

OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2005 Series A Bonds. Some of the information appears on this cover page and the inside front cover for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.

\$235,585,000

STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2005 SERIES A

Dated: Date of Delivery

Due: July 1, as shown on inside front cover

Ratings—Page 4

Table with 3 columns: Insured 2005 Series A Bonds (2010-2017, 2019, 2020, 2024, and 2025 Maturities Only), Underlying (All Maturities), and Fitch Ratings/Moody's Investors Service, Inc./Standard & Poor's Ratings Services.

Tax Exemption Interest on the 2005 Series A Bonds is excludable from gross income, and is not included as an item of tax preference, for federal income tax purposes. Interest on the 2005 Series A Bonds is subject to State of Wisconsin income and franchise taxes—Pages 12-14.

Redemption Certain of the 2005 Series A Bonds maturing on July 1, 2016 (5.00% coupon) and the 2005 Series A Bonds maturing on July 1 of the years 2017 through 2019 and 2021 through 2025 are subject to optional redemption at par (100%) on any date on or after July 1, 2015. Certain of the 2005 Series A Bonds maturing on July 1, 2016 (5.25% coupon) and the 2005 Series A Bonds maturing on or before July 1, 2015 and on July 1, 2020 are not subject to optional redemption—Page 3.

Security/Priority The 2005 Series A Bonds have a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. A Reserve Fund also exists and generally has been funded in an amount equal to the maximum annual interest due on the Outstanding Bonds. The 2005 Series A Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. The 2005 Series A Bonds are not general obligations of the State—Pages 6-10.

Bond Insurance The scheduled payment of principal of and interest on the 2005 Series A Bonds maturing on July 1 of the years 2010 through 2017, 2019, 2020, 2024, and 2025, when due will be guaranteed under a municipal bond insurance policy to be issued by Financial Security Assurance Inc. concurrently with the delivery of the 2005 Series A Bonds—Pages 14-15.



Purpose Proceeds of the 2005 Series A Bonds are being used to finance the refunding of certain Outstanding Bonds, to finance certain State transportation facilities and highway projects, to pay certain interest to become due on the 2005 Series A Bonds, and to pay costs of issuance—Pages 2-3.

Interest Payment Dates January 1 and July 1

First Interest Payment Date July 1, 2005

Closing/Settlement On or about March 10, 2005

Denominations Multiples of \$5,000

Book-Entry-Only Form The Depository Trust Company—Pages 5-6.

Trustee/Registrar/Paying Agent J.P. Morgan Trust Company, National Association

Bond Counsel Quarles & Brady LLP

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

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

The prices and yields on the inside front cover were determined on February 17, 2005 at a negotiated sale. The 2005 Series A Bonds were purchased at an aggregate purchase price of \$257,495,959.71.

Citigroup

UBS Financial Services Inc.

Robert W. Baird & Co. M&R Beal & Company Bear, Stearns & Co. Inc. Morgan Stanley

February 18, 2005

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND PRICES

\$235,585,000

**STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2005 SERIES A**

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (July 1)	Call Price
977123 TB4	2006	\$ 330,000	3.000%	2.44%	100.714%	Not Callable	-
977123 TC2	2007	340,000	3.000	2.59	100.910	Not Callable	-
977123 TD0	2008	350,000	3.000	2.74	100.814	Not Callable	-
977123 TE8	2009	360,000	3.000	2.91	100.359	Not Callable	-
977123 TF5	2010	^(a) 375,000	3.000	3.03	99.851	Not Callable	-
977123 TG3	2011	^(a) 385,000	3.125	3.21	99.515	Not Callable	-
977123 TH1	2012	^(a) 395,000	3.250	3.36	99.289	Not Callable	-
977123 TJ7	2013	^(a) 410,000	3.375	3.50	99.102	Not Callable	-
977123 TK4	2014	^(a) 10,495,000	5.250	3.63	112.693	Not Callable	-
977123 TL2	2015	^(a) 33,705,000	5.250	3.71	113.086	Not Callable	-
977123 TN8	2016	^(a) 14,865,000	5.250	3.79	113.321	Not Callable	-
977123 TM0	2016	^(a) 20,000,000	5.000	3.79	110.240	^(b) 7/1/2015	100%
977123 TP3	2017	^(a) 25,210,000	5.000	3.86	109.614	^(b) 7/1/2015	100
977123 TQ1	2018	13,430,000	5.000	3.94	108.903	^(b) 7/1/2015	100
977123 TR9	2019	^(a) 14,205,000	5.000	3.94	108.903	^(b) 7/1/2015	100
977123 TS7	2020	^(a) 28,575,000	5.000	3.97	111.725	Not Callable	-
977123 TT5	2021	15,555,000	5.000	4.07	107.760	^(b) 7/1/2015	100
977123 TU2	2022	13,130,000	5.000	4.11	107.411	^(b) 7/1/2015	100
977123 TV0	2023	13,790,000	5.000	4.14	107.150	^(b) 7/1/2015	100
977123 TW8	2024	^(a) 14,480,000	5.000	4.14	107.150	^(b) 7/1/2015	100
977123 TX6	2025	^(a) 15,200,000	5.000	4.19	106.718	^(b) 7/1/2015	100

^(a) Subject to Financial Security Assurance Inc. municipal bond insurance policy.

^(b) Priced to the July 1, 2015 first optional call date.

This document is the State’s *official* statement about the offering of the 2005 Series A Bonds; that is, it is the only document the State has authorized for providing information about the 2005 Series A Bonds. This document is not an offer or solicitation for the 2005 Series A Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2005 Series A Bonds, and anything else related to the offering.

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

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2005 Series A Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2005 Series A Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the 2005 Series A Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such 2005 Series A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2005 SERIES A BONDS

BUILDING COMMISSION MEMBERS

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

OTHER PARTICIPANTS

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

DEBT MANAGEMENT AND DISCLOSURE

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Assistant Capital Finance Director
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larry.dallia@doa.state.wi.us

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

SUMMARY DESCRIPTION OF THE 2005 SERIES A BONDS

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

Description:	State of Wisconsin Transportation Revenue Bonds, 2005 Series A
Principal Amount:	\$235,585,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of Delivery (expected to be March 10, 2005)
Interest Payment:	January 1 and July 1, commencing July 1, 2005
Maturities:	July 1, 2006-2025— <i>Inside Front Cover</i>
Record Date:	December 15 or June 15
Redemption:	Certain of the 2005 Series A Bonds maturing on July 1, 2016 (5.00% coupon) and the 2005 Series A Bonds maturing on July 1 of the years 2017 through 2019 and 2021 through 2025 are subject to optional redemption at par (100%) on any date on or after July 1, 2015. Certain of the 2005 Series A Bonds maturing on July 1, 2016 (5.25% coupon) and the 2005 Series A Bonds maturing on or before July 1, 2015 and on July 1, 2020 are not subject to optional redemption— <i>Page 3</i>
Form:	Book-entry-only— <i>Pages 5-6</i>
Paying Agent:	All payments of principal and interest on the 2005 Series A Bonds will be made by J.P. Morgan Trust Company, National Association. All payments will be made to The Depository Trust Company, which will distribute payments as described herein.
Authority for Issuance:	The 2005 Series A Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	The 2005 Series A Bond proceeds will be used to finance the refunding of certain Outstanding Bonds, to finance certain State transportation facilities and highway projects, to pay certain interest to become due on the 2005 Series A Bonds, and to pay costs of issuance.
Security and Priority:	The 2005 Series A Bonds are revenue obligations having a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income), other registration-related fees (including but not limited to vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees), and any other pledged Program Income. The 2005 Series A Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. A Reserve Fund also exists and generally has been funded in an amount equal to the maximum annual interest due on the Outstanding Bonds— <i>Pages 6-10</i>
Bond Insurance:	The scheduled payment of principal of and interest on the 2005 Series A Bonds maturing on July 1 of the years 2010 through 2017, 2019, 2020, 2024, and 2025, when due will be guaranteed under a municipal bond insurance policy to be issued by Financial Security Assurance Inc. concurrently with the delivery of the 2005 Series A Bonds— <i>Pages 14-15</i>
Prior Bonds and Notes:	As of December 1, 2004, \$1,256,740,000 of Prior Bonds were Outstanding and \$120,003,000 of Notes were Outstanding that were subordinate to the Prior Bonds— <i>Pages 6-7</i>
Additional Bonds:	The State may issue additional transportation revenue obligations, and if certain conditions are met, they may be issued on parity with the Prior Bonds and the 2005 Series A Bonds— <i>Pages 9-10</i>
Legality of Investment:	State law provides that the 2005 Series A Bonds are legal investments for all banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons or entities carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the 2005 Series A Bonds is excludable from gross income, and is not an item of tax preference, for federal income tax purposes— <i>Pages 12-14</i> Interest on the 2005 Series A Bonds is subject to State of Wisconsin income and franchise taxes— <i>Page 14</i>
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP— <i>Page C-1</i>

OFFICIAL STATEMENT
\$235,585,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2005 SERIES A

INTRODUCTION

This Official Statement sets forth information concerning the \$235,585,000 State of Wisconsin Transportation Revenue Bonds, 2005 Series A (**2005 Series A Bonds**), issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004 (**2004 Annual Report**).

