

OFFERING MEMORANDUM

This Offering Memorandum provides information about the Notes. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Offering Memorandum.

STATE OF WISCONSIN GENERAL OBLIGATION EXTENDIBLE MUNICIPAL COMMERCIAL PAPER

Not Subject to AMT

Subject to AMT

2000 Series A **2000 Series B** **2000 Series C**
2002 Series A **2004 Series A** **2006 Series A** **2006 Series B**

2006 Series C

Note Ratings As of the date of this Offering Memorandum, several rating agencies have provided ratings on the Notes—*See page 6.*

F1+ Fitch Ratings
P-1 Moody's Investors Service, Inc.
A-1+ Standard & Poor's Ratings Services

Tax Exemption Interest on the Notes is excluded from gross income and, for the Notes shown above as not subject to AMT, is not an item of tax preference for federal income tax purposes; for the one series of Notes shown above as subject to AMT, interest is an item of tax preference for federal income tax purposes. Interest on all Notes is subject to State of Wisconsin income and franchise taxes—*See pages 8-9.*

Original Maturity Date From 1 to 180 days from the original issue date of each Note.

Extended Maturity Date On the Original Maturity Date of a Note, the State has the option to extend the maturity date to the date that is 270 days after the original issue date. The option to extend the maturity date exists solely in case there is a disruption in market liquidity for the Notes—*See pages 4-5.*

Interest Payment Dates Interest on each Note is payable on the Original Maturity Date. However, if the maturity date is extended, then interest is not payable on the Original Maturity Date but on the first Business Day of either the first or second month after the Original Maturity Date and then on a monthly basis and on any redemption date or the Extended Maturity Date—*See pages 4-5.*

Redemption A Note is not subject to redemption prior to its Original Maturity Date. If the maturity date of a Note is extended, then it is subject to redemption in whole but not in part, at the option of the State, prior to the Extended Maturity Date—*See pages 5-6.*

Security The Notes are general obligations of the State of Wisconsin—*See pages 3-4.*

Rule 2a-7 Compliance Wilmer Cutler Pickering Hale and Dorr LLP has provided a memorandum to the State and Dealers that analyzes the structure of the Notes in light of the maturity requirements of Rule 2a-7 under the Investment Company Act of 1940. Based upon the analysis in that memorandum, the maturity requirements of Rule 2a-7 would not preclude a money market fund from determining that the Notes are eligible securities under Rule 2a-7. Each investor must make its own determination that the Notes are eligible securities—*See page 6.*

Purpose Proceeds of the Notes are used for various governmental purposes and to fund veterans housing loans—*See page 3.*

Denominations \$100,000 and \$1,000 increments above \$100,000

Dealers Goldman, Sachs & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Bond Counsel Foley & Lardner LLP

Issuing and Paying Agent U.S. Bank Trust National Association

Issuer Contact Wisconsin Capital Finance Office
(608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov

Book-Entry Form The Depository Trust Company—*See page 7.*

Annual Report This Offering Memorandum incorporates by reference the State of Wisconsin Continuing Disclosure Annual Report dated December 23, 2005 and any subsequent notice provided pursuant to the State's continuing disclosure undertaking. At such time as the State publishes a new continuing disclosure annual report, this Offering Memorandum incorporates by reference that annual report and any subsequent notice provided pursuant to the State's continuing disclosure undertaking.

The State has authorized this document for providing information about the Notes. This document is not an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Notes by any person in any jurisdiction where it is unlawful for the person to make the offer, solicitation, or sale. 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 Notes, 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 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 Notes 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 Notes 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.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

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 Debi Towns	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. Stephen E. Bablitch, Secretary Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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OFFERING MEMORANDUM
STATE OF WISCONSIN
GENERAL OBLIGATION
EXTENDIBLE MUNICIPAL COMMERCIAL PAPER

<u>Not Subject to Alternative Minimum Tax (AMT)</u>				<u>Subject to AMT</u>	
2000 Series A	2000 Series B	2000 Series C		2006 Series C	
2002 Series A	2004 Series A	2006 Series A	2006 Series B		

INTRODUCTION

This Offering Memorandum provides information about the General Obligation Extendible Municipal Commercial Paper (**Notes**) issued by the State of Wisconsin (**State**). The Notes are designated by series, based upon the date or dates of their initial issuance.

The Notes are authorized by the Wisconsin Constitution and Wisconsin Statutes and are issued pursuant to both a Program Resolution for State of Wisconsin General Obligation Extendible Municipal Commercial Paper that the State of Wisconsin Building Commission (**Commission**) adopted on June 28, 2000 and amended on July 30, 2003 and March 4, 2004 (**Program Resolution**), and by specific **Supplemental Resolutions** adopted from time to time by the Commission.

The initial issuance of two new series of Notes is expected to occur on December 1, 2006: the General Obligation Extendible Municipal Commercial Paper of 2006, Series B (**2006 Series B Notes**) and the General Obligation Extendible Municipal Commercial Paper of 2006, Series C (Subject to Alternative Minimum Tax) (**2006 Series C Notes**). The 2006 Series B Notes are being issued for various general governmental purposes, pursuant to a Supplemental Resolution adopted by the Commission on November 15, 2006. The 2006 Series C Notes are being issued to fund veterans housing loans, pursuant to a Supplemental Resolution adopted by the Commission on December 21, 2005. The State expects to issue additional Notes, from time to time, to provide payment of previously issued and maturing Notes (these additional Notes are referred to as **roll-over Notes**). Roll-over Notes are given the same series designation as the Notes that they pay. The State may also increase the principal amount of Notes outstanding through additional initial issuances.

With respect to Notes issued after the date of this Offering Memorandum (including roll-over Notes) and until such time as the State publishes a more current offering memorandum, the reader should also review the State of Wisconsin Continuing Disclosure Annual Report (**Annual Report**) published pursuant to the State's continuing disclosure undertaking that is, at the time, the one most recently published. This Offering Memorandum incorporates by reference the State of Wisconsin Continuing Disclosure Annual Report dated December 23, 2005 (**2005 Annual Report**) and any subsequent notice provided pursuant to the State's continuing disclosure undertaking. At such time as the State publishes a new Annual Report, this Offering Memorandum then incorporates by reference that Annual Report and any subsequent notice provided pursuant to the State's continuing disclosure undertaking. Parts I, II, and III of the 2005 Annual Report are expressly referred to in this Offering Memorandum.

The Commission is empowered by law to authorize, issue, and sell all the State's general obligations. The Commission is assisted and staffed by the State of Wisconsin Department of Administration (**Department of Administration**).

The Commission has authorized the Department of Administration to prepare this Offering Memorandum. This Offering Memorandum contains information furnished by the State or obtained from the sources indicated.

