45,000,000	13,270,000	5.40–5.50
1998 Series B	05/15/98	30,565,000	15,790,000	5.30–5.35
1998 Series E	10/15/98	6,155,000	5,270,000	4.60–4.80
1999 Series 1	05/01/99	15,790,000	8,945,000	4.70–5.30
2003 Series 2	04/01/03	13,740,000	13,740,000	2.45–5.00
2003 Series 3	10/30/03	67,890,000	<u>65,565,000</u>	1.55–5.00
			<u>\$ 200,020,000</u>	

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

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

The most recent special redemption of Tax-Exempt Veterans Mortgage Bonds occurred on November 1, 2004. This special redemption is summarized in Table III-13. In calendar year 2004, a special redemption of Tax-Exempt Veterans Mortgage Bonds also occurred on May 1.

Table III-13
November 1, 2004 Special Redemption
Tax-Exempt Veterans Mortgage Bonds

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1994 Series C	2012	6.40%	\$ 5,000
	2020	6.60	20,000
	2025	6.65	10,000
1995 Series 1	2013	6.00	45,000
	2014	6.10	640,000
1995 Series 2	2012	5.60	310,000
	2013	5.70	4,230,000
	2014	5.75	1,795,000
1995 Series B	2025	6.50	510,000
1996 Series B	2021	6.10	1,680,000
	2026	6.20	725,000
1996 Series D	2020	5.80	1,020,000
	2026	6.00	975,000
1997 Series 1	2017	5.75	1,760,000
1997 Series A	2028	6.00	1,710,000
1997 Series C	2017	5.40	2,035,000
	2023	5.50	5,000
	2026	5.50	5,000
1998 Series B	2023	5.30	30,000
	2028	5.35	55,000

Special Redemption—Taxable Veterans Mortgage Bonds

The State had outstanding, as of December 1, 2004, approximately \$170 million of Taxable Veterans Mortgage Bonds.

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

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

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

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

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

Table III-14
November 1, 2004 Special Redemption
Taxable Veterans Mortgage Bonds

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1997-D	2005	6.55%	\$ 40,000
	2006	6.60	50,000
	2007	6.65	45,000
	2008	6.70	55,000
	2009	6.80	50,000
	2010	6.85	60,000
	2011	6.90	70,000
	2012	6.90	65,000
	2017	7.15	405,000
	2028	7.25	1,555,000

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1998-C	2005	6.15	35,000
	2006	6.20	40,000
	2007	6.25	40,000
	2008	6.30	40,000
	2028	6.95	1,730,000
1998-F	2005	5.50	45,000
	2006	5.55	55,000
	2007	5.60	55,000
	2008	5.65	55,000
	2009	5.75	65,000
	2029	6.40	2,475,000
1999-B	2005	6.25	30,000
	2006	6.25	30,000
	2007	6.30	30,000
	2008	6.35	35,000
	2009	6.40	40,000
	2010	6.40	40,000
	2013	6.50	140,000
	2016	7.00	165,000
	2030	7.25	1,450,000
1999-D	2010	7.70	175,000
	2030	7.70	1,465,000
2000-B	2010	7.50	60,000
	2030	8.05	620,000
2001-D	2005	5.50	10,000
	2006	5.60	15,000
	2007	5.75	10,000
	2008	5.90	15,000
	2011	6.20	50,000
	2016	6.60	105,000
	2021	6.90	150,000
	2031	7.05	495,000
2001-E	2017	6.12	440,000
	2021	6.71	220,000
	2031	6.96	900,000

III-15
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	Sinking Fund Payments Made	Outstanding Par Amount	Coupon	
1997 Series D	9/15/1997	11/1/1999	\$ 620,000	\$ 15,000							N/A	6.15%	
		11/1/2000	655,000	15,000	\$ 10,000						N/A	6.15%	
		11/1/2001	695,000	15,000	30,000	\$ 5,000						N/A	6.25%
		11/1/2002	740,000	15,000	40,000	5,000	\$ 35,000					N/A	6.30%
		11/1/2003	785,000	20,000	45,000	10,000	75,000	\$ 165,000				N/A	6.40%
		11/1/2004	840,000	20,000	45,000	15,000	70,000	280,000	\$ 25,000			N/A	6.50%
		11/1/2005	895,000	20,000	45,000	5,000	90,000	305,000	65,000		\$	365,000	6.55%
		11/1/2006	950,000	20,000	45,000	15,000	85,000	330,000	85,000			370,000	6.60%
		11/1/2007	1,010,000	25,000	55,000	10,000	100,000	340,000	75,000			405,000	6.65%
		11/1/2008	1,080,000	25,000	50,000	15,000	100,000	385,000	95,000			410,000	6.70%
		11/1/2009	1,155,000	25,000	55,000	15,000	115,000	385,000	85,000			475,000	6.80%
		11/1/2010	1,230,000	25,000	75,000	15,000	120,000	420,000	100,000			475,000	6.85%
		11/1/2011	1,320,000	30,000	65,000	15,000	120,000	450,000	110,000			530,000	6.90%
		11/1/2012	1,410,000	35,000	75,000	20,000	130,000	490,000	115,000			545,000	6.90%
		11/1/2017	6,760,000	125,000	345,000	90,000	710,000	2,650,000	670,000			2,170,000	7.15%
		11/1/2028	24,855,000	430,000	1,220,000	340,000	2,650,000	10,095,000	2,590,000			7,530,000	7.25%
		Subtotal	45,000,000	860,000	2,200,000	575,000	4,400,000	16,295,000	4,015,000		13,275,000		
1998 Series C	5/15/1998	5/1/1999	495,000								N/A		
		5/1/2000	495,000	5,000								N/A	5.85%
		5/1/2001	525,000	5,000	20,000							N/A	5.90%
		5/1/2002	550,000	5,000	35,000	5,000	25,000					N/A	6.05%
		5/1/2003	595,000	10,000	25,000	10,000	70,000	55,000				N/A	6.05%
		5/1/2004	625,000	5,000	30,000	10,000	80,000	265,000				N/A	6.10%
		5/1/2005	675,000	5,000	30,000	10,000	95,000	305,000	40,000			190,000	6.15%
		5/1/2006	710,000	15,000	45,000	10,000	85,000	310,000	50,000			195,000	6.20%
		5/1/2007	760,000	5,000	35,000	15,000	105,000	340,000	50,000			210,000	6.25%
		5/1/2008	815,000	15,000	50,000	10,000	95,000	365,000	50,000			230,000	6.30%
		5/1/2028	27,760,000	365,000	1,200,000	380,000	2,910,000	12,935,000	2,185,000			7,785,000	6.95%
				Subtotal	34,005,000	435,000	1,470,000	450,000	3,465,000	14,575,000	2,375,000		8,610,000