The 2005 Series A Bonds are revenue obligations issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended (**Revenue Obligations Act**), Section 84.59 of the Wisconsin Statutes (**Act**), a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and Series Resolutions adopted by the Commission on November 17, 2004 and February 16, 2005 (collectively, with the General Resolution, **Resolution**).

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell transportation revenue obligations of the State. The Commission is assisted and staffed by the State of Wisconsin Department of Administration.

In connection with the issuance and sale of the 2005 Series A Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2005 Series A Bonds. Copies of the Resolution, the Revenue Obligations Act and the Act are available from the Commission. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned in the Resolution.

THE DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles. The Department is also the State agency responsible for the collection of the vehicle registration fees and other registration-related fees, which are pledged as security for the revenue obligations issued by the State pursuant to the General Resolution.

Information concerning the Department is included as **APPENDIX A** to this Official Statement, which includes by reference Part V of the 2004 Annual Report. **APPENDIX A** also includes updates to Part V of the 2004 Annual Report.

THE STATE

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

Information concerning the State and its financial condition is included as **APPENDIX B**, which includes by reference Part II of the 2004 Annual Report. **APPENDIX B** also includes updates to Part II of the 2004 Annual Report.

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

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

PLAN OF FINANCE

General

The Act empowers the Commission to issue revenue obligations to finance the costs of State transportation facilities and highway projects, and to refund outstanding revenue obligations. The 2005 Series A Bonds are being issued, in large part, to finance the refunding of certain maturities of Outstanding Bonds. The 2005 Series A Bonds are also being issued, in part, to finance certain State transportation facilities and highway projects (**Projects**), to pay certain interest to become due on the 2005 Series A Bonds, and to pay costs of issuance. See “**THE 2005 SERIES A BONDS; Sources and Applications of Funds**”.

Refunding

The maturities of Outstanding Bonds being refunded are currently outstanding in the total principal amount of \$179,330,000 (**Refunded Bonds**). **APPENDIX D** identifies and provides information on the Refunded Bonds. To provide for the refunding of the Refunded Bonds, a portion of the 2005 Series A Bond proceeds will be used to purchase direct general obligations of the United States or obligations guaranteed by the United States (**Government Obligations**). These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- to pay when due the interest on the Refunded Bonds to their respective redemption or maturity dates, and
- to pay the principal of, and premium, if any, on the Refunded Bonds on their respective redemption or maturity dates.

Refunding Escrow Agreement

The Government Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund (**Escrow Fund**) created by a Refunding Escrow Agreement (**Escrow Agreement**), between the State and Deutsche Bank National Trust Company (**Escrow Trustee**) solely for the benefit of the owners of the Refunded Bonds.

The Escrow Fund will be held by the Escrow Trustee in trust to make payment of the principal of, and premium, if any, and interest on the Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay these fees and costs to the Escrow Trustee from other available funds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Samuel Klein & Company, Certified Public Accountants.

In the opinion of Bond Counsel, upon the State making the deposit into the Escrow Fund, the Refunded Bonds will be deemed to be paid for purposes of the General Resolution and will no longer be considered Outstanding Bonds under the General Resolution.

Projects

The remaining proceeds of the 2005 Series A Bonds will be used as follows. The premium allocated to the portion of 2005 Series A Bonds being used to finance the costs of certain Projects will be deposited into the Principal and Interest Account to pay certain interest to become due on the 2005 Series A Bonds. The rest of the proceeds will be deposited into the Program Account and used, along with investment earnings, to finance the cost of the Projects and to pay costs of issuance.

THE 2005 SERIES A BONDS

General

The 2005 Series A Bonds are the twentieth Series of Bonds to be issued under the General Resolution. The inside front cover of this Official Statement sets forth the maturity dates, principal amounts, and interest rates for the 2005 Series A Bonds. The Legislature has authorized the issuance of \$2.096 billion of revenue bonds to finance the costs of State transportation facilities and highway projects, excluding revenue bonds issued to refund Outstanding Bonds. To date, \$1.853 billion of such bonds (not including refunding bonds) have been issued.

The 2005 Series A Bonds will be dated their date of delivery and will bear interest from that date payable on January 1 and July 1 of each year, beginning on July 1, 2005. Interest on the 2005 Series A Bonds will be computed on the basis of a 30-day month and a 360-day year.

The 2005 Series A Bonds are issued as fully-registered bonds without coupons in the principal denominations of \$5,000 or any multiples thereof. Principal of and interest on the 2005 Series A Bonds will be payable to the person or entity who is, as of the fifteenth day of the month preceding each Interest Payment Date, the registered owner of record, which initially will be The Depository Trust Company, New York, New York (**DTC**) or its nominee.

J.P. Morgan Trust Company, National Association is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2005 Series A Bonds.

Optional Redemption

Certain of the 2005 Series A Bonds maturing on July 1, 2016 (5.00% coupon) and the 2005 Series A Bonds maturing on July 1 of the years 2017 through 2019 and 2021 through 2025 are subject to optional redemption, at the option of the Commission, on July 1, 2015 or any date after that date, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100% of the principal amount to be redeemed) plus accrued interest to the date of redemption. In the event of partial redemption, the Commission shall direct the amounts and maturity or maturities of the 2005 Series A Bonds to be redeemed.

Certain of the 2005 Series A Bonds maturing on July 1, 2016 (5.25% coupon) and the 2005 Series A Bonds maturing on or before July 1, 2015 and on July 1, 2020 are not subject to optional redemption.

Selection of 2005 Series A Bonds

The 2005 Series A Bonds shall be called for redemption in multiples of \$5,000 and bonds of denominations of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000, and such bonds may be selected for redemption in part. If the 2005 Series A Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of the 2005 Series A Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules. If the 2005 Series A Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2005 Series A Bonds are in book-entry form, a notice of the redemption of any 2005 Series A Bonds shall be sent to the securities depository not less than 30 days or more than 60 days prior to the date of redemption.

In the event that the 2005 Series A Bonds are outstanding in certificated form, a notice of the redemption of any 2005 Series A Bonds shall be mailed not less than 30 days prior to the date of redemption to the registered owners of any 2005 Series A Bonds to be redeemed.

Interest on any 2005 Series A Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Ratings

At the State’s request, several rating agencies have assigned a rating for the 2005 Series A Bonds maturing on July 1 of the years 2010 through 2017, 2019, 2020, 2024, and 2025 (**Insured 2005 Series A Bonds**), with the understanding that a municipal bond insurance policy guaranteeing the scheduled payment of principal of and interest on the Insured 2005 Series A Bonds will be issued by Financial Security Assurance Inc. (**Financial Security**) concurrently with the delivery of the 2005 Series A Bonds:

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

In addition, at the State’s request, the same rating agencies have assigned an underlying rating on the 2005 Series A Bonds and confirmed the ratings on the Outstanding Bonds:

<u>Underlying Rating</u>	<u>Rating Agency</u>
AA	Fitch Ratings
Aa3	Moody’s Investors Service, Inc.
AA–	Standard and Poor’s Ratings Services

Any explanation of the significance of a rating may only be obtained from the rating agency furnishing that rating. There is no assurance a rating given will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may have an adverse effect on the market price of the 2005 Series A Bonds and the Outstanding Bonds.