THE STATE

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

Information about the State, its financial condition, and its general obligations is included as **APPENDIX A**, which includes by reference Parts II and III of the 2005 Annual Report. **APPENDIX A** also includes changes or additions to Parts II and III of the 2005 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: DOACapitalFinanceOffice@wisconsin.gov
Web site: www.doa.wi.gov/capitalfinance

THE PROGRAM

This Offering Memorandum describes the Notes issued under the State of Wisconsin's General Obligation Extendible Municipal Commercial Paper Program (**Program**).

The State has appointed Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to serve as **Dealers** for the Notes. Inquiries to the Dealers may be directed to the following:

<i>Contact:</i>	Goldman, Sachs & Co.	Merrill Lynch, Pierce, Fenner & Smith Incorporated
<i>Address:</i>	85 Broad Street, FLR 29 New York, NY 10004	4 World Financial Center, FLR 9 New York, NY 10080
<i>Phone:</i>	(212) 902-6639	(212) 449-5101

The State has appointed U.S. Bank Trust National Association to serve as **Issuing and Paying Agent** for the Notes. Inquiries to the Issuing and Paying Agent may be directed to:

Contact: U.S. Bank Trust National Association
Address: 100 Wall Street, Suite 1600
New York, NY 10005
Phone: (212) 361-2893
Telefax: (212) 509-3384
E-mail: beverly.freeney@usbank.com

The Depository Trust Company (**DTC**) serves as securities depository (**Depository**) for the Notes.

Authorized Notes

The table on the following page summarizes, for each authorized and outstanding series of Notes, the series designation, principal amount issued, outstanding principal amount, date of adoption of the Supplemental Resolution, and date of initial issuance:

Series Designation of Notes	Principal Amount Issued	Outstanding Principal Amount (November 28, 2006)	Date of Supplemental Resolution	Date of Initial Issuance
<i>Not Subject to AMT</i>				
2000 Series A	\$125,000,000	\$34,945,000	6/28/2000	8/8 to 11/6/2000
2000 Series B	93,430,000	46,455,000	6/28/2000	8/8/2000
2000 Series C	80,390,000	48,843,000	10/24/2000	11/16/2000
2002 Series A	41,670,000	28,535,000	6/20/2001 and 8/8/2001	2/5/2002
2004 Series A	100,000,000	87,035,000	10/15/2003, as amended on 11/19/2003	3/9/2004
2006 Series A	161,905,000	161,905,000	12/7/2005	2/9/2006
2006 Series B	91,720,000 ^(a)	N/A	11/15/2006	12/1/2006 ^(a)
<i>Subject to AMT</i>				
2006 Series C	4,445,000 ^(a)	N/A	12/21/2005	12/1/2006 ^(a)

^(a) Preliminary; subject to change.

The State expects to issue roll-over Notes to provide for payment of maturing Notes. Under the Program Resolution, the Commission may adopt additional Supplemental Resolutions providing for the initial issuance of additional Notes. All series of Notes have identical terms and provisions.

Application of Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. **APPENDIX B** includes a summary of those purposes, including both the amount authorized and the amount previously issued for each purpose. The 2006 Series B Notes are being issued for various general governmental purposes and the 2006 Series C Notes are being issued to fund veterans housing loans. **APPENDIX B** identifies the borrowing purposes and amounts for the 2006 Series B Notes and 2006 Series C Notes.

Note proceeds are deposited in the State's Capital Improvement Fund and are spent as the State incurs costs for the various borrowing purposes. Until the money is spent, the State of Wisconsin Investment Board invests the Note proceeds. See **APPENDIX A**.

The veterans housing loan program, operated by the State of Wisconsin Department of Veterans Affairs, is the largest revenue-supported general obligation bonding program of the State and is currently funded by tax-exempt and taxable general obligations of the State. Although the State's general obligations issued for this purpose are supported by the State's full faith, credit, and taxing power, the repayment of veterans housing loans are estimated to be at least sufficient to pay the debt service on the State's general obligations issued for this purpose. Lending activities under the veterans housing loan program began in 1974. See **APPENDIX A**.

THE NOTES

Security

The Notes are direct and general obligations of the State. The full faith, credit, and taxing power of the State are irrevocably pledged to make principal and interest payments on the Notes. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient to make

principal and interest payments on the Notes. The Notes are secured equally with all other outstanding general obligations issued by the State.

Although the Notes are general obligations of the State, it is expected that the principal of the Notes will be paid from one or more of the following sources:

- Proceeds of roll-over Notes that are issued to provide payment of previously issued and maturing Notes.
- Proceeds of State general obligation bonds. The Supplemental Resolutions authorize general obligation bonds for the purpose of funding the Notes. *Such general obligation bonds can only be issued at the discretion of the State; no assurance is given whether or when the State will issue general obligation bonds to fund any Notes.*
- Any other money made available by the State and deposited into the Note Fund for this purpose. While the Notes are outstanding, the State expects to amortize the principal amount of Notes, based on the fiscal policies of the State.

The State expects to periodically deposit money into the Note Fund held by the Issuing and Paying Agent to pay interest on the Notes. See “NOTE FUND”.

If payment of principal and interest does not occur on the Original Maturity Date as described above, the State has the option to extend the maturity date of a Note. The option to extend the maturity exists solely in case there is a disruption in market liquidity for the Notes and not for the purpose of gaining an interest rate advantage. See “THE NOTES; Extension of Maturity Date” for a description of the State’s option to extend the maturity date.

Description of the Notes

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

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

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

Extension of Maturity Date

The State will notify the Issuing and Paying Agent by 12:30 p.m. (New York time) on the Original Maturity Date if the maturity date of a Note is to be extended. The Issuing and Paying Agent will then by 1:00 p.m. (New York time) on such date contact DTC and provide notice that the maturity date of the Note is being extended. It is the responsibility of DTC, and not the State, to provide notice to brokers and other organizations participating in the DTC book-entry system. Notwithstanding the foregoing, if payment of the principal of and interest on a Note does not occur on its Original Maturity Date, the maturity of such Note shall be deemed to be extended to its Extended Maturity Date. In no event shall an extension of a maturity for a Note constitute a default or breach of any covenant in the Program Resolution or the Supplemental Resolutions.

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

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

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

The Note will bear interest from the Original Maturity Date at the **Reset Rate**. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed (actual/actual basis) and will be payable first on the date described above and thereafter, on the first Business Day of each month and on any redemption date or the Extended Maturity Date.

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

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

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

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

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

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

Redemption of Notes

A Note is not subject to redemption before its Original Maturity Date. In the event the State exercises its option to extend the maturity of a Note, a Note may be redeemed on any date after its Original Maturity Date, in whole but not in part, at the option of the State at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date.

To exercise its redemption option, the State will provide not less than 5 nor more than 25 calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Notes to be redeemed.