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

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Sinking Fund Payments Made	Outstanding Par Amount	Coupon	
1998 Series F	10/15/1998	11/1/1999	355,000								N/A		
		11/1/2000	725,000		5,000						N/A	5.00%	
		11/1/2001	760,000		10,000	5,000					N/A	5.10%	
		11/1/2002	790,000		20,000	5,000	40,000				N/A	5.20%	
		11/1/2003	830,000		20,000	10,000	85,000	290,000			N/A	5.35%	
		11/1/2004	870,000		15,000	5,000	80,000	440,000			N/A	5.45%	
		11/1/2005	915,000		20,000	10,000	90,000	460,000	75,000		260,000	5.55%	
		11/1/2006	960,000		20,000	10,000	100,000	475,000	80,000		275,000	5.55%	
		11/1/2007	1,015,000		20,000	10,000	100,000	510,000	85,000		290,000	5.60%	
		11/1/2008	1,065,000		25,000	10,000	105,000	535,000	85,000		305,000	5.65%	
		11/1/2009	1,125,000		20,000	10,000	105,000	570,000	95,000		325,000	5.75%	
		11/1/2029	45,590,000		955,000	415,000	4,495,000	22,890,000	3,750,000		13,085,000	6.40%	
		Subtotal			55,000,000	1,130,000	490,000	5,200,000	26,170,000	4,170,000		14,540,000	
		1999 Series B	5/1/1999	11/1/2000	420,000								N/A
11/1/2001	450,000				5,000						N/A	5.60%	
11/1/2002	480,000				5,000	10,000	50,000				N/A	5.80%	
11/1/2003	500,000				5,000	5,000	95,000	200,000			N/A	6.00%	
11/1/2004	535,000				5,000	5,000	100,000	280,000			N/A	6.20%	
11/1/2005	570,000				10,000	5,000	105,000	295,000	40,000		115,000	6.25%	
11/1/2006	600,000				5,000	5,000	115,000	310,000	45,000		120,000	6.25%	
11/1/2007	640,000				10,000	10,000	115,000	340,000	45,000		120,000	6.30%	
11/1/2008	680,000				10,000	5,000	130,000	355,000	50,000		130,000	6.35%	
11/1/2009	725,000				10,000	10,000	135,000	375,000	55,000		140,000	6.40%	
11/1/2010	770,000				10,000	5,000	145,000	400,000	55,000		155,000	6.40%	
11/1/2013	2,620,000				30,000	30,000	490,000	1,370,000	200,000		500,000	6.50%	
11/1/2016	3,180,000				40,000	35,000	600,000	1,655,000	235,000		615,000	7.00%	
11/1/2030	27,830,000				355,000	305,000	5,225,000	14,520,000	2,060,000		5,365,000	7.25%	
Subtotal			40,000,000	N/A	490,000	420,000	7,305,000	20,100,000	2,785,000	7,260,000			