Sources and Applications of Funds

It is expected that the proceeds of the 2005 Series A Bonds will be applied as follows. Investment earnings on unspent 2005 Series A Bond proceeds deposited into the Program Account are not included with the amounts below but will be applied to cost of Projects.

Sources

Principal Amount of the 2005 Series A Bonds.....	\$235,585,000.00
Net Original Issue Premium.....	<u>23,228,634.15</u>
Total Sources.....	<u>\$258,813,634.15</u>

Applications

Deposit to Escrow Fund.....	\$196,634,486.32
Deposit to the Program Account to Pay	
Costs of Projects	56,452,178.25
Costs of Issuance	175,818.38
Deposit to the Principal and Interest Account	3,698,070.05
Bond Insurance Premium.....	535,406.71
Underwriters' Discount.....	<u>1,317,674.44</u>
Total Applications	<u>\$258,813,634.15</u>

Book-Entry-Only Form

The 2005 Series A Bonds will initially be issued in book-entry-only form. Purchasers of the 2005 Series A Bonds will not receive bond certificates but instead will have their ownership in the 2005 Series A Bonds recorded in the book-entry system.

2005 Series A Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2005 Series A Bonds. Ownership of the 2005 Series A Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the 2005 Series A Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The State will make all payments of principal of, interest on, and any redemption premium on the 2005 Series A Bonds to DTC. Owners of the 2005 Series A Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State will provide notices and other communications about the 2005 Series A Bonds to DTC. Owners of the 2005 Series A Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2005 Series A Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2005 Series A Bonds to be redeemed from each DTC Participant.

Discontinued Service

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

Further Information

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

The State is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2005 Series A Bonds or to follow the procedures established by DTC for its book-entry system.

Transfer of Bonds

If the 2005 Series A Bonds are no longer held in book-entry form, any 2005 Series A Bond may be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2005 Series A Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2005 Series A Bond is surrendered for transfer, the Registrar shall deliver 2005 Series A Bonds, in like aggregate principal amount, interest rate, and maturity. The Registrar may require the Bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2005 Series A Bond. The Registrar shall not be obliged to make any transfer or exchange of 2005 Series A Bonds:

- (1) after the 15th day of the month preceding an Interest Payment Date for the 2005 Series A Bond,
- (2) during the 15 days preceding the date of the mailing of a notice of redemption of Bonds selected for redemption, or
- (3) after such 2005 Series A Bond has been called for redemption.

SECURITY FOR THE 2005 SERIES A BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds, sources of payment, vehicles subject to registration, past and projected registration fees, past and projected other registration-related fees, registration fee collection procedures, Reserve Fund, additional Bonds, and the Department is included as **APPENDIX A**, which includes by reference Part V of the 2004 Annual Report. **APPENDIX A** also includes updates to Part V of the 2004 Annual Report.

Prior Bonds

The State has previously issued 19 series of Transportation Revenue Bonds, of which the following are currently Outstanding Bonds within the meaning of the General Resolution:

<u>Bond Issue</u>	<u>Dated Date</u>
Transportation Revenue Bonds, 1993 Series A (1993 Bonds)	September 1, 1993
Transportation Revenue Bonds, 1995 Series A (1995 Bonds)	September 1, 1995
Transportation Revenue Bonds, 1996 Series A (1996 Bonds)	May 15, 1996
Transportation Revenue Bonds, 1998 Series A (1998 Series A Bonds)	August 15, 1998
Transportation Revenue Bonds, 1998 Series B (1998 Series B Bonds)	October 1, 1998
Transportation Revenue Bonds, 2000 Series A (2000 Bonds)	September 15, 2000
Transportation Revenue Bonds, 2001 Series A (2001 Bonds)	November 15, 2001
Transportation Revenue Refunding Bonds, 2002 Series 1 (2002 Series 1 Bonds)	April 15, 2002
Transportation Revenue Refunding Bonds, 2002 Series 2 (2002 Series 2 Bonds)	April 15, 2002

<u>Bond Issue</u>	<u>Dated Date</u>
Transportation Revenue Bonds, 2002 Series A (2002 Series A Bonds)	October 15, 2002
Transportation Revenue Bonds, 2003 Series A (2003 Bonds)	November 1, 2003
Transportation Revenue Refunding Bonds, 2004 Series 1 (2004 Bonds)	September 30, 2004

These Outstanding Bonds (collectively, **Prior Bonds**) and the 2005 Series A Bonds, together with any additional Bonds issued by the State pursuant to the General Resolution, are referred to collectively as the **Bonds**. As of December 1, 2004, the amount of outstanding Prior Bonds was \$1,256,740,000.

The 2005 Series A Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds to be issued by the State pursuant to the General Resolution.

The State has also issued Transportation Revenue Commercial Paper Notes of 1997, Series A (**Notes**), and as of December 1, 2004, the amount of outstanding Notes was \$120,003,000. The Notes were issued pursuant to the General Resolution and pursuant to Series Resolutions that provide that the Notes are junior and subordinate to the Bonds. The Commission has authorized the issuance of up to \$155 million of additional Bonds to pay for the funding of the Notes. Those additional Bonds, when and if issued, will be issued on a parity with the Prior Bonds, the 2005 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

Security

The 2005 Series A Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2005 Series A Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income (as defined herein), and the trust funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds.

The Notes, and any other obligation to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund authorized by the General Resolution and created pursuant to Series Resolutions for the Notes. The pledge of Program Income to the Subordinated Debt Service Fund is subordinate to the pledge of Program Income to the Redemption Fund.

Before July 24, 2003, Program Income included only vehicle registration fees authorized under Section 341.25, Wisconsin Statutes (**Registration Fees**). A statutory change that was part of 2003 Wisconsin Act 33 provided that many additional vehicle registration-related fees can also be pledged as Program Income (**Other Registration-Related Fees**). A supplement to the General Resolution approved by the Commission on October 15, 2003 amended the definition of **Program Income** to include both Registration Fees and the Other Registration-Related Fees.

While all Other Registration-Related Fees (which include many types of fees that are enumerated in the Wisconsin Statutes) are Program Income, many of the Other Registration-Related Fees result in insignificant or sporadic annual revenues. As a result, the State has requested ratings based on, and is currently providing continuing disclosure on some, but not all, Other Registration-Related Fees, including vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. **SEE APPENDIX A.**

Flow of Funds; Other

All Program Income shall be collected by the Trustee, or the Department as agent of the Trustee, and deposited outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income is defined to include all the interest earned or gain realized from the investment of the Redemption Fund.

Program Income received by the Trustee in the Redemption Fund is to be used:

- (1) to pay interest on all Outstanding Bonds,
- (2) to pay the principal or Redemption Price of all Outstanding Bonds,
- (3) to maintain the Debt Service Reserve Requirement in the Reserve Fund,
- (4) to pay, from the Program Expense Fund, direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and
- (5) to pay, from the Subordinated Debt Service Fund, principal of and interest on the Notes and any other obligations issued on a parity with the Notes.

Program Income in excess of the amount needed for such purposes is to be transferred to the Transportation Fund held by the Department free of the lien of the pledge of the General Resolution and will be used by the Department for any of its authorized purposes.

The 2005 Series A Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund. The State is not generally liable on the 2005 Series A Bonds, and the 2005 Series A Bonds shall not be a debt of the State for any purpose whatsoever.

The State pledges and agrees with the Bondholders that the State will not limit or alter its powers to fulfill the terms of any agreements (made in the General Resolution or in the Bonds) with the Bondholders, or in any way impair the rights and remedies of the Bondholders until the Bonds, together with interest, including interest on any unpaid installments of interest thereon, and Redemption Price thereof, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged.

Bond Insurance

The scheduled payment of principal of and interest on the Insured 2005 Series A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued by Financial Security concurrently with the delivery of the 2005 Series A Bonds. See "**BOND INSURANCE; Bond Insurance Policy**".

Reserve Fund

The General Resolution creates a Reserve Fund and provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the then Outstanding Bonds. Each Series Resolution must set forth the Debt Service Reserve Requirement, if any, for that Series, and no representation is made as to the Debt Service Reserve Requirement that may be established upon the issuance of additional Series of Bonds. The Debt Service Reserve Requirement for the 2005 Series A Bonds is \$0.00.