Rule 2a-7 Compliance

Wilmer Cutler Pickering Hale and Dorr LLP has provided a memorandum to the State and Dealers that analyzes the structure of the Notes in light of the maturity requirements of Rule 2a-7 under the Investment Company Act of 1940. Based on the analysis in that memorandum, the maturity requirements of Rule 2a-7 would not preclude a money market fund from determining that the Notes are eligible securities under Rule 2a-7. Each investor must make its own determination that the Notes are eligible securities.

Ratings

At the State's request, several rating agencies have rated the Notes:

<u>Rating</u>	<u>Rating Agency</u>
F1+	Fitch Ratings
P-1	Moody's Investors Service, Inc. ⁽¹⁾
A-1+	Standard & Poor's Ratings Services ⁽²⁾

⁽¹⁾ On March 29, 2005, Moody's Investors Service, Inc. changed the rating outlook on the State's general obligations from "negative" to "stable".

⁽²⁾ On November 9, 2005, Standard & Poor's Ratings Services changed the rating outlook on the State's general obligations from "stable" to "positive".

The same rating agencies have also, at the State's prior request, rated the State's general obligation bonds:

<u>Rating</u>	<u>Rating Agency</u>
AA-	Fitch Ratings
Aa3	Moody's Investors Service, Inc. ⁽¹⁾
AA-	Standard & Poor's Ratings Services ⁽²⁾

⁽¹⁾ On March 29, 2005, Moody's Investors Service, Inc. changed the rating outlook on the State's general obligations from "negative" to "stable".

⁽²⁾ On November 9, 2005, Standard & Poor's Ratings Services changed the rating outlook on the State's general obligations from "stable" to "positive".

Generally, a rating addresses the likelihood of full and timely payment of principal and interest and does not address the remoteness of an extension of the maturity date. Any explanation of the significance of a rating on the Notes may only be obtained from the rating service giving the rating. No one can offer any assurance that a rating given to the Notes will be maintained for any period of time; a rating agency may lower or withdraw the rating if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Notes.

Acceleration Upon Default in Payment

In the event of the occurrence of any default by the State in the payment of principal or interest on any Note on the Extended Maturity Date and the continuance of this default in payment for five Business Days, the principal sum of all Notes (together with any accrued and unpaid interest) shall become, without any notice or demand, immediately due and payable.

Book-Entry Form

The Notes will initially be issued in book-entry-only form. The State and the Issuing and Paying Agent have entered into an agreement with DTC to make the Notes eligible for deposit with DTC. Purchasers of the Notes will not receive certificates but instead will have their ownership in the Notes recorded in the book-entry system. Ownership of the Notes 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 Notes must be made, directly or indirectly, through DTC Participants.

Payment

The State will make all payments of principal of, and interest on, the Notes to the Issuing and Paying Agent, which will make payment to DTC. Owners of the Notes will receive payments through the DTC Participants.

Notices and Voting Rights

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

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, Note 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. Neither the State nor the Issuing and Paying Agent is responsible for any information available on DTC's web site. That information may be subject to change without notice.

Neither the State nor the Issuing and Paying Agent is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Notes or to follow the procedures established by DTC for its book-entry system.

NOTE FUND

The Program Resolution creates a **Note Fund** held by the Issuing and Paying Agent. The State may make periodic deposits into this Note Fund for payment of interest of or principal on the Notes. Moneys held in the Note Fund may be invested in **Permitted Investments**, which include direct obligations of the United States government or a money market fund consisting solely of direct obligations of the United States government. Amounts deposited in the Note Fund will be spent within a thirteen-month period beginning on the date of deposit, and amounts received from investments of moneys held in the Note Fund will be spent within a one-year period beginning on the date of receipt. The State will have no legal or equitable interest in the amounts on deposit in the Note Fund or in any proceeds of any investment of the Note Fund, except as provided in the Program Resolution.

LEGAL OPINION

Legal matters incident to the authorization, issuance, and sale of the initial issuance of the 2006 Series B Notes and 2006 Series C Notes on December 1, 2006 are subject to the approval of Foley & Lardner LLP (**Bond Counsel**). Bond Counsel will deliver an approving opinion on the date of issue of the initial issuance, in substantially the form shown in **APPENDIX C**. A similar opinion (except with respect to the applicability of the federal alternative minimum tax) was delivered by Bond Counsel with respect to, and at the time of, each prior initial issuance of Notes.

As required by law, the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2006 Series B Notes and 2006 Series C Notes. The Attorney General will deliver an

opinion on the regularity and validity of the proceedings. A similar opinion was delivered by the Attorney General with respect to, and at the time of, each prior initial issuance of Notes.

TAX EXEMPTION

Federal Income Tax

Bond Counsel has rendered an opinion as of the date of initial issuance of each series of Notes, under existing law as of that date, that interest on that series of Notes is excluded from gross income for federal income tax purposes. For each series of Notes other than the 2006 Series C Notes, the respective opinion of Bond Counsel states that such interest is not an item of tax preference for purposes of the federal alternative minimum tax. For purposes of the alternative minimum tax imposed on certain corporations, however, interest on the Notes other than the 2006 Series C Notes is taken into account in determining adjusted current earnings.

In the opinion of Bond Counsel, under existing law, interest on the 2006 Series C Notes is an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers.

As to questions of fact material to each opinion of Bond Counsel, Bond Counsel has relied upon certified proceedings and certifications of public officials and others without independently undertaking to verify them. Moreover, with respect to each series of Notes the State must comply with all requirements of the Internal Revenue Code (**Code**), that must be satisfied after the Notes are issued for interest on the Notes to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Notes to be included in gross income for federal income tax purposes, perhaps even starting from the date Notes of that series were issued. Bond Counsel expresses no opinion about other federal tax consequences regarding the Notes. The proceedings authorizing the Notes do not provide for an increase in interest rates or a redemption of the Notes in the event interest on the Notes ceases to be excluded from gross income.

With respect to each series of Notes, the opinion of Bond Counsel described above speaks only as of the dates of initial issuance of those Notes. The opinion delivered in connection with the issuance of the 2006 Series B Notes and 2006 Series C Notes does not address any matter relating to other series of Notes, and Bond Counsel renders no subsequent opinions with respect to tax treatment of interest on any other series of Notes.

Certain requirements and procedures contained or referred to in the Program Resolution and the Supplemental Resolution and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code or to state law, if enacted into law, will not cause the interest on the Notes to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the Notes from realizing the full current benefit of the tax status of the interest on the Notes. Prospective purchasers of the Notes are encouraged to consult their own tax advisors regarding any pending federal legislation, as to which Bond Counsel expresses no view.