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

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	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	1,485,000	930,000	7.70%
		11/1/2030	55,535,000			2,315,000	22,430,000	21,150,000	1,960,000		7,680,000	7.70%
		Subtotal	65,000,000	N/A	N/A	2,865,000	25,720,000	24,120,000	2,200,000	1,485,000	8,610,000	
2000 Series B	7/1/2000	11/1/2010	4,625,000			1,000,000	870,000	1,520,000	85,000	790,000	360,000	7.50%
		11/1/2030	30,375,000			7,215,000	6,655,000	12,170,000	850,000		3,485,000	8.05%
		Subtotal	35,000,000	N/A	N/A	8,215,000	7,525,000	13,690,000	935,000	790,000	3,845,000	
2000 Series E	11/7/2000	11/1/2016	5,000,000	N/A	N/A		1,600,000	1,160,000	435,000	300,000	1,505,000	7.00%
2001 Series A	2/21/2001	5/1/2031	15,000,000	N/A	N/A			9,625,000	1,145,000	395,000	3,835,000	7.00%
2001 Series D	6/15/2001	11/1/2002	320,000								N/A	4.50%
2001 Series D	6/15/2001	11/1/2003	255,000				10,000	125,000			N/A	5.00%
2001 Series D	6/15/2001	11/1/2004	265,000				10,000	185,000			N/A	5.30%
2001 Series D	6/15/2001	11/1/2005	280,000				10,000	200,000	20,000		50,000	5.50%
2001 Series D	6/15/2001	11/1/2006	295,000				10,000	210,000	25,000		50,000	5.60%
2001 Series D	6/15/2001	11/1/2007	315,000				15,000	225,000	15,000		60,000	5.75%
2001 Series D	6/15/2001	11/1/2008	330,000				10,000	240,000	25,000		55,000	5.90%
2001 Series D	6/15/2001	11/1/2011	1,110,000				45,000	785,000	85,000		195,000	6.20%
2001 Series D	6/15/2001	11/1/2016	2,390,000				95,000	1,700,000	175,000		420,000	6.60%
2001 Series D	6/15/2001	11/1/2021	3,305,000				130,000	2,350,000	250,000		575,000	6.90%
2001 Series D	6/15/2001	11/1/2031	11,135,000				440,000	7,925,000	830,000		1,940,000	7.05%
			20,000,000	N/A	N/A		775,000	13,945,000	1,425,000		3,345,000	
2001 Series E	10/1/2001	11/1/2017	6,210,000					3,230,000	440,000	540,000	2,000,000	6.12%
2001 Series E	10/1/2001	11/1/2021	2,730,000					1,505,000	220,000		1,005,000	6.71%
2001 Series E	10/1/2001	11/1/2031	11,060,000					6,095,000	900,000		4,065,000	6.96%
			20,000,000	N/A	N/A			10,830,000	1,560,000	540,000	7,070,000	

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

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 1999	Special Redemption; Calendar Year 2000	Special Redemption; Calendar Year 2001	Special Redemption; Calendar Year 2002	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	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	260,000	7,630,000	6.25%
2002 Series D	6/12/2002	11/1/2033	20,000,000	N/A	N/A	N/A	2,000,000	5,025,000	4,345,000	165,000	8,465,000	6.25%
2002 Series E	9/26/2002	11/1/2018	2,000,000	N/A	N/A	N/A	N/A		65,000	90,000	1,845,000	4.80%
2002 Series F	9/26/2002	11/1/2033	13,000,000	N/A	N/A	N/A	N/A	470,000	910,000	180,000	11,440,000	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	280,000	12,640,000	5.25%
2003 Series I	4/3/2003	11/1/2019	7,000,000	N/A	N/A	N/A	N/A		1,915,000	450,000	4,635,000	4.85%
2003 Series B	7/24/2003	11/1/2033	30,000,000	N/A	N/A	N/A	N/A			630,000	29,370,000	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		1,000,000	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		1,000,000	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		20,000,000	5.65%
Totals			\$ 458,005,000	\$ 1,295,000	\$ 5,290,000	\$ 13,015,000	\$ 57,990,000	\$ 161,830,000	\$ 31,645,000	\$ 5,565,000	\$ 169,920,000	

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 primary mortgage housing loan program. Bonds issued to fund this program are general obligations; the bondholders have no special pledge or lien on revenues derived from this program.

**Table III-16
VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM**

**BALANCE SHEET
AS OF JUNE 30
(Amounts in Thousands)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
ASSETS					
Cash and Cash Equivalents.....	\$ 140,573	\$ 252,006	\$ 145,974	\$ 157,305	\$ 145,824
Veterans Loans.....	305,104	392,275	634,654	714,025	702,219
Other Receivables.....	2,445	6,751	4,860	5,731	4,271
Due From Other Funds.....	11	32	8	5	51
Prepaid Items.....	68	69	47	58	48
Deferred Charges.....	4,768	4,574	4,860	4,546	4,808
Fixed Assets (net of accumulated depreciation).....	91	135	134	127	72
Other Assets.....	434	287	563	201	164
Total Assets.....	<u>\$ 453,494</u>	<u>\$ 656,129</u>	<u>\$ 791,101</u>	<u>\$ 881,997</u>	<u>\$ 857,457</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable and Other Accrued Liabilities.....	\$ 1,792	\$ 1,218	\$ 7,951	\$ 7,392	\$ 12,557
Due to Other Funds.....	418	1,182	1,283	1,664	1,344
Tax and Other Deposits.....	1	2	2	2	3
Deferred Revenue.....	96	194	318	474	646
Interest Payable.....	3,617	5,888	6,823	7,654	6,852
Compensated Absences.....	295	275	243	268	249
General Obligation Bonds Payable.....	391,270	580,375	697,869	782,260	757,244
Total Liabilities.....	<u>\$ 397,489</u>	<u>\$ 589,134</u>	<u>\$ 714,489</u>	<u>\$ 799,713</u>	<u>\$ 778,896</u>
Fund Equity:					
Retained Earnings:					
Unreserved.....	\$ 56,000	\$ 66,996	\$ 76,611	\$ 82,284	\$ 78,561
Total Fund Equity.....	\$ 56,000	\$ 66,996	\$ 76,611	\$ 82,284	\$ 78,561
Total Liabilities and Fund Equity.....	<u>\$ 453,493</u>	<u>\$ 656,129</u>	<u>\$ 791,101</u>	<u>\$ 881,997</u>	<u>\$ 857,457</u>

Source: Department of Veterans Affairs.