The separate Debt Service Reserve Requirements for all of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement will be reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. It has been the State's policy not to reduce the funds in the Reserve Fund in conjunction with a

reduction in the Debt Service Requirement. However, there is no assurance that the Reserve Fund will be maintained at any amount in excess of the Debt Service Reserve Requirement. Currently, nearly 85% of the Reserve Fund balance is currently in the form of a surety bond that is noncancelable by the provider until it expires on the earlier of July 1, 2023 or when all Bonds are paid in full.

It is generally the policy of the State to fund the Reserve Fund at an amount equal to the maximum annual interest due on the-then Outstanding Bonds (on a fiscal year basis). In determining the maximum annual interest, the State subtracts any accrued interest or other amounts irrevocably deposited with the Trustee for payment of interest. Currently, the Reserve Fund has been funded in the amount of \$60,351,600, which slightly exceeds the maximum annual interest due (fiscal year basis) on the Outstanding Bonds, after giving effect to the issuance of the 2005 Series A Bonds.

If there is a deficiency in the Reserve Fund, the Trustee shall, after setting aside in the Principal and Interest Account the applicable amount required to be deposited therein, deposit Program Income into the Reserve Fund in an amount sufficient to remedy such deficiency.

The General Resolution provides that, in lieu of a deposit to the Reserve Fund of an amount equal to the Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond, or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the rating on the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Debt Service Reserve Requirement and such method of funding shall be deemed to satisfy all provisions of the Series Resolution with respect to the Debt Service Reserve Requirement and the amount required to be on deposit in the Reserve Fund with respect to such Series of Bonds.

On May 27, 1993, and in conjunction with the issuance of the 1993 Bonds, the State began funding the Reserve Fund with an irrevocable surety bond (**Surety Bond**) issued by Ambac Assurance Corporation. In conjunction with the sale of the 1994 Bonds, the 1995 Bonds, the 1996 Bonds, the 2000 Bonds, the 2001 Bonds, and the 2002 Series A Bonds, the Surety Bond was exchanged for a Surety Bond in a larger amount that funded the Debt Service Reserve Requirement for all the then-Outstanding Bonds. The Surety Bond is currently in the amount of \$51,258,600 and is noncancelable by the provider until it expires on the earlier of July 1, 2023 or when all Bonds are paid in full. The Surety Bond is an asset of the Reserve Fund. The remaining balance in the Reserve Fund, which is \$9,093,000, was funded with proceeds of the 2003 Bonds and is currently invested in Investment Obligations.

Additional Bonds

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects, funding reserves, paying costs of issuance, and refunding Outstanding Bonds. Additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 2.25 times the maximum aggregate Principal and Interest Requirement in any Bond Year for all Outstanding Bonds. The General Resolution defines **Outstanding Bonds**, as of any particular date, as all Bonds previously delivered and expected to be delivered, except (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution, and (3) any Bond in lieu of or in

substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

SUMMARY OF THE GENERAL RESOLUTION

A summary of the General Resolution is included as **APPENDIX A**, which includes by reference Part V of the 2004 Annual Report.

BORROWING PROGRAM

The sale of the 2005 Series A Bonds is the first issuance of transportation revenue bonds in calendar year 2005. Of the total par amount of the 2005 Series A Bonds, \$179.0 million are being allocated to finance the refunding of the Refunded Bonds and to pay costs of issuance while \$56.6 million (being the aggregate of the 2005 Series A Bonds maturing in the years 2022 to 2025) are being allocated to pay the costs of financing the Projects, to pay certain interest to become due on 2005 Series A Bonds, and to pay costs of issuance.

The Commission has authorized a total amount of not to exceed \$215 million of transportation revenue obligations to pay the costs of financing the Projects. The State intends to issue the balance of this authorization as bonds or commercial paper notes in the second quarter of the 2005 calendar year. The amortization for these bonds or commercial paper notes is expected to include principal amounts in the years 2006 to 2021.

The Commission has previously authorized the issuance of additional Bonds in an amount not to exceed \$155 million for the funding of outstanding Notes. If the Bonds are issued, they will be on parity with the Prior Bonds, the 2005 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

The Commission has authorized a total amount of not to exceed \$250 million of transportation revenue refunding bonds. The amount and timing of the issuance of the balance of this authorization depend on market conditions. If additional refunding Bonds are issued, they will be on parity with the Prior Bonds, the 2005 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

UNDERWRITING

The 2005 Series A Bonds are being purchased by an underwriting group consisting of Citigroup; UBS Financial Services Inc.; Robert W. Baird & Co. Incorporated; M.R. Beal & Company; Bear, Stearns & Co. Inc.; and Morgan Stanley & Co. Incorporated (**Underwriters**), for which Citigroup is acting as representative. The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2005 Series A Bonds described on the inside front cover of this Official Statement at an aggregate purchase price of \$257,495,959.71, reflecting a net original issue premium of \$23,228,634.15 and underwriters' discount of \$1,317,674.44. The Underwriters have agreed to reoffer the 2005 Series A Bonds at the public offering prices or yields set forth on the inside front cover of this Official Statement. The 2005 Series A Bonds may be offered and sold to certain dealers (including dealers depositing the 2005 Series A Bonds into investment trusts) at prices lower than such public offering prices and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all the 2005 Series A Bonds if any 2005 Series A Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Foley & Lardner LLP and Tyson Strong Hill, LLC.

CUSIP NUMBERS, REOFFERING YIELDS, AND PRICES

The tables appearing below and on the inside front cover include information about the 2005 Series A Bonds. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the Underwriters to allow the computation of yield for federal tax law compliance. For certain of the 2005 Series A Bonds maturing on July 1, 2016 (5.00% coupon) and the 2005 Series A Bonds maturing on July 1 of the years 2017 through 2019 and 2021 through 2025, the reoffering prices have been calculated to the lower of the first optional call date or the nominal maturity date.

\$235,585,000
State of Wisconsin
Transportation Revenue Bonds, 2005 Series A

Dated Date: Date of Delivery
First Interest Date: July 1, 2005
Closing/Settlement Date: On or About March 10, 2005

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (July 1)	Call Price
977123 TB4	2006	\$ 330,000	3.000%	2.44%	100.714%	Not Callable	-
977123 TC2	2007	340,000	3.000	2.59	100.910	Not Callable	-
977123 TD0	2008	350,000	3.000	2.74	100.814	Not Callable	-
977123 TE8	2009	360,000	3.000	2.91	100.359	Not Callable	-
977123 TF5	2010 ^(a)	375,000	3.000	3.03	99.851	Not Callable	-
977123 TG3	2011 ^(a)	385,000	3.125	3.21	99.515	Not Callable	-
977123 TH1	2012 ^(a)	395,000	3.250	3.36	99.289	Not Callable	-
977123 TJ7	2013 ^(a)	410,000	3.375	3.50	99.102	Not Callable	-
977123 TK4	2014 ^(a)	10,495,000	5.250	3.63	112.693	Not Callable	-
977123 TL2	2015 ^(a)	33,705,000	5.250	3.71	113.086	Not Callable	-
977123 TN8	2016 ^(a)	14,865,000	5.250	3.79	113.321	Not Callable	-
977123 TM0	2016 ^(a)	20,000,000	5.000	3.79	110.240 ^(b)	7/1/2015	100%
977123 TP3	2017 ^(a)	25,210,000	5.000	3.86	109.614 ^(b)	7/1/2015	100
977123 TQ1	2018	13,430,000	5.000	3.94	108.903 ^(b)	7/1/2015	100
977123 TR9	2019 ^(a)	14,205,000	5.000	3.94	108.903 ^(b)	7/1/2015	100
977123 TS7	2020 ^(a)	28,575,000	5.000	3.97	111.725	Not Callable	-
977123 TT5	2021	15,555,000	5.000	4.07	107.760 ^(b)	7/1/2015	100
977123 TU2	2022	13,130,000	5.000	4.11	107.411 ^(b)	7/1/2015	100
977123 TV0	2023	13,790,000	5.000	4.14	107.150 ^(b)	7/1/2015	100
977123 TW8	2024 ^(a)	14,480,000	5.000	4.14	107.150 ^(b)	7/1/2015	100
977123 TX6	2025 ^(a)	15,200,000	5.000	4.19	106.718 ^(b)	7/1/2015	100

^(a) Subject to Financial Security Assurance Inc. municipal bond insurance policy.