The opinions of Bond Counsel are based on legal authorities that are current as of their respective dates, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment regarding the proper treatment of the Notes for federal income tax purposes. They are not binding on the Internal Revenue Service (**IRS**) or the courts, and they are not guarantees of result. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State, or about the effect of changes to the Code, applicable state law, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the Notes in the event of an examination by the IRS. Under current IRS procedures, the owners of the Notes and other parties other than the State would have little, if any, right to participate in an IRS examination of any series of the Notes. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the State legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of any series of the Notes for examination, or the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the market price, or the marketability of the Notes, and may cause the State or the owners of the Notes to incur significant expense.

Recent legislation amended Section 6049 of the Code to require information reporting for payments of tax-exempt interest, applicable to interest paid after December 31, 2005. The IRS has published transitional guidance for information reporting requirements for payments of interest on tax-exempt bonds, including circumstances under which “backup withholding” may be required.

State of Wisconsin Income and Franchise Taxes

Interest on all series of Notes is subject to State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Note.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide an Annual Report presenting certain financial information and operating data about the State. 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 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 SID for the State. Part I of the 2005 Annual Report, which contains information on the undertaking, is included by reference as part of this Offering Memorandum.

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
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

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

Certain provisions of the Program Resolution have been summarized in this Offering Memorandum. Reference should be made to the complete Program Resolution for a full and complete statement of the provisions of the Program Resolution. *A copy of the Program Resolution and Supplemental Resolutions may be obtained by contacting the State at the [address provided on page 2](#) of this Offering Memorandum.*

Dated: November 28, 2006

STATE OF WISCONSIN

/s/ JIM DOYLE

Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/s/ STEPHEN E. BABLITCH

Stephen E. Bablitch, Secretary
State of Wisconsin Department of Administration

/s/ ROBERT G. CRAMER

Robert G. Cramer, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes by reference information concerning the State of Wisconsin (**State**) and general obligations issued by the State, as contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2005 (**2005 Annual Report**), and includes certain changes and additions to the information presented in Parts II and III of the 2005 Annual Report.

[Part II of the 2005 Annual Report](#) contains general information about the State. More specifically, that part presents information about 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 2004-05
- State budget
- Potential effects of litigation
- 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 2005 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2005, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the State Auditors' report.

[Part III of the 2005 Annual Report](#) contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligation debt (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligation debt and the portion of that general obligation debt that is revenue-supported general obligation debt. [Part III of the 2005 Annual Report](#) also contains information concerning the veterans housing loan program.

The 2005 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**) and 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 2005 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
DOACapitalFinanceOffice@wisconsin.gov

After publication and filing of the 2005 Annual Report, certain changes or events have occurred that affect items discussed in the 2005 Annual Report. Listed below, by reference to particular sections of Parts II and III of the 2005 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; Budget for 2005-07 (Part II–Pages 29-31). Add the following:

Revenue Estimates for 2006-07 Fiscal Year

On November 20, 2006, the Department of Revenue (**DOR**) released estimates of General Fund tax revenues for the 2006-07 fiscal year. The total estimate of General Fund tax revenues for the 2006-07 fiscal year is \$12.491 billion, which is approximately \$461 million, or 3.8%, more than actual General Fund tax collections for the 2005-06 fiscal year but \$69 million, or 0.5%, less than the amount previously estimated in January 2006 for the 2006-07 fiscal year by the Legislative Fiscal Bureau (**LFB**). The new estimates from DOR show the following differences in major tax reporting categories from the previous LFB estimates:

- Individual income tax revenues are estimated to be \$53 million greater at \$6.458 billion.
- General sales and use tax revenues are estimated to be \$145 million less at \$4.213 billion.
- Corporate income and franchise tax revenues are estimated to be \$72 million greater at \$857 million.

A complete copy of the DOR revenue estimates is available from the address shown [on page A-1 of this Offering Memorandum](#).

Projected Net General Fund Budgetary Balance—June 30, 2007

On November 20, 2006, the Department of Administration (**DOA**) released a report that contained a projected net General Fund budgetary balance (after taking into account the statutory required reserve of \$65 million) for the end of the 2006-07 fiscal year. This projected balance is \$5 million and further takes into account the undesignated balance available at the end of the 2005-06 fiscal year, estimates of General Fund tax revenues released by DOR on November 20, 2006 and other estimates of department revenues, sum sufficient appropriations, and lapses that have been updated based on the latest available information. This projected net General Fund budgetary balance is approximately \$60 million more than the net General Fund budgetary balance projected in June 2006 by LFB. A complete copy of the DOA report is available from the address shown [on page A-1 of this Offering Memorandum](#).

Results of 2005-06 Fiscal Year

On October 15, 2006, the State's Annual Fiscal Report (unaudited, budgetary basis) was published. It reported the State ended the 2005-06 fiscal year on a statutory and unaudited basis with an undesignated balance of \$49 million, which is \$38 million more than the balance projected after enactment of the 2005-07 biennial budget bill. It also reported the General Fund tax collections for the 2005-06 fiscal year, on a budgetary basis, were \$12.030 billion, or approximately \$81 million, or 0.7%, above the LFB projections from January, 2006 and approximately \$633 million, or 5.6%, above collections in the 2004-05 fiscal year. A complete copy of the Annual Fiscal Report (unaudited, budgetary basis) is available on the website, or from the address, shown on [page A-1](#) of this Offering Memorandum.

General Fund Condition Statement and Updated Tables

The following table includes a summary of the final budget and actual General Fund condition statement (budgetary basis) for the 2005-06 fiscal year, along with a summary of the projected General Fund condition statement for the 2006-07 fiscal year that reflects the DOR revenue estimates and DOA report released on November 20, 2006. The tables on pages A-5 and A-6 present more detail on the General Fund and All-Funds budgets (budgetary basis). Though the following summary of the General Fund condition statement reflects both the DOR revenue estimates and DOA report released on November 20,

2006, the detailed budgets on pages A-5 and A-6 *do not* reflect the recent DOR revenue estimates and DOA report.

**Summary of General Fund Condition Statement
2005-06 and 2006-07 Fiscal Years
(in Millions)**

	<u>Budget 2005-06^(a)</u>	<u>Actual 2005-06^(b)</u>	<u>Budget 2006-07^(c)</u>
Revenues			
Opening Balance	\$ 4.1	\$ 4.1	\$ 49.2
Taxes	11,949.6	12,030.1	12,490.9
Department Revenues			
Tribal Gaming	118.6	88.9	92.7
Other	<u>685.9</u>	<u>691.2</u>	<u>497.8</u>
Total Available	\$12,758.2	\$12,814.3	\$13,130.7
Appropriations			
Gross Appropriations	\$12,634.1	\$12,641.8	\$13,217.6
Compensation Reserves	90.1	80.1	178.3
Transfers to Medical Assistance Trust Fund	341.8	341.8	25.4
Sum Sufficient Re-estimates			6.8
Biennial Appropriation Spending Ahead		23.5	(23.5)
Less: Lapses	<u>(318.9)</u>	<u>(322.0)</u>	<u>(344.0)</u>
Net Appropriations	\$12,747.0	\$12,765.1	\$13,060.6
Balances			
Gross Balance	\$ 11.2	\$ 49.2	\$ 70.0
Less: Required Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ (53.8)	\$ (15.8)	\$ 5.0

^(a) Reflects all enrolled bills from the 2005 legislative session and the final budget schedule for the 2005-06 fiscal year included in Chapter 20, Wisconsin Statutes.