Table III-17
VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
AS OF JUNE 30
(Amounts in Thousands)

	2004	2003	2002	2001	2000
Operating Revenues:					
Investment and Interest Income.....	\$ 21,392	\$ 35,541	\$ 46,296	\$ 49,570	\$ 46,452
Total Operating Revenues.....	<u>\$ 21,392</u>	<u>\$ 35,541</u>	<u>\$ 46,296</u>	<u>\$ 49,570</u>	<u>\$ 46,452</u>
Operating Expenses:					
Personal Services.....	\$ 3,819	\$ 3,710	\$ 3,446	\$ 3,411	\$ 3,260
Supplies and Services.....	823	984	820	800	868
Depreciation.....	45	43	40	43	38
Interest Expense.....	26,274	39,283	46,104	47,388	44,676
Other Expenses.....	1,349	2,858	3,086	3,031	3,076
Total Operating Expenses.....	<u>\$ 32,310</u>	<u>\$ 46,878</u>	<u>\$ 53,497</u>	<u>\$ 54,672</u>	<u>\$ 51,918</u>
Operating Income (Loss).....	<u>(\$ 10,918)</u>	<u>(\$ 11,337)</u>	<u>(\$ 7,201)</u>	<u>(\$ 5,103)</u>	<u>(\$ 5,466)</u>
Nonoperating Revenues (Expenses):					
Investment and Interest Income.....	\$ 1,713	\$ 2,503	\$ 3,633	\$ 9,143	\$ 5,951
Other Revenues.....	1				
Other Expenses:					
Grants Disbursed.....	(444)	(434)	(452)	(570)	(322)
Total Nonoperating Revenue (Expense).....	<u>1,269</u>	<u>2,069</u>	<u>3,181</u>	<u>8,573</u>	<u>5,629</u>
Income (Loss) Before Operating Transfers.....	<u>(9,650)</u>	<u>(9,269)</u>	<u>(4,021)</u>	<u>3,470</u>	<u>163</u>
Operating Transfers In.....					1,820
Operating Transfers Out.....	(81)	(286)	(224)	3	
Net Income before Extraordinary Items and Cumulative	<u>(9,731)</u>	<u>(9,555)</u>	<u>(4,244)</u>	<u>3,473</u>	<u>1,983</u>
Extraordinary Items:					
Gain (Loss) from Extinguishment of Debt.....					
Net Income	<u>(\$ 9,731)</u>	<u>(\$ 9,555)</u>	<u>(\$ 4,244)</u>	<u>\$ 3,473</u>	<u>\$ 1,983</u>
Retained Earnings, Beginning of Year.....	\$66,996	\$76,611	\$82,284	\$78,561	\$76,578
Prior Period Adjustments.....	(1,265)	(60)	(1,428)	250	
Residual Equity Transfers Out.....					
Retained Earnings, End of Year	<u>\$56,000</u>	<u>\$66,996</u>	<u>\$76,611</u>	<u>\$82,284</u>	<u>\$78,561</u>

Source: Department of Veterans Affairs.