^(b) Priced to the July 1, 2015 first optional call date.

LEGALITY FOR INVESTMENT

State law provides that the 2005 Series A Bonds are legal investments for the following:

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

PENDING LITIGATION

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that the pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or Redemption Price of the 2005 Series A Bonds.

It is the opinion of the State Attorney General that there is no litigation of any nature either pending or threatened in writing, to the knowledge of the State, seeking to restrain or enjoin the issuance, sale, execution, or delivery of the 2005 Series A Bonds, or in any way contesting or affecting the validity of the 2005 Series A Bonds, any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2005 Series A Bonds, or the existence of the Department or its power to charge and collect vehicle registration fees and other vehicle registration-related fees and pledge them for the payment of the 2005 Series A Bonds.

LEGALITY

All legal matters incident to the authorization, issuance and delivery of the 2005 Series A Bonds are subject to the opinion of Quarles & Brady LLP (**Bond Counsel**).

As required by law, the Attorney General of the State of Wisconsin will examine a certified copy of all proceedings preliminary to issuance of the 2005 Series A Bonds to determine the regularity and validity of such proceedings. In the event certificated 2005 Series A Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2005 Series A Bond.

TAX EXEMPTION

Bond Counsel will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2005 Series A Bonds under existing law substantially in the form set forth in **APPENDIX C**. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the 2005 Series A Bonds.

The State has covenanted to comply with all requirements referenced in the legal opinion to the extent it may lawfully do so. However, the proceedings authorizing the 2005 Series A Bonds do not provide for an increase in interest rates in the event of taxability or in the event of the inclusion of interest as an item of tax preference in computing the alternative minimum tax.

In the opinion of Bond Counsel, the 2005 Series A Bonds are not “private activity bonds” under Section 141(a) of the Internal Revenue Code, as amended (**Code**).

The initial public offering prices of certain of the 2005 Series A Bonds (**Discounted Bonds**) are less than the principal amount payable at maturity. As a result, the Discounted Bonds will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (**issue price**). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discounted Bond during any accrual period generally equals (1) the issue price of such Discounted Bonds plus the amount of original issue discount accrued in all prior accrual periods multiplied by (2) the yield to maturity of such Discounted Bond (determined on the basis of compounding at the close of each accrual period, and properly adjusted for the length of each accrual period), less (3) any interest payable on such Discounted Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, and will increase the owner's tax basis in such Discounted Bond. The adjusted basis in a Discounted Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Discounted Bond.

A portion of the original issue discount that accrues in each year to an owner of a Discounted Bond may result in certain collateral federal income tax consequences, some of which are described below.

Owners who purchase Discounted Bonds in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Discounted Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of obligations such as the Discounted Bonds. Owners who do not purchase Discounted Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

The initial public offering prices of certain of the 2005 Series A Bonds (**Premium Bonds**) are more than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with original issue premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant instant rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

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

Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

Prospective purchasers of the 2005 Series A Bonds should be aware that ownership of the 2005 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income”, foreign corporations subject to branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2005 Series A Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2005 Series A Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or could adversely affect the market value of the 2005 Series A Bonds. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to the 2005 Series A Bonds.

State Taxes

The interest on the 2005 Series A Bonds is not exempt from present Wisconsin income or franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a 2005 Series A Bond.

FINANCIAL ADVISOR

First Albany Capital Inc. is employed by the State to perform professional services in the capacity of financial advisor. In its role as financial advisor to the State, it has provided advice on the plan of financing and structure of the 2005 Series A Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations will be independently verified by the Samuel Klein & Company, Certified Public Accountants. These computations, which were provided by the Underwriters, indicate that (i) the receipts from the Government Obligations, together with an initial cash deposit, will be sufficient to pay the principal, premium, and interest requirements on the Refunded Bonds, and (ii) the yield on the Escrow Fund is less than the yield on the 2005 Series A Bonds. Samuel Klein & Company, Certified Public Accountants will rely upon assumptions and information supplied by the Underwriters on behalf of the State and will not make any study or examination of them, except as noted in its report. Samuel Klein & Company, Certified Public Accountants will not express an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in its report.

BOND INSURANCE

Other than with respect to information concerning Financial Security contained under this section and **APPENDIX E**, none of the information in this Official Statement has been supplied or verified by Financial Security, and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of

the Insured 2005 Series A Bonds; or (iii) the tax-exempt status of the interest on the Insured 2005 Series A Bonds.

Bond Insurance Policy

Concurrently with the issuance of the 2005 Series A Bonds, Financial Security will issue its municipal bond insurance policy (**Policy**) for the Insured 2005 Series A Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Insured 2005 Series A Bonds when due as set forth in the form of the Policy, which is included as **APPENDIX E** to this Official Statement.

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

Financial Security Assurance Inc.

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

At September 30, 2004, Financial Security's total policyholders' surplus and contingency reserves were approximately \$2,255,933,000 and its total unearned premium reserve was approximately \$1,561,771,000 in accordance with statutory accounting practices. At September 30, 2004, Financial Security's total shareholders' equity was approximately \$2,612,989,000 and its total net unearned premium reserve was approximately \$1,286,985,000 in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this Official Statement until the termination of the offering of the Insured 2005 Series A Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 350 Park Avenue, New York, New York 10022, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Insured 2005 Series A Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Insured 2005 Series A Bonds or the advisability of investing in the Insured 2005 Series A Bonds. Financial Security makes no representation regarding this Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in this Official Statement.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2005 Series A Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Report**). By about December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository (**NRMSIR**) and to any appropriate state information depository (**SID**) for the State. The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the

Municipal Securities Rulemaking Board (MSRB), and to any SID. At this time, there is no appropriate SID for the State. [Part I of the 2004 Annual Report, which contains information on the undertaking](#), is included by reference as part of this Official Statement.

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

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

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

Dated: February 18, 2005

STATE OF WISCONSIN

By: /s/ JIM DOYLE
Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

By: /s/ ROBERT G. CRAMER
Robert G. Cramer, Secretary
State of Wisconsin Building Commission

By: /s/ FRANK J. BUSALACCHI
Frank J. Busalacchi, Secretary
State of Wisconsin Department of Transportation

APPENDIX A

**INFORMATION ABOUT THE TRANSPORTATION REVENUE
BOND PROGRAM**

This appendix includes information concerning the State of Wisconsin Transportation Revenue Bond Program. [Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004 \(2004 Annual Report\)](#) is included by reference as part of this APPENDIX A. This appendix also includes changes or additions to the information presented in Part V of the 2004 Annual Report

Part V of the 2004 Annual Report contains information concerning the Transportation Revenue Bond Program, the security for the Bonds, sources of payment, registration fees, other registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, the Wisconsin Department of Transportation, and a summary of the General Resolution.

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

www.doa.wi.gov/capitalfinance

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

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

After publication and filing of the 2004 Annual Report, certain changes or events have occurred that affect items discussed in the 2004 Annual Report. Listed below, by reference to particular sections of Part V of the 2004 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs, some of which may be notices that do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

Table V-2; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 153-154). Replace the table with the following:

The following table shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2005 Series A Bonds, based on the Department's estimated Program Income for 2005-2014. There can be no assurance that the estimated vehicle registration and vehicle registration-related fees will be realized in the amounts shown.