^(b) The amounts shown are unaudited and are based on statutorily required accounting and not on GAAP.

^(c) Taxes reflect the revised General Fund tax revenue estimates released by DOR on November 20, 2006 and departmental revenues, sum sufficient appropriations, estimated lapses, and tribal gaming revenues reflect the latest available information as contained in the report released by DOA on November 20, 2006. Opening balance reflects the undesignated balance available at the end of the 2005-06 fiscal year. Reflects all enrolled bills from the 2005 legislative session and the final budget schedule for the 2006-07 fiscal year included in Chapter 20, Wisconsin Statutes.

Condition of General Fund Budget for 2005-07; June 6, 2006 LFB Memorandum

On June 6, 2006, LFB released a memorandum that contained information on the condition of the General Fund budget for the 2005-07 biennium. This memorandum reflected the Governor’s action, as of that date, on all enrolled bills that were passed by the Legislature in the 2005 legislative session. The June 6, 2006 LFB memorandum projected that the ending gross General Fund balance for the 2005-07 biennium would be approximately \$11 million. That amount is \$96 million less than the projected gross ending balance included in a prior memorandum provided by LFB on January 19, 2006. The discussion below in *“State Budget; Budget for 2005-07; LFB Projected General Fund Tax Collections; January 19, 2006 LFB Memorandum”* contains more information on, and certain events that occurred subsequent to, the January 19, 2006 LFB memorandum.

LFB Projected General Fund Tax Collections; January 19, 2006 LFB Memorandum

On January 19, 2006, LFB released a memorandum that contained projections of General Fund tax collections, re-estimates of departmental revenues and expenditures, and a projection of the gross ending General Fund balance for the 2005-07 biennium. The January 19, 2006 LFB memorandum projected that estimated tax collections would be greater by \$46 million than the projections used in the enacted budget for the 2005-07 biennium. The January 19, 2006 LFB memorandum projected that the ending gross General Fund balance for the 2005-07 biennium would be \$107 million.

The January 19, 2006 LFB memorandum identified two items regarding the General Fund projections and re-estimates. Subsequently, certain actions occurred that addressed these items.

- The projected ending General Fund balance continues to assume that, during the 2005-07 biennium, the State will receive \$104 million of tribal gaming payments that were due from two tribal governments in the 2003-05 biennium. On February 1, 2006, the State received payment of nearly \$44 million from one tribal government. This payment, due in the 2003-05 biennium, resulted from an agreement announced in October 2005 regarding that tribal government's gaming compact. On May 11, 2006, the State received payment of \$30 million from another tribal government. This payment, also due in the 2003-05 biennium, resulted from an agreement announced on May 10, 2006 regarding the negotiation between the State and that tribal government's gaming compact.
- The Medical Assistance Trust Fund was projected to experience a shortfall of \$77 million during the 2005-07 biennium. On March 27, 2006, the Governor signed into law 2005 Wisconsin Act 211, which among other provisions, transfers an aggregate of \$77 million from the General Fund to the Medical Assistance Trust Fund during the 2005-06 and 2006-07 fiscal years.

State Budget; Potential Effect of Litigation (Part II–Pages 34-35). Add the following:

Validity of Gaming Compacts

On July 14, 2006, the Wisconsin Supreme Court held that a 1993 amendment to the gambling provision of the Wisconsin Constitution did not invalidate or affect the extension, renewal, or amendment of compacts originally executed in 1991 and 1992 between the State and tribal governments. In addition, the Wisconsin Supreme Court overruled the portion of its earlier decision from 2004 that had invalidated compact amendments made in 2003 that allowed tribes to offer additional games beyond those agreed to in the original tribal compacts.

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

	<u>Actual</u> <u>2005-2006^(a)</u>	<u>Budget</u> <u>2005-2006^(b)</u>	<u>Budget</u> <u>2006-2007^(b)</u>
RECEIPTS			
Fund Balance from Prior Year.....	\$ 9,297,000	\$ 4,111,000	\$ 11,174,600
Tax Revenue			
State Taxes Deposited to General Fund			
Individual Income.....	6,144,299,000	6,025,000,000	6,405,000,000
General Sales and Use.....	4,127,585,000	4,181,600,000	4,358,100,000
Corporate Franchise and Income.....	780,320,000	770,000,000	785,000,000
Public Utility.....	275,147,000	257,900,000	283,400,000
Excise			
Cigarette/Tobacco Products.....	317,911,000	312,600,000	311,100,000
Liquor and Wine.....	41,023,000	42,400,000	43,500,000
Malt Beverage.....	9,759,000	9,900,000	10,000,000
Inheritance, Estate & Gift.....	108,571,000	124,000,000	130,000,000
Insurance Company.....	134,665,000	135,000,000	142,400,000
Other.....	112,180,000	91,200,000	91,500,000
Subtotal.....	<u>12,051,460,000</u>	<u>11,949,600,000</u>	<u>12,560,000,000</u>
Nontax Revenue			
Departmental Revenue			
Tribal Gaming Revenues	- (c)	118,628,600 (d)	86,349,100 (d)
Other.....	379,569,000	685,850,100	505,626,300
Program Revenue-Federal.....	6,320,576,000	5,883,730,800	5,991,573,300
Program Revenue-Other.....	3,570,265,000	3,640,963,700	3,716,521,700
Subtotal.....	<u>10,270,410,000</u>	<u>10,329,173,200</u>	<u>10,300,070,400</u>
Total Available.....	<u>\$ 22,331,167,000</u>	<u>\$ 22,282,884,200</u>	<u>\$ 22,871,245,000</u>
DISBURSEMENTS AND RESERVES			
Commerce.....	\$ 266,877,000	288,709,300	281,243,700
Education.....	10,146,322,000	10,152,254,600	10,387,854,300
Environmental Resources.....	291,548,000	296,476,000	337,924,200
Human Relations and Resources.....	8,712,564,000	8,423,076,400	8,970,947,600
General Executive.....	694,145,000	891,291,400	878,235,600
Judicial.....	115,262,000	113,259,300	113,448,700
Legislative.....	61,343,000	65,415,800	65,290,600
General Appropriations.....	1,859,988,000	1,928,284,100	1,890,759,800
Subtotal.....	<u>22,148,049,000</u>	<u>22,158,766,900</u>	<u>22,925,704,500</u>
Less: (Lapses).....	n/a	(318,924,600)	(268,551,600)
Compensation Reserves.....	n/a	90,054,100	178,302,800
Required Statutory Balance.....	n/a	65,000,000	65,000,000
Transfer to Medical Assistance Trust Fund	n/a	341,813,200	25,383,900
Changes in Continuing Balance.....	90,722,000	n/a	n/a
Total Disbursements & Reserves.....	<u>\$ 22,238,771,000</u>	<u>\$ 22,336,709,600</u>	<u>\$ 22,925,839,600</u>
Fund Balance.....	\$ 92,396,000	\$ (53,825,400)	\$ (54,594,600)
Undesignated Balance.....	\$ 49,217,000	\$ 11,174,600	\$ 10,405,400