Table III-18
VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Cash Flows from Operating Activities:					
Cash Payments to Suppliers for Goods and Services.....	(\$ 1,211)	(\$ 935)	(\$ 629)	(\$ 2,215)	(\$ 910)
Cash Payments to Employees for Services.....	(3,648)	(3,793)	(3,474)	(3,075)	(2,840)
Cash Payments for Loans Originated.....	(66,064)	(61,146)	(64,401)	(87,095)	(127,767)
Investment and Interest Income.....	22,270	37,390	46,527	48,067	46,797
Collection of Loans.....	156,568	293,296	143,835	69,857	57,169
Other Operating Revenues (Expenses).....	(1,330)	(2,922)	(3,102)	(3,029)	(3,063)
Net Cash Provided (Used) by Operating Activities.....	<u>\$ 106,585</u>	<u>\$ 261,890</u>	<u>\$ 118,757</u>	<u>\$ 22,510</u>	<u>(\$ 30,613)</u>
Cash Flows from Noncapital Financing Activities:					
Proceeds from Issuance of Long-Term Debt.....	\$ 30,000	\$ 29,889	\$ 54,789	\$ 74,796	\$ 64,716
Grants to Individuals or Governments.....	(440)	(544)	(380)	(570)	-
Retirement of Long-Term Debt.....	(219,390)	(147,272)	(139,298)	(48,012)	(68,024)
Interest Payments.....	(27,961)	(40,219)	(46,935)	(46,586)	(44,256)
Interfund Loans to Other Funds					
Operating Transfers In.....					1,820
Operating Transfers Out.....	(81)	(286)	(224)	3	
Other Cash Inflows from Noncapital Financing Activities.....					
Other Cash Outflows from Noncapital Financing Activities.....					
Residual Equity Transfers Out.....					
Net Cash Provided (Used) by Noncapital Financing Activities.....	<u>(\$218,334)</u>	<u>(\$158,432)</u>	<u>(\$132,047)</u>	<u>(\$20,370)</u>	<u>(\$46,056)</u>
Cash Flows from Capital and Related Financing Activities:					
Payments for Purchase of Fixed Assets.....	\$ 0	(\$ 44)	(\$ 48)	(\$ 46)	(\$ 42)
Net Cash Provided (Used) by Capital and Related Financing Activities.....	<u>\$ 0</u>	<u>(\$ 44)</u>	<u>(\$ 48)</u>	<u>(\$ 46)</u>	<u>(\$ 42)</u>
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities.....					
Interest and Dividends Received.....	(1,582)	2,503	3,633	9,188	5,896
Net Cash Provided (Used) by Investing Activities.....	<u>(\$ 1,582)</u>	<u>\$ 2,503</u>	<u>\$ 3,633</u>	<u>\$ 9,188</u>	<u>\$ 5,896</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	<u>(\$ 113,331)</u>	<u>\$ 105,917</u>	<u>(\$ 9,705)</u>	<u>\$ 11,282</u>	<u>(\$ 70,815)</u>
Cash and Cash Equivalents, Beginning of Year.....	<u>250,741</u>	<u>146,088</u>	<u>155,680</u>	<u>146,022</u>	<u>216,640</u>
Cash and Cash Equivalents, End of Year.....	<u>\$ 137,410</u>	<u>\$252,005</u>	<u>\$145,975</u>	<u>\$157,304</u>	<u>\$145,825</u>
Operating Income (Loss).....	<u>(\$ 10,919)</u>	<u>(\$ 11,338)</u>	<u>(\$ 7,201)</u>	<u>(\$ 5,103)</u>	<u>(\$ 5,466)</u>
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation.....	\$ 45	\$ 43	\$ 40	\$ 43	\$ 38
Provision for Uncollectible Accounts.....	(82)	(64)	(16)	2	13
Operating Expense (Interest Expense) Classified as Noncapital Financing Act. .	26,274	39,283	46,104	47,388	44,676
Changes in Assets and Liabilities:					
Decrease (Increase) in Mortgage Loans Receivables.....	87,253	242,444	79,386	(11,808)	(67,122)
Decrease (Increase) in Other Accounts Receivables.....	4,306	(1,890)	870	(1,460)	298
Decrease (Increase) in Due From Other Funds.....	22	(24)	(3)	1	(3)
Decrease (Increase) in Prepaid Items.....		(21)	11	(10)	(1)
Decrease (Increase) in Deferred Charges.....					
Decrease (Increase) in Other Assets.....	(147)	276	(362)	(37)	87
Decrease (Increase) in Accounts Payable and Other Accrued Liabilities.....	571	(6,623)	488	(6,672)	(3,454)
Decrease (Increase) in Compensated Absences.....	20	32	(25)	19	44
Decrease (Increase) in Due to Other Funds.....	(764)	(102)	(381)	320	448
Decrease (Increase) in Due to Other Governments.....					
Decrease (Increase) in Tax and Other Deposits.....				(1)	
Decrease (Increase) in Deferred Revenues.....	(98)	(124)	(155)	(173)	(173)
Total Adjustments.....	<u>\$ 117,504</u>	<u>\$ 273,228</u>	<u>\$ 125,958</u>	<u>\$ 27,613</u>	<u>(\$ 25,147)</u>
Net Cash Provided by Operating Activities.....	<u>\$ 106,585</u>	<u>\$ 261,890</u>	<u>\$ 118,757</u>	<u>\$ 22,510</u>	<u>(\$ 30,613)</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-19
VETERANS PRIMARY MORTGAGE HOUSING LOAN PROGRAM
BONDS ISSUED AND RELATED RATES OF INTEREST ^(a)
(On Bonds Issued to December 1, 2004)

<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
8/26/2004	20,000,000	5.65	6.15

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

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

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

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

Source: Department of Administration.

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

	<u>Month</u> <u>Ending</u>	<u>Principal</u> <u>Amount</u> <u>Outstanding</u>	<u>Number of</u> <u>Loans</u> <u>Outstanding</u>	<u>60+ Day</u> <u>Delinquent</u> <u>Loans</u>	<u>Percent</u> <u>of</u> <u>Total</u>
2000	July	\$719,912,880	14,381	85	0.59%
	August	730,356,802	14,389	86	0.60
	September	737,184,479	14,400	91	0.63
	October	739,611,687	14,355	87	0.61
	November	741,543,544	14,300	82	0.57
2001	December	740,775,690	14,223	91	0.64
	January	740,199,473	14,144	77	0.54
	February	736,219,561	14,041	78	0.56
	March	730,828,352	13,890	61	0.44
	April	728,190,928	13,728	81	0.59
	May	725,508,813	13,585	84	0.62
	June	724,507,048	13,481	79	0.59
	July	726,532,149	13,385	76	0.57
	August	724,889,143	13,255	83	0.63
	September	721,498,249	13,160	93	0.71
	October	710,283,219	12,960	77	0.59
	November	695,151,987	12,730	82	0.64
2002	December	678,086,141	12,453	82	0.66
	January	665,446,287	12,210	72	0.59
	February	658,505,913	12,038	77	0.64
	March	649,834,056	11,847	71	0.60
	April	641,582,138	11,652	68	0.58
	May	638,095,048	11,510	60	0.52
	June	639,588,892	11,417	63	0.55
	July	636,561,238	11,273	71	0.63
	August	621,800,948	11,042	72	0.65
	September	606,836,662	10,802	83	0.77
	October	581,731,315	10,438	83	0.80
	November	552,219,722	10,053	98	0.97
2003	December	524,343,210	9,682	77	0.80
	January	510,962,284	9,430	80	0.85
	February	492,493,757	9,122	80	0.88
	March	471,039,507	8,800	66	0.75
	April	442,319,651	8,401	65	0.77
	May	419,485,217	8,067	67	0.83
	June	400,564,393	7,778	70	0.90
	July	369,282,611	7,362	74	1.01
	August	340,063,465	6,933	79	1.14
	September	330,052,134	6,710	80	1.19
	October	328,579,956	6,602	66	1.00
	November	330,542,567	6,548	67	1.02
2004	December	325,396,776	6,432	63	0.98
	January	324,016,285	6,331	63	1.00
	February	319,820,990	6,231	59	0.95
	March	312,385,652	6,061	42	0.69
	April	303,092,899	5,899	56	0.95
	May	300,178,117	5,786	68	1.18
	June	303,479,277	5,730	59	1.03
	July	311,190,590	5,713	65	1.14
	August	314,673,047	5,667	45	0.79
	September	311,757,665	5,598	54	0.96
October	308,684,601	5,517	54	0.98	

Source: Department of Veterans Affairs.