**Estimated Debt Service on the 2005 Series A Bonds
and Estimated Revenue Coverage for Outstanding Bonds**

Maturity (July 1)	Principal	Coupon	Interest	Debt Service on the 2005 Series A Bonds	Debt Service on the Prior Bonds	Total Interest Requirement ^(a)	Total Debt Service ^{(a)(b)}	Estimated Registration Fees (Millions) ^(c)	Estimated Certain Other Registration- Related Fees (Millions) ^(c)	Estimated Total Program Income (Millions) ^(c)	Estimated Coverage Ratio ^(d)
2005			\$3,660,231	\$3,660,231	\$ 118,296,495	\$52,656,199	\$ 125,886,349	\$368.20	\$49.30	\$417.50	3.32
2006	\$330,000	3.000%	11,871,019	12,201,019	122,254,940	59,990,472	143,750,122	386.10	49.30	435.40	3.03
2007	340,000	3.000%	11,861,119	12,201,119	122,029,885	59,481,004	146,364,404	392.30	49.30	441.60	3.02
2008	350,000	3.000%	11,850,919	12,200,919	116,827,030	56,027,949	141,183,349	411.30	49.30	460.60	3.26
2009	360,000	3.000%	11,840,419	12,200,419	111,847,255	52,412,674	136,227,074	418.20	49.30	467.50	3.43
2010	375,000	3.000%	11,829,619	12,204,619	100,251,520	49,006,139	124,665,539	438.00	49.30	487.30	3.91
2011	385,000	3.125%	11,818,369	12,203,369	100,284,371	45,722,740	124,741,890	445.80	49.30	495.10	3.97
2012	395,000	3.250%	11,806,338	12,201,338	97,833,234	42,259,571	122,336,471	466.50	49.30	515.80	4.22
2013	410,000	3.375%	11,793,500	12,203,500	98,114,314	38,752,814	122,679,214	475.50	49.30	524.80	4.28
2014	10,495,000	5.250%	11,779,663	22,274,663	87,716,624	34,951,286	122,417,186	497.50	49.30	546.80	4.47
2015	33,705,000	5.250%	11,228,675	44,933,675	57,064,936	30,953,611	114,502,511				
2016	34,865,000	**	9,459,163	44,324,163	49,291,605	27,200,768	106,199,168				
2017	25,210,000	5.000%	7,678,750	32,888,750	51,348,280	23,787,030	96,914,930				
2018	13,430,000	5.000%	6,418,250	19,848,250	64,407,780	20,771,030	93,499,180				
2019	14,205,000	5.000%	5,746,750	19,951,750	64,450,763	17,617,513	84,402,513				
2020	28,575,000	5.000%	5,036,500	33,611,500	42,599,284	14,295,784	76,210,784				
2021	15,555,000	5.000%	3,607,750	19,162,750	57,056,699	11,204,449	76,219,449				
2022	13,130,000	5.000%	2,830,000	15,960,000	57,104,928	7,974,928	73,064,928				
2023	13,790,000	5.000%	2,173,500	15,963,500	36,071,038	4,764,538	52,034,538				
2024	14,480,000	5.000%	1,484,000	15,964,000	20,060,250	2,439,250	36,024,250				
2025	15,200,000	5.000%	760,000	15,960,000		760,000	15,960,000				
	<u>\$235,585,000</u>		<u>\$166,534,531</u>	<u>\$402,119,531</u>			<u>\$2,135,283,846</u>				

(a) Debt service amounts are reduced to reflect accrued interest and purchase premium that, pursuant to the General Resolution, are irrevocably deposited into the Interest Account and used to make interest payments due on the Bonds.
(b) Includes debt service for assumed \$120 million bond issue that could be issued to fund currently outstanding transportation revenue commercial paper notes. This assumed \$120 million bond issue is amortized with level debt service payments until 2018 using an interest rate of 5.00% per annum.
(c) Excludes interest earnings.
(d) Assumes that no additional bonds will be issued and continuation of current Registration Fees and certain Other Registration-Related Fees. Estimates of revenue and coverage beyond 2014 are not available.
** Certain of the 2005 Series A Bonds maturing July 1, 2016 have a 5.00% coupon while the remaining 2005 Series A Bonds maturing on this date have a 5.25% coupon.

Registration Fees (Page 155). Update with the following information:

Governor Doyle’s proposed budget for the 2005-06 and 2006-07 fiscal years was introduced on February 8, 2005. This proposed budget includes increases to the following vehicle registration fees authorized under Section 341.25, Wisconsin Statutes (**Registration Fees**):

- Automobiles—annual registration fee that currently is \$55, increasing by \$10 to \$65.
- Trucks—annual weight-based fee that currently ranges from \$48.50 to \$77.50, increasing to a range of \$65 to \$87 per year.

While the proposed biennial budget includes these increases to Registration Fees, prospective investors should understand that the biennial budget must be approved by the Wisconsin Legislature and signed into law by Governor Doyle before it becomes effective. As of the date of this Official Statement, the executive budget bill has only been introduced by the Joint Committee on Finance, without change, into the Assembly and referred back to the Joint Committee on Finance for review.

The two houses of the Legislature rarely pass identical versions of the budget in their first consideration. There are alternative methods available for achieving resolution of the differences between the two houses on bills. As a result, the increases described above may not become law. See Part II of the 2004 Annual Report, which is incorporated by reference as part of **APPENDIX B** to this Official Statement, for more information on the State’s budget process.

Additional information on the Governor's proposed budget for the 2005-07 biennium can be obtained from:

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

Other Registration-Related Fees (Page 161). Update with the following information:

Governor Doyle's proposed budget for the 2005-06 and 2006-07 fiscal years was introduced on February 8, 2005. This proposed budget includes increases to the following other registration-related fees that are authorized under Wisconsin Statutes (**Other Registration-Related Fees**):

- **Vehicle Title Transaction Fee**—Currently \$35 increasing by \$10 to \$45. As is the current statutory requirement, a portion of each vehicle title transaction fee (\$9.00) is not considered to be an Other Registration-Related Fee and is not pledged as Program Income since it is an environmental impact fee collected for the Department of Natural Resources.

The proposed budget also proposes transferring from the Transportation Fund an additional portion of each vehicle title transaction fee (\$7.50) to the Department of Natural Resources. This proposed change will not have an impact on Other Registration-Related Fees since the \$7.50 will first be subject to the requirements of the General Resolution.

While all Other Registration-Related Fees (which include many types of fees that are enumerated in the Wisconsin Statutes) are Program Income, many of the Other Registration-Related Fees result in insignificant or sporadic annual revenues. As a result, the State has requested ratings based on, and is currently providing continuing disclosure on some, but not all, Other Registration-Related Fees, including vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees.

As outlined above, prospective investors should understand that the biennial budget must be approved by the Wisconsin Legislature and signed into law by Governor Doyle before it becomes effective.

APPENDIX B

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**). Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004 (**2004 Annual Report**) is included by reference as part of this APPENDIX B. This appendix also includes changes or additions to the information presented in Part II of the 2004 Annual Report.

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

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

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

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

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After publication and filing of the 2004 Annual Report, certain changes or events have occurred that affect items discussed in the 2004 Annual Report. Listed below, by reference to particular sections of Part II of the 2004 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs, some of which may be notices that do not describe listed material events under the State's Master Agreement on Continuing Disclosure.

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

January 2005 General Fund Revenue and Expenditure Projections - LFB

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

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

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

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

Furthermore, the LFB report includes a projection of the General Fund ending balance for the 2004-05 fiscal year. This projected net ending General Fund balance is \$88 million, which is \$88 less than the projected net ending General Fund balance included in the report released by the Department of Administration (DOA) in November 2004. The differences are as follows:

- LFB's projections of General Fund tax collections are \$16 million less than those projected by DOR in November, 2004.
- LFB's projections of departmental revenues are \$60 million less than those projected by DOA in November, 2004, which had assumed that full payment will be made from all tribal governments pursuant to existing amendments to gaming compacts. As noted in the 2004 Annual Report, subsequent to the Wisconsin Supreme Court's decision on this matter, the State received payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal government regarding the one outstanding payment and other payments due in the 2004-05 fiscal year.
- LFB's projections of net General Fund appropriations are \$13 million more than those projected by DOA in November, 2004.

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

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

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

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

A copy of the LFB report may be obtained from:

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

Fiscal Year 2004-05 Medicaid Bill

On February 8, 2005, the Department of Administration provided a letter to the chairs of the Joint Committee on Finance that identifies a \$196 million shortfall for Medical-assistance related

programs. The letter identified a \$194 million shortfall for the Medicaid program and a \$12 million shortfall for the SeniorCare program, which are offset by \$10 million of underspending in the BadgerCare program. Legislation has been introduced in both the Senate and Assembly to address this shortfall, in part.