(a) The amounts shown are unaudited, rounded to the nearest thousand dollars and are based on statutorily required accounting and not on GAAP.

(b) The amounts shown incorporate all budget acts of the 2005 legislative session.

(c) Tribal gaming revenues are budgeted separately; however, when the payments are received by the State, they are not specifically reported but rather included within the category entitled "Nontax Revenue - Departmental Revenue".

(d) Assumes receipt of certain tribal gaming payments that were due in previous fiscal years.

Sources: Legislative Fiscal Bureau and Department of Administration.

**Table II-4; State Budget-All Funds (Part II–Page 33). Replace with the following updated table:
State Budget–All Funds^(a)**

	Actual 2005-2006 ^(b)	Budget 2005-2006 ^(c)	Budget 2006-2007 ^(c)
RECEIPTS			
Fund Balance from Prior Year.....	\$ 9,297,000	\$ 4,111,000	\$ 11,174,600
Tax Revenue			
Individual Income.....	6,144,299,000	6,025,000,000	6,405,000,000
General Sales and Use.....	4,127,585,000	4,181,600,000	4,358,100,000
Corporate Franchise and Income.....	780,320,000	770,000,000	785,000,000
Public Utility.....	275,147,000	257,900,000	283,400,000
Excise			
Cigarette/Tobacco Products.....	317,911,000	312,600,000	311,100,000
Liquor and Wine.....	41,023,000	42,400,000	43,500,000
Malt Beverage.....	9,759,000	9,900,000	10,000,000
Inheritance, Estate & Gift.....	108,571,000	124,000,000	130,000,000
Insurance Company.....	134,665,000	135,000,000	142,400,000
Other.....	1,288,845,000	91,200,000 ^(d)	91,500,000 ^(d)
Subtotal.....	13,228,125,000	11,949,600,000	12,560,000,000
Nontax Revenue			
Departmental Revenue			
Tribal Gaming Revenues	- ^(e)	118,628,600 ^(f)	86,349,100 ^(f)
Other.....	379,569,000	685,850,100	505,626,300
Total Federal Aids.....	6,320,576,000	6,668,197,500	6,780,141,400
Total Program Revenue.....	3,570,265,000	3,640,963,700	3,716,521,700
Total Segregated Funds.....	4,327,638,000	2,828,396,400	2,675,805,100
Bond Authority.....	1,197,761,000	544,797,000	622,735,000
Employee Benefit Contributions ^(g)	10,909,386,000	7,343,260,000	7,718,157,000
Subtotal.....	26,705,195,000	21,830,093,300	22,105,335,600
Total Available.....	\$ 39,942,617,000	\$ 33,783,804,300	\$ 34,676,510,200
DISBURSEMENTS AND RESERVES			
Commerce.....	\$ 503,420,000	\$ 464,313,500	\$ 454,135,700
Education.....	10,574,557,000	10,215,380,000	10,451,017,700
Environmental Resources.....	3,391,109,000	2,709,959,600	3,035,595,200
Human Relations and Resources.....	10,322,183,000	9,061,407,900	9,174,582,400
General Executive.....	6,016,837,000	1,054,300,300	1,036,765,700
Judicial.....	115,611,000	113,987,700	114,177,100
Legislative.....	61,343,000	65,415,800	65,290,600
General Appropriations.....	2,799,020,000	2,086,865,200	2,058,513,300
General Obligation Bond Program.....	782,789,000	544,797,000	622,735,000
Employee Benefit Payments ^(g)	4,818,745,000	4,844,548,000	5,324,309,000
Reserve for Employee Benefit Payments ^(g)	6,090,641,000	2,498,712,000	2,393,848,000
Subtotal.....	45,476,255,000	33,659,687,000	34,730,969,700
Less: (Lapses).....	n/a	(318,924,600)	(268,551,600)
Compensation Reserves.....	n/a	90,054,100	178,302,800
Required Statutory Balance.....	n/a	65,000,000	65,000,000
Transfer to Medical Assistance Trust Fund.....	n/a	341,813,200	25,383,900
Change in Continuing Balance.....	(5,626,034,000)	n/a	n/a
Total Disbursements & Reserves.....	\$ 39,850,221,000	\$ 33,837,629,700	\$ 34,731,104,800
Fund Balance.....	\$ 92,396,000	\$ (53,825,400)	\$ (54,594,600)
Undesignated Balance.....	\$ 49,217,000	\$ 11,174,600	\$ 10,405,400

(a) The all-funds budget assumes that certain categories of revenues are expended in like amounts. This includes federal funds, revenues paid into specific funds (other than the General Fund) for a specified program or purpose or which are credited to an appropriation to finance a specific program or agency, and proceeds of general obligation debt. In any given fiscal year, there may be a balance at year-end in the funds, specific program, or agency.

(b) The amounts shown are unaudited, rounded to the nearest thousand dollars and are based on statutorily required accounting and not on GAAP.

(c) The amounts shown incorporate all budget acts of the 2005 legislative session.

(d) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected \$974 million of motor fuel taxes in the 2005-06 fiscal year.

(e) Tribal gaming revenues are budgeted separately; however, when the payments are received by State, they are not specifically reported but rather included within the category entitled "Nontax Revenue - Departmental Revenue".

(f) Assumes receipt of certain tribal gaming payments that were due in previous fiscal years.

(g) State law separates the accounting of employee benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 in Part II of the 2005 Annual Report.

Sources: Legislative Fiscal Bureau and Department of Administration.

General Fund Information; General Fund Cash Flow (Part II–Pages 40-48). Update with the following:

The following tables provide updates and additions to various tables containing General Fund information for the 2005-06 and 2006-07 fiscal years, which are presented on either a cash basis or agency recorded basis. While DOR provided revised General Fund tax revenue estimates on November 20, 2006 (budgetary basis), the following tables, unless noted, contain information through October 31, 2006 and projections for the remainder of the 2006-07 fiscal year only reflect the revised General Fund revenue estimates from the January 19, 2006 LFB memorandum.