Table III-21
DEBT SERVICE SCHEDULE ON STATE
TAXABLE AND TAX-EXEMPT GENERAL OBLIGATIONS
ISSUED TO FUND VETERANS PRIMARY MORTGAGE HOUSING AND HILP LOANS
(December 1, 2004)

Fiscal Year (Ending June 30)	Principal	Interest	Total Debt Service
2005 ^(a)	\$ 4,105,000	\$ 10,296,133	\$ 14,401,133
2006.....	8,490,000	19,824,954	28,314,954
2007.....	10,650,000	19,439,551	30,089,551
2008.....	12,940,000	18,900,219	31,840,219
2009.....	12,500,000	18,263,770	30,763,770
2010.....	12,505,000	17,633,580	30,138,580
2011.....	11,515,000	17,002,979	28,517,979
2012.....	10,960,000	16,464,104	27,424,104
2013.....	12,380,000	15,908,754	28,288,754
2014.....	11,690,000	15,208,618	26,898,618
2015.....	11,685,000	14,542,477	26,227,477
2016.....	14,095,000	13,824,602	27,919,602
2017.....	18,905,000	12,978,022	31,883,022
2018.....	9,030,000	12,091,957	21,121,957
2019.....	11,885,000	11,486,641	23,371,641
2020.....	16,225,000	10,715,115	26,940,115
2021.....	15,225,000	9,825,673	25,050,673
2022.....	16,505,000	8,942,324	25,447,324
2023.....	17,910,000	7,980,369	25,890,369
2024.....	20,000,000	6,925,361	26,925,361
2025.....	18,320,000	5,759,403	24,079,403
2026.....	18,885,000	4,736,343	23,621,343
2027.....	21,540,000	3,906,617	25,446,617
2028.....	11,345,000	3,077,070	14,422,070
2029.....	8,820,000	2,391,687	11,211,687
2030.....	8,350,000	1,977,082	10,327,082
2031.....	7,605,000	1,609,438	9,214,438
2032.....	6,060,000	1,150,564	7,210,564
2033.....	5,510,000	783,440	6,293,440
2034.....	2,980,000	147,803	3,127,803
2035.....	1,325,000	37,431	1,362,431
TOTALS.....	<u>\$369,940,000.00</u>	<u>\$303,832,076.92</u>	<u>\$673,772,076.92</u>

^(a) For the fiscal year ending June 30, 2005, the table includes debt service amounts for the period December 1, 2004 through June 30, 2005.

Source: Department of Administration.

Table III-22
TOTAL LOANS BY COUNTY
GENERAL OBLIGATION BOND FUNDS
THROUGH OCTOBER 2004

<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.....	149	0.27%	Marinette	310	0.57%
Ashland.....	105	0.19	Marquette	76	0.14
Barron.....	435	0.80	Menominee.....	16	0.03
Bayfield	104	0.19	Milwaukee	9,446	17.37
Brown.....	3,012	5.54	Monroe	468	0.86
Buffalo.....	99	0.18	Oconto	320	0.59
Burnett.....	79	0.15	Oneida	375	0.69
Calumet	369	0.68	Outagamie	2,118	3.89
Chippewa.....	513	0.94	Ozaukee.....	561	1.03
Clark.....	208	0.38	Pepin.....	50	0.09
Columbia	503	0.92	Pierce.....	370	0.68
Crawford.....	122	0.22	Polk	240	0.44
Dane	4,336	7.97	Portage	768	1.41
Dodge	822	1.51	Price	146	0.27
Door	250	0.46	Racine.....	2,152	3.96
Douglas.....	551	1.01	Richland	119	0.22
Dunn	326	0.60	Rock	2,205	4.05
Eau Claire.....	1,231	2.26	Rusk.....	174	0.32
Florence.....	8	0.01	St. Croix	610	1.12
Fond du Lac.....	1,251	2.30	Sauk.....	517	0.95
Forest.....	31	0.06	Sawyer.....	71	0.13
Grant.....	394	0.72	Shawano	313	0.58
Green.....	329	0.60	Sheboygan	1,350	2.48
Green Lake	145	0.27	Taylor	107	0.20
Iowa.....	219	0.40	Trempeleau.....	217	0.40
Iron	37	0.07	Vernon.....	165	0.30
Jackson	219	0.40	Vilas	123	0.23
Jefferson	742	1.36	Walworth.....	656	1.21
Juneau.....	185	0.34	Washburn	140	0.26
Kenosha.....	1,421	2.61	Washington.....	1,065	1.96
Kewaunee	144	0.26	Waukesha	2,721	5.00
LaCrosse	1,306	2.40	Waupaca.....	464	0.85
Lafayette	131	0.24	Waushara.....	162	0.30
Langlade	126	0.23	Winnebago	2,080	3.82
Lincoln	223	0.41	Wood.....	<u>1,110</u>	<u>2.04</u>
Manitowoc.....	1,151	2.12	Total	54,392	100.00
Marathon	1,331	2.45			

Source: Department of Veterans Affairs.