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

Executive Budget – 2005-2007 Biennium

Governor Doyle’s proposed budget for the 2005-06 and 2006-07 fiscal years was introduced on February 8, 2005. The following presents a projected General Fund condition statement for the 2005-06 and 2006-07 fiscal years, based on the proposed budget and assuming that certain provisions of the 2004-05 Medicaid Bill are enacted.

**Estimated General Fund Condition Statement
2005-06 and 2006-07 Fiscal Years**

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

More information about the executive budget for the 2005-07 biennium may be obtained from:

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

January 2005 General Fund Revenue and Expenditure Projections - LFB

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

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

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

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

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

The following provide updates to various tables containing General Fund information that are presented on either a cash basis or agency recorded basis. Unless noted, the following information is through December 31, 2004 and projections after that date reflect the General Fund tax revenue estimates that were provided by the Department of Revenue (DOR) on November 20, 2004. The following information does not reflect the slightly lower revenue estimates provided by LFB on January 25, 2005 and does not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. In light of this decision, it was uncertain whether or to what extent the tribal governments would make the payments due under the amended gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with tribal governments regarding the one outstanding payment and the assumed payments due during the 2004-05 fiscal year.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a

decrease or increase in receipts and disbursements from those projected for any specific month. As an example, the General Fund information through November 30, 2004 included some large variances from estimates for individual income tax receipts and federal revenues, which are expected to reverse, in part, in subsequent months. Furthermore, the following General Fund information through December 31, 2004 includes a large variance in the income maintenance category.

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

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

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

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

	(In Thousands of Dollars)						January 2005	February 2005	March 2005	April 2005	May 2005	June 2005
	July 2004	August 2004	September 2004	October 2004	November 2004	December 2004						
BALANCES^(b)												
Beginning Balance	(\$21,216)	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,250,945	\$1,468,236	\$520,789	\$890,353	\$1,124,262
Ending Balance ^(c)	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,250,945	\$1,468,236	\$520,789	\$890,353	\$1,124,262	\$366,663
Lowest Daily Balance ^(c)	(\$431,440)	(\$436,769)	\$53,578	\$403,787	\$383,199	(\$351,824)	\$205,179	\$908,447	\$433,944	\$244,135	\$629,860	\$108,095
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$533,817	\$540,819	\$571,670	\$464,819	\$526,873	\$430,598	\$912,400	\$476,700	\$417,200	\$941,900	\$408,900	\$625,600
Sales & Use	380,702	389,894	384,632	378,842	371,408	334,261	427,100	333,600	301,200	339,600	361,000	370,600
Corporate Income	30,839	16,739	144,521	34,036	36,179	161,303	29,100	15,200	202,100	31,600	20,700	144,400
Public Utility	0	38	179	3,948	131,313	497	0	3,500	200	4,900	112,200	1,600
Excise	29,945	32,206	32,708	31,917	29,395	30,788	28,800	30,500	25,600	28,100	31,500	31,000
Insurance	295	2,305	27,417	229	1,496	58,508	2,300	15,100	24,100	30,400	4,900	29,200
Inheritance	8,654	7,954	14,003	10,329	9,156	5,230	10,700	7,200	8,100	13,400	8,300	7,400
Subtotal Tax Receipts	\$984,252	\$989,955	\$1,175,130	\$924,120	\$1,105,820	\$1,021,185	\$1,410,400	\$881,800	\$978,500	\$1,389,900	\$947,500	\$1,209,800
NON-TAX RECEIPTS												
Federal	\$344,173	\$535,363	\$537,338	\$462,100	\$546,148	\$456,585	\$588,900	\$510,700	\$461,600	\$518,200	\$504,900	\$536,400
Other & Transfers ^(d)	196,901	339,783	411,016	330,993	241,754	155,269	416,250	418,050	348,750	350,750	330,150	503,850
Note Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	\$541,074	\$875,146	\$948,354	\$793,093	\$787,902	\$611,854	\$1,005,150	\$928,750	\$810,350	\$868,950	\$835,050	\$1,040,250
TOTAL RECEIPTS	\$1,525,326	\$1,865,101	\$2,123,484	\$1,717,213	\$1,893,722	\$1,633,039	\$2,415,550	\$1,810,550	\$1,788,850	\$2,258,850	\$1,782,550	\$2,250,050
DISBURSEMENTS												
Local Aids ^{(e)(f)}	\$835,926	\$170,248	\$670,948	\$115,497	\$774,303	\$1,163,305	\$227,374	\$232,359	\$1,193,196	\$122,127	\$248,992	\$1,817,211
Income Maintenance	383,180	416,654	427,137	405,086	419,216	390,891	344,776	414,316	471,345	434,538	408,025	388,860
Payroll and Related	390,998	244,728	314,918	378,189	319,992	326,967	359,826	325,251	369,525	470,929	255,539	313,235
Tax Refunds	49,162	55,304	51,246	50,655	64,252	127,443	62,810	350,703	352,497	315,206	235,992	209,511
Debt Service	0	687	0	118,493	1,108	0	0	3,621	0	266,649	39,575	0
Miscellaneous	276,284	336,913	332,051	309,893	277,867	331,949	374,998	267,009	349,734	279,837	360,518	278,832
Note Repayment	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	\$1,935,550	\$1,224,534	\$1,796,300	\$1,377,813	\$1,856,738	\$2,340,555	\$1,369,784	\$1,593,259	\$2,736,297	\$1,889,286	\$1,548,641	\$3,007,649

(a) Projections reflect the revised General Fund revenue estimates that were released by DOR on November 20, 2004. The projections do not reflect the slightly lower estimates provided by LFB on January 25, 2005. While the estimates from DOR and LFB are presented on a budgetary basis, the estimates herein are presented on a cash basis and not a budgetary basis. The following information does not reflect the Wisconsin Supreme Court's decision concerning amendments to gaming compacts. In light of the decision, it was uncertain whether or to what extent the tribal governments would make the payments due under the amended gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. It remains uncertain whether or to what extent the tribal governments will make the payments prior to June 30, 2005, and discussions continue with tribal governments regarding the one outstanding payment and the payments due on or after June 30, 2005. Projections do not include interfund borrowings.

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

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

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

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

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

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

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

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

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) Estimates reflect the revised General Fund revenue estimates that were released by DOR on November 20, 2004. Prior to this release, the estimates reflected the re-estimates of departmental revenues and expenditures provided by LFB on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004. While the information from DOR and LFB is presented on a budgetary basis, the estimates are presented on a cash basis and not a budgetary basis. The estimates do not reflect the slightly lower revenue estimates provided by LFB on January 25, 2005 and do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal governments regarding the one outstanding payment and the assumed payments due during and after the 2004-05 fiscal year.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates can not be changed and results in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.
- (d) Operating notes were issued on September 18, 2003 for the 2003-04 fiscal year, but the State has determined that operating notes will not be issued for the 2004-05 fiscal year.

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

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

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2002	July.....	\$ (421,915) ^(d)	\$ 1,700,476	\$ 1,895,272
	August.....	(616,711) ^(d)	1,637,001	1,171,887
	September.....	(151,597) ^(d)	2,025,879	1,562,196
	October.....	312,086	1,606,014	1,280,382
	November.....	637,718	1,482,326	1,488,485
	December.....	631,559 ^(d)	1,706,488	2,178,341
2003	January.....	159,706	2,105,857	1,431,836
	February.....	833,727	1,721,792	1,615,352
	March.....	940,167	1,652,274	2,383,386
	April.....	209,055 ^(d)	2,101,401	1,712,702
	May.....	597,754	1,485,340	1,566,243
	June.....	516,851 ^(d)	2,030,380	2,848,351
	July.....	(301,120) ^(d)	1,676,451	1,997,749
	August.....	(622,418) ^(d)	1,461,025	1,239,109
	September.....	(400,502) ^(d)	2,623,535	1,804,526
	October.....	418,507	1,829,971	1,340,667
	November.....	907,811	1,583,977	1,627,906
	December.....	863,882 ^(d)	2,427,680	2,277,800
2004	January.....	1,013,762	2,142,215	1,964,574
	February.....	1,191,403	1,668,211	1,820,788
	March.....	1,038,826 ^(d)	1,929,719	2,982,788
	April.....	(14,243) ^(d)	2,105,306	1,538,546
	May.....	552,517	1,624,996	1,418,939
	June.....	758,574 ^(d)	2,286,899	3,066,689
	July.....	(21,216) ^(d)	1,525,326	1,935,550
	August.....	(431,440) ^(d)	1,865,101	1,224,534
	September.....	209,127	2,123,484	1,796,300
	October.....	536,311	1,717,213	1,377,813
	November.....	875,711	1,893,722	1,856,738
	December.....	912,695 ^(d)	1,633,039	2,340,555
2005	January.....	205,179	2,415,550	1,369,784
	February.....	1,250,945	1,810,550	1,593,259
	March.....	1,468,236	1,788,850	2,736,297
	April.....	520,789	2,258,850	1,889,286
	May.....	890,353	1,782,550	1,548,641
	June.....	1,124,262	2,250,050	3,007,649

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

^(b) The monthly receipt and disbursement projections for January 1, 2005 through June 30, 2005 are based on the General Fund tax revenue estimates provided by DOR on November 20, 2004. The estimates do not reflect the slightly lower revenue estimates provided by LFB on January 25, 2005 and do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal governments regarding the one outstanding payment and the assumed payments due during and after the 2004-05 fiscal year.