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.

Operating notes were not issued for the 2004-05 and 2005-06 fiscal years and are not planned for the 2006-07 fiscal year. The following tables may show negative balances on a cash basis. The Wisconsin Statutes provide certain administrative remedies, such as interfund borrowing, to deal with periods when the balance, on a cash basis, is negative. If the amount of interfund borrowing available to the General Fund is not sufficient, then the Secretary of Administration is authorized to prorate and defer certain payments.

The State can have a negative cash balance at the end of a fiscal year. By contrast, the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget, and if final budgetary expenses of any fiscal year exceed available revenues, then the Legislature must take actions to balance the budget in the succeeding fiscal year.

Table II-7; Actual and Projected General Fund Cash Flow (Part II–Page 43). Replace with the following updated table:

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2005 TO JUNE 30, 2006^(a)

(In Thousands of Dollars)

	July 2005	August 2005	September 2005	October 2005	November 2005	December 2005	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006
BALANCES^(b)												
Beginning Balance	(\$193,683)	(\$417,079)	\$136,628	\$309,053	\$818,545	\$586,768	(\$118,926)	\$882,782	\$1,145,630	\$115,031	\$831,334	\$1,369,935
Ending Balance ^(c)	(417,079)	136,628	309,053	818,545	586,768	(118,926)	882,782	1,145,630	115,031	831,334	1,369,935	4,563
Lowest Daily Balance ^(c)	(522,613)	(589,150)	(264,889)	158,797	418,125	(864,503)	(173,681)	686,665	100,921	(225,788)	611,737	(397,541)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$457,176	\$546,087	\$625,591	\$566,601	\$461,234	\$484,890	\$966,768	\$489,178	\$522,941	\$979,881	\$555,643	\$657,624
Sales & Use	402,599	400,199	384,904	378,257	364,808	356,213	411,358	319,356	309,399	340,820	342,919	375,380
Corporate Income	31,786	24,880	170,441	34,258	31,377	130,776	28,752	19,203	197,151	40,032	27,154	149,264
Public Utility	24	0	196	2,667	125,226	130	356	81	157	1,530	155,348	54
Excise	36,572	30,625	36,942	32,048	32,403	29,800	30,316	26,764	26,799	28,888	28,775	34,874
Insurance	690	1,273	27,858	1,556	1,839	33,661	2,840	22,490	22,319	26,422	1,037	31,382
Inheritance	16,949	6,932	8,463	13,570	11,203	7,341	7,020	7,236	12,159	6,428	7,829	9,601
Subtotal Tax Receipts	\$945,796	\$1,009,996	\$1,254,395	\$1,028,957	\$1,028,090	\$1,042,811	\$1,447,410	\$884,308	\$1,090,925	\$1,424,001	\$1,118,705	\$1,258,179
NON-TAX RECEIPTS												
Federal	\$524,946	\$554,359	\$554,537	\$487,805	\$539,678	\$499,963	\$567,423	\$508,860	\$536,237	\$470,205	\$541,885	\$460,998
Other & Transfers ^(d)	355,748	298,506	470,126	316,093	283,115	286,968	438,937	689,774	322,126	422,228	374,934	314,764
Note Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	\$880,694	\$852,865	\$1,024,663	\$803,898	\$822,793	\$786,931	\$1,006,360	\$1,198,634	\$858,363	\$892,433	\$916,819	\$775,762
TOTAL RECEIPTS	\$1,826,490	\$1,862,861	\$2,279,058	\$1,832,855	\$1,850,883	\$1,829,742	\$2,453,770	\$2,082,942	\$1,949,288	\$2,316,434	\$2,035,524	\$2,033,941
DISBURSEMENTS												
Local Aids	\$884,042	\$142,784	\$757,441	\$100,945	\$958,939	\$1,280,054	\$190,703	\$251,483	\$1,316,971	\$109,499	\$288,235	\$1,919,099
Income Maintenance	489,129	468,260	454,986	416,256	461,190	448,737	380,248	413,072	467,013	283,779	328,572	260,110
Payroll and Related	315,952	295,222	427,311	303,005	315,798	335,548	362,573	335,005	487,027	304,889	321,666	352,584
Tax Refunds	60,810	62,584	43,817	51,777	52,037	120,021	112,785	466,205	381,505	316,659	154,121	158,392
Debt Service	0	0	0	156,686	1,562	0	0	2,082	0	295,695	28,097	0
Miscellaneous ^(d)	299,953	340,304	423,078	294,694	293,134	351,076	405,753	352,247	327,371	289,610	376,232	709,128
Note Repayment	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	\$2,049,886	\$1,309,154	\$2,106,633	\$1,323,363	\$2,082,660	\$2,535,436	\$1,452,062	\$1,820,094	\$2,979,887	\$1,600,131	\$1,496,923	\$3,399,313

(a) Projections reflected the biennial budget bill for the 2005-07 biennium (2005 Wisconsin Act 25) and the General Fund revenue estimates released by LFB on May 16, 2005, which were incorporated into 2005 Wisconsin Act 25. No changes were needed to the projections as a result of the revised revenue estimates released by LFB on January 19, 2006. Projections assumed that the State would receive approximately \$146 million pursuant to the amended gaming compacts with tribal governments. Included in this amount was \$73 million, which was an estimate of all payments due in the 2005-06 fiscal year. The amount of estimated payments due in the 2005-06 fiscal year was subsequently revised downward to \$67 million to reflect provisions of the compacts with the tribal governments. The State has received payments, totalling \$44 million, from all but one tribal government. The State and this tribal government continue arbitration with respect to this tribal government's amended gaming compact. Also included in this amount was \$74 million, which was an estimate of payments due in previous fiscal years that were expected to be made in the 2005-06 fiscal year by two tribal governments. The State has received the payments from the two tribal governments that equal this amount. This table does not include interfund borrowings.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds were expected to range from \$150 to \$300 million during the 2005-06 fiscal year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds were expected to average approximately \$50 million during the 2005-06 fiscal year.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount was approximately \$634 million for the 2005-06 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 \$380 million for the 2005-06 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 \$175 million transferred from the Transportation Fund to the General Fund on February 1, 2006, \$100 million transferred from the Transportation Fund to the General Fund on April 18, 2006, \$63 million transferred from the Transportation Fund to the General Fund on June 1, 2006, \$235 million transferred from the General Fund to the Medical Assistance Trust Fund on June 16, 2006, and \$51 million transferred from the General Fund to the Medical Assistance Trust Fund on June 30, 2006 (pursuant to provisions of 2005 Wisconsin Act 211).