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

<u>Series</u>	<u>Dated Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding^(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	\$ 220,000	\$ 220,000	4.75
		2006	270,000	270,000		230,000	4.85
		2010	2,125,000			1,815,000	5.15
		2013	2,150,000			1,830,000	5.25
2016	10,215,000			8,710,000	5.30		
1993 Series 5	12/01/93	1994		\$ 95,000			2.50
		1995	\$ 90,000	85,000			3.20
		1996	90,000	95,000			3.60
		1997	95,000	95,000			3.80
		1998	95,000	100,000			4.00
		1999	105,000	105,000			4.10
		2000	105,000	6,805,000			4.20
		2001	3,605,000	9,135,000			4.35
		2002	5,650,000	10,885,000			4.45
		2003	8,425,000	9,555,000			4.55
		2004	7,160,000	11,000,000			4.65
		2005	8,875,000	10,275,000			4.75
		2006	9,000,000	12,025,000			4.85
		2010		14,770,000		\$ 14,770,000	5.20
		2013		1,190,000		1,190,000	5.30
2016		1,405,000		1,405,000	5.35		
2023		4,340,000		4,340,000	5.40		
1994 Series 2	03/01/94	1999	\$ 10,565,000				4.85
		2000	9,070,000				5.00
		2001	8,680,000				5.10
		2002	6,390,000				5.20
		2003	4,810,000				5.30
		2004	3,715,000				5.40
		2005	2,540,000		\$ 2,540,000		5.50
		2006	2,050,000		2,050,000		5.60
		2007	1,760,000		1,760,000		5.70
		2008	1,580,000		1,580,000		5.80
		2009	890,000		890,000		5.85
		2014	1,700,000		1,700,000		6.10
2024	4,775,000		4,775,000		6.20		
1994 Series 3	09/15/94	1995	\$ 800,000				3.90
		1996	800,000				4.30
		1997	800,000				4.55
		1998	800,000				4.75
		1999	800,000				4.90
		2000	800,000				5.00
		2001	800,000				5.10
		2002	800,000				5.20
		2003	800,000				5.30
		2004	800,000				5.40
		2005	800,000		\$ 505,000		5.50
		2006	600,000		375,000		5.60
2007	600,000		380,000		5.70		
2008	400,000		250,000		5.80		

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

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

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

<u>Series</u>	<u>Dated</u> <u>Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding^(a)</u>		<u>Coupon</u>		
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>			
1996 Series D	10/15/96	2007	\$ 4,500,000				5.25%		
		2008	2,250,000				5.30		
		2009	1,800,000				5.40		
		2014	3,700,000				5.75		
		2020	6,405,000				5.80		
		2027	11,345,000			\$ 3,635,000		6.00	
1997 Series A	03/15/97	2021	\$ 8,065,000				6.00		
		2028	13,295,000			\$ 2,270,000	6.00		
1997 Series 1	03/15/97	2006	\$ 1,000,000				5.20		
		2007	2,385,000				5.25		
		2008	1,015,000				5.25		
		2009	725,000				5.35		
		2010	1,290,000				5.50		
		2011	3,165,000				5.50		
		2012	2,330,000				5.50		
		2013	1,910,000				5.55		
		2014	1,990,000				5.60		
		2015	2,070,000				5.65		
		2017	5,760,000			\$ 2,805,000		5.75	
		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			9,975,000	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			\$ 5,950,000	5.30		
		2028	11,390,000			9,840,000	5.35		
		2028						5.35	
1998 Series E	10/15/98	2012	\$ 905,000			\$ 780,000	4.60		
		2013	950,000			815,000	4.70		
		2014	995,000			850,000	4.80		
		2015	1,050,000			900,000	4.75		
		2016	1,100,000			940,000	4.75		
		2017	1,155,000			985,000	4.80		
		2017						4.80	
1999 Series 1	05/01/99	2008	\$ 860,000			\$ 490,000	5.00		
		2009	935,000			530,000	4.70		
		2010	980,000			555,000	4.80		
		2011	1,030,000			585,000	5.00		
		2012	1,100,000			625,000	5.00		
		2015	3,880,000			2,200,000	5.10		
		2020	7,005,000			3,960,000	5.30		