^(c) The amounts shown in September 2003 include receipts from the issuance of operating notes, and amounts shown in February through May 2004 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued for the 2002-03 fiscal year, and the State has determined that no operating notes will be issued for the 2004-05 fiscal year.

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

Source: Wisconsin Department of Administration.

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

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)
July 31, 2002 to December 31, 2004 — Actual
January 31, 2005 to June 30, 2005— Estimated^(b)
(Amounts in Millions)

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

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

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

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

(Includes Balances in the Local Government Investment Pool)

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

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

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

^(b) The balances for January 31, 2005 and subsequent months are estimates.

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

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

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

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2003-04 fiscal year, dated October 15, 2004.
- (c) The projected revenues are based on the re-estimates of departmental revenues that LFB released on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004. Projections do not reflect the revised General Fund tax revenue estimates provided by DOR on November 20, 2004 or the slightly different revenue estimates provided by LFB on January 25, 2005.
- (d) The amounts shown are fiscal year 2003-04 revenues as recorded by state agencies.
- (e) The amounts shown are fiscal year 2004-05 revenues as recorded by state agencies.
- (f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.
- (g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration.

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

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

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

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

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

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

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

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

Source: Wisconsin Department of Administration.

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2005 Series A Bonds, Quarles & Brady LLP expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Quarles & Brady LLP]

RE: \$235,585,000 State of Wisconsin (the "State")
Transportation Revenue Bonds, 2005 Series A,
dated March 10, 2005 (the "Bonds")

We have acted as bond counsel in connection with the issuance by the State of the Bonds. We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (the "Commission") preliminary to and in connection with the issuance of the Bonds, as well as the law and such other documents and records as we deem necessary to render this opinion. We have relied on upon such certified proceedings and other documents as to the matters of fact stated therein, without independent verification. We have also examined a printer's proof or sample of the Bonds and find the same to be in proper form.

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

The Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 (the "Revenue Obligations Act") and Section 84.59 (the "Act") of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" (the "General Resolution"), as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, the "Amending Resolutions"); and the resolutions of the Commission adopted November 17, 2004 and February 16, 2005 (collectively, the "Series Resolution") (hereafter, the General Resolution, as amended by the Amending Resolutions shall be referred to as the "General Resolution" and the General Resolution and the Series Resolution shall be referred to collectively as the "Resolutions").

The Bonds are issued on a parity with the certain outstanding transportation revenue bonds (the "Prior Bonds"), and are issued on a basis senior to the Transportation Revenue Commercial Paper Notes of 1997, Series A.

The Bonds are issued to pay the costs of refunding portions of the Prior Bonds and of financing transportation facilities and major highway projects.

The Bonds are numbered 1 and upwards; are in the denomination of \$5,000 or any integral multiple thereof; are in fully registered form; are dated March 10, 2005; bear interest at the rates set forth below; and mature on July 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2006	\$ 330,000	3.000%	2016	\$ 14,865,000	5.250%
2007	340,000	3.000	2016	20,000,000	5.000
2008	350,000	3.000	2017	25,210,000	5.000
2009	360,000	3.000	2018	13,430,000	5.000
2010	375,000	3.000	2019	14,205,000	5.000
2011	385,000	3.125	2020	28,575,000	5.000
2012	395,000	3.250	2021	15,555,000	5.000
2013	410,000	3.375	2022	13,130,000	5.000
2014	10,495,000	5.250	2023	13,790,000	5.000
2015	33,705,000	5.250	2024	14,480,000	5.000
			2025	15,200,000	5.000

Interest on the Bonds is payable semi-annually on January 1 and July 1 of each year commencing on July 1, 2005.

At the option of the State, certain of the Bonds are subject to redemption prior to maturity as set forth in the Official Statement.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State, acting through the Commission, is authorized to issue Transportation Revenue Bonds in addition to, but on a parity with the Prior Bonds and the Bonds.

As to questions of fact material to our opinion, we have relied on representations of the State contained in the Resolutions as well as the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing and upon such legal authorities as we deemed relevant and in reliance upon the certifications received above, we are of the opinion that as of the date hereof, under existing law:

- (1) The State has valid right and lawful authority to finance transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the Bonds.
- (2) The Resolutions have been duly and lawfully adopted by the Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable in accordance with their terms.
- (3) The Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Prior Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.

- (4) The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act, as amended to the date of this Opinion, and in accordance with the Resolutions.
- (5) The Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the Bonds.
- (6) The interest on the Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

In rendering our opinion regarding exemption from present federal income taxes, we have relied on the report of Samuel Klein & Company, Certified Public Accountants, as to the yield on the Bonds and investments relative to the refunding transaction.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be also subject to the exercise of judicial discretion in appropriate cases.

QUARLES & BRADY LLP

APPENDIX D

**OUTSTANDING BONDS
REFUNDED BY THE 2005 SERIES A BONDS**

Series	Principal Amount	Interest Rate	Maturity Date	CUSIP	Call Date	Call Price
1995 Series A	\$ 1,100,000 ^(a)	4.800%	7/1/2005	977123 HQ4 ^(c)	n/a	n/a
1998 Series B	4,380,000	4.250	7/1/2005	977123 LF3	n/a	n/a
2000 Series A	13,200,000	5.300	7/1/2018	977123 MS4	7/1/2010	100%
	14,000,000	5.400	7/1/2019	977123 MT2	7/1/2010	100
	14,700,000	5.400	7/1/2020	977123 MU9	7/1/2010	100
	15,500,000	5.400	7/1/2021	977123 MV7	7/1/2010	100
2002 Series 1	10,070,000 ^(b)	5.750	7/1/2014	977123 PR3 ^(c)	7/1/2012	100
	10,650,000 ^(b)	5.750	7/1/2015	977123 PS1 ^(c)	7/1/2012	100
	10,685,000	5.750	7/1/2016	977123 PT9	7/1/2012	100
	11,295,000	5.750	7/1/2017	977123 PU6	7/1/2012	100
2002 Series 2	13,720,000	5.375	7/1/2020	977123 QP6	7/1/2012	100
2002 Series A	10,345,000	5.000	7/1/2015	977123 RD2	7/1/2013	100
	10,860,000	5.000	7/1/2016	977123 RE0	7/1/2013	100
2003 Series A	12,315,000	5.250	7/1/2015	977123 SF6	7/1/2014	100
	12,930,000	5.250	7/1/2016	977123 SG4	7/1/2014	100
	<u>13,580,000</u>	5.250	7/1/2017	977123 SH2	7/1/2014	100
	<u>\$ 179,330,000</u>					

^(a) This amount represents a portion of the principal amount of the 1995 Series A Bonds maturing July 1, 2005 being escrowed to maturity.

^(b) These amounts represent a portion of the principal amount of the 2002 Series 1 Bonds maturing July 1, 2014 and July 1, 2015 that are being escrowed to the July 1, 2012 call date.

^(c) CUSIP number assigned at the original issuance date.

APPENDIX E



**FINANCIAL
SECURITY
ASSURANCE®**

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Premium:

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

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

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

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

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

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

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

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

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

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

(212) 826-0100

Form 500NY (5/90)