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

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

^(a) As of December 1, 2004

Source: Department of Administration

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

Prepayments October 2001-September 2004

Mortgage Pool	Interest Rate Charged to Veterans	October 2001 -	April 2002 -	October 2002 -	April 2003 -	October 2003 -	April 2004 -
		March 2002	September 2002	March 2003	September 2003	March 2004	September 2004
Tax-Exempt Veterans Mortgage Bonds							
1976 Series C	6.35%	\$ 19,697	\$ -	\$ -	\$ -	\$ -	\$ -
1977 Series A	6.23	-	-	-	-	-	-
1977 Series B	6.11	1,004,968	21,853	-	-	-	-
1977 Series C	6.03	-	-	-	-	-	-
1978 Series A	6.44	-	-	-	-	-	-
1978 Series B	6.58	-	-	-	-	-	-
1978 Series C	6.25	270,180	-	-	-	-	-
1979 Series A	6.88	-	-	-	-	-	-
1979 Series B	6.70	-	-	-	-	-	-
1979 Series C	6.91	-	-	-	-	-	-
1980 Series A	7.31	-	-	-	-	-	-
1982 Series B	10.20	-	-	-	-	-	-
1983 Series A	9.20	-	-	-	-	-	-
1994 Series 3	N/A	43,757	24,508	-	-	-	-
1983 Series C	9.90	-	-	-	-	-	-
1984 Series A	10.30	-	-	-	-	-	-
1985 Series B	10.60	-	-	-	-	-	-
1986 Series A	8.55	-	-	-	-	-	-
1988 Series A	8.55	-	-	-	-	-	-
1989 Series A	8.55	-	-	-	-	-	-
1989 Series D	7.85	-	-	-	-	-	-
1990 Series B	8.25	541,287	-	-	-	-	-
1990 Series F	8.25	792,122	-	-	-	-	-
1991 Series A	8.10	1,178,012	-	-	-	-	-
1992 Series B	7.40	430,827	503,050	664,043	215,932	-	-
1993 Series 6	5.25	354,244	851,862	412,817	1,093,320	519,189	479,125
1993 Series 5	5.25	4,817,360	5,476,641	11,357,400	12,535,697	1,107,912	11,238
1994 Series C	7.25	6,033,862	3,085,381	5,870,319	4,089,913	638,846	440,920
1994 Series 1	6.00	3,955,839	4,680,659	10,213,747	12,700,493	3,440,680	3,333,773
1994 Series 3		43,757	24,508	133,582	179,823	42,922	30,818
1995 Series B	7.45	4,094,348	1,789,807	3,341,550	2,696,104	659,796	657,223
1995 Series 1	7.45	2,403,307	1,229,407	2,064,692	1,107,927	303,937	127,888
1995 Series 2	6.55	1,258,093	1,348,680	7,665,821	8,360,245	1,524,369	2,024,650
1996 Series B	7.00	4,843,115	5,077,429	8,130,681	6,399,339	1,087,550	974,019
1996 Series D	6.90	2,567,769	2,591,308	7,316,784	3,514,048	1,106,960	804,235
1997 Series A	6.90	1,853,430	1,142,094	4,225,157	3,113,499	884,680	620,692
1997 Series 1	6.90	2,218,703	1,862,486	3,942,455	4,335,121	1,026,132	623,480
1997 Series C	6.40	1,853,468	2,242,276	8,029,148	10,403,596	1,902,240	1,687,741
1998 Series B	6.65	1,232,922	2,242,267	5,890,047	5,785,186	1,674,724	1,012,993
1998 Series E	6.50	374,123	506,109	1,401,014	1,206,448	307,964	285,938
1999 Series 1	N/A	1,653,450	1,074,068	1,842,120	1,024,957	489,893	265,076
2003 Series 2	5.75	N/A	N/A	N/A	1,820,135	875,071	680,973
2003 Series 3	5.30	N/A	N/A	N/A	N/A	2,565,210	3,575,381
Equity Pool	N/A	953,571	2,633,498	5,381,755	3,568,091	1,499,872	1,339,159
Subtotal:		\$ 44,792,210	\$ 38,407,890	\$ 87,883,131	\$ 84,149,872	\$ 21,657,948	\$ 18,975,321
Taxable Veterans Mortgage Bonds							
1997 Series D	6.40%	\$ 1,610,592	\$ 2,485,190	\$ 5,489,709	\$ 9,710,921	\$ 2,536,470	\$ 2,130,181
1998 Series C	6.65	1,447,159	2,510,749	6,455,030	6,557,323	1,765,984	1,461,214
1998 Series F	6.50	2,114,306	4,542,384	10,872,811	12,055,741	2,895,537	2,745,392
1999 Series B	6.85	5,079,078	4,209,838	9,577,226	7,339,603	1,868,493	1,692,149
1999 Series D	7.80	16,361,334	11,294,617	10,935,752	6,786,444	1,886,821	1,706,151
2000 Series B	7.90	5,391,288	4,541,558	8,046,199	2,742,612	978,711	480,617
2000 Series E	6.80	85,693	435,830	364,561	483,761	256,457	216,149
2001 Series A	7.00	266,205	763,012	3,295,012	4,893,674	713,525	646,445
2001 Series D	7.00	225,710	1,300,715	5,022,346	6,345,667	1,512,987	544,272
2001 Series E	6.80	15,052	222,615	2,662,484	5,861,203	1,024,295	1,138,985
2002 Series B	6.50	-	138,161	1,190,030	3,151,760	852,179	1,029,286
2002 Series D	6.50	N/A	257,580	482,735	3,688,194	1,148,469	1,211,483
2002 Series E	5.65	N/A	N/A	-	95,734	106,854	80,818
2002 Series F	5.65	N/A	N/A	16,530	369,332	228,438	730,250
2002 Series H	5.75	N/A	N/A	1,164	118,482	484,564	696,207
2003 Series 1	N/A	N/A	N/A	N/A	930,978	501,059	569,071
2003 Series B	5.35/5.75/5.30	N/A	N/A	N/A	N/A	16,293	735,102
2004 Series B&C	5.35/5.65	N/A	N/A	N/A	N/A	N/A	N/A
2004 Series D	6.15	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal:		\$ 32,596,418	\$ 32,702,248	\$ 64,411,588	\$ 71,131,429	\$ 18,777,137	\$ 17,813,774
Total:		\$ 77,388,628	\$ 71,110,138	\$ 152,294,719	\$ 155,281,301	\$ 40,435,085	\$ 36,789,094