Table II-7; Actual and Projected General Fund Cash Flow (Part II–Page 43). Add the following table:

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2006 TO OCTOBER 31, 2006
PROJECTED GENERAL FUND CASH FLOW; NOVEMBER 1, 2006 TO JUNE 30, 2007^(a)**

	(In Thousands of Dollars)											
	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007
BALANCES^(b)												
Beginning Balance	\$4,563	(\$195,929)	\$108,161	\$355,567	\$1,112,712	\$852,241	\$112,509	\$1,263,721	\$1,328,320	\$244,340	\$720,505	\$1,270,648
Ending Balance^(c)	(\$195,929)	\$108,161	\$355,567	\$1,112,712	\$852,241	\$112,509	\$1,263,721	\$1,328,320	\$244,340	\$720,505	\$1,270,648	\$241,973
Lowest Daily Balance^(c)	(\$451,652)	(\$488,713)	(\$100,789)	\$355,566	\$673,494	(\$674,673)	\$93,921	\$919,104	\$226,222	(\$169,869)	\$582,628	(\$209,280)
RECEIPTS												
TAX RECEIPTS												
Individual Income	565,897	474,676	605,681	680,238	436,100	501,900	1,151,000	528,000	500,200	1,070,400	552,200	673,800
Sales & Use	402,145	401,109	397,579	396,789	392,200	358,100	431,300	330,500	316,000	362,300	369,900	392,900
Corporate Income	37,496	28,116	185,473	34,815	25,400	172,500	26,300	19,400	214,300	32,100	20,700	153,200
Public Utility	50	11	99	1,468	144,700	2,000	0	1,300	100	3,300	138,000	1,000
Excise	34,911	32,778	34,592	28,986	37,600	30,000	29,200	30,800	25,900	28,600	31,800	31,500
Insurance	316	938	30,876	592	1,500	38,000	2,100	18,700	27,900	28,700	1,700	29,300
Inheritance	7,193	9,971	8,044	9,665	10,400	8,100	13,700	9,300	10,400	17,300	10,600	9,500
Subtotal Tax Receipts	\$1,048,008	\$947,599	\$1,262,344	\$1,152,553	\$1,047,900	\$1,110,600	\$1,653,600	\$938,000	\$1,094,800	\$1,542,700	\$1,124,900	\$1,291,200
NON-TAX RECEIPTS												
Federal	\$502,417	\$581,763	\$513,024	\$546,768	\$561,265	\$519,962	\$590,120	\$529,214	\$557,686	\$489,013	\$563,560	\$563,435
Other & Transfers ^(d)	370,205	166,183	513,130	431,228	320,500	270,200	502,700	504,700	355,432	379,900	457,100	430,100
Note Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	\$872,622	\$747,946	\$1,026,154	\$977,996	\$881,765	\$790,162	\$1,092,820	\$1,033,914	\$913,118	\$868,913	\$1,020,660	\$993,535
TOTAL RECEIPTS	\$1,920,630	\$1,695,545	\$2,288,498	\$2,130,549	\$1,929,665	\$1,900,762	\$2,746,420	\$1,971,914	\$2,007,918	\$2,411,613	\$2,145,560	\$2,284,735
DISBURSEMENTS												
Local Aids	\$896,807	\$130,871	\$824,354	\$131,610	\$985,474	\$1,324,475	\$244,452	\$249,671	\$1,306,572	\$134,143	\$197,844	\$1,958,030
Income Maintenance	509,527	436,928	429,369	429,369	429,369	429,369	429,369	429,369	429,369	429,369	429,369	429,369
Payroll and Related	295,693	358,565	411,406	411,406	411,406	411,406	411,406	411,406	411,406	411,406	411,406	411,406
Tax Refunds	64,862	80,941	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Debt Service	58,612	2,473	0	0	0	0	0	0	0	0	0	0
Miscellaneous ^(d)	295,621	381,677	495,877	495,877	495,877	495,877	495,877	495,877	495,877	495,877	495,877	495,877
Note Repayment	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	\$2,121,122	\$1,391,455	\$2,208,006	\$1,515,262	\$2,369,126	\$2,708,127	\$1,628,104	\$1,633,323	\$2,690,224	\$1,517,795	\$1,581,496	\$3,341,682

(a) This table reflects the biennial budget bill for the 2005-07 biennium (2005 Wisconsin Act 25), all bills from the 2005 legislative session, and the General Fund revenue estimates released by the Legislative Fiscal Bureau (LFB) on January 19, 2006 but do not reflect the revenue estimates released by the Department of Revenue (DOR) on November 20, 2006. Projections assume that the State will receive approximately \$112 million pursuant to the amended gaming compacts with tribal governments. Included in this amount is \$82 million, which is the estimate of all payments due in the 2006-07 fiscal year, and \$30 million, which is an estimate of a payment due in the previous biennium that is expected to be made in the 2006-07 fiscal year by a tribal government. This table does not include interfund borrowings.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from \$160 to \$300 million during the 2006-07 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 \$30 million during the 2006-07 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 \$661 million for the 2006-07 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 \$397 million for the 2006-07 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 \$20 million that was transferred from the Petroleum Inspection Fund to the General Fund on September 1, 2006, \$88 million that was transferred from the Transportation Fund to the General Fund on October 12, 2006, and \$25 million that is expected to be transferred from the General Fund to the Medical Assistance Trust Fund on June 30, 2007.

Table II-8; General Fund Cash Receipts and Disbursements Year To Date; Compared to Estimates and Previous Fiscal Year. (Part II–Page 44). Replace with the following updated table.

2006-07 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of October 31, 2006
(Amounts in Thousands)

	<u>FY06 through October 2005</u>	<u>FY07 through October 2006</u>				<u>Difference FY05 Actual to FY06 Actual</u>
	<u>Actual</u>	<u>Actual</u>	<u>Estimate^(b)</u>	<u>Variance</u>	<u>Adjusted Variance^(c)</u>	
RECEIPTS						
Tax Receipts						
Individual Income	\$ 2,195,455	\$ 2,326,492	\$ 2,304,300	\$ 22,192	\$ 22,192	\$ 131,037
Sales	1,565,959	1,597,622	1,619,400	(21,778)	(21,778)	31,663
Corporate Income	261,365	285,899	226,100	59,799	59,799	24,534
Public Utility	2,887	1,628	4,900	(3,272)	(3,272)	(1,259)
Excise	136,187	131,267	127,300	3,967	3,967	(4,920)
Insurance	31,377	32,722	30,600	2,122	2,122	1,345
Inheritance	45,914	34,873	56,600	(21,727)	(21,727)	(11,041)
Total Tax Receipts	\$ 4,239,144	\$ 4,410,503	\$ 4,369,200	\$ 41,303	\$ 41,303	\$ 171,359
Non-Tax Receipts						
Federal	\$ 2,121,647	\$ 2,143,972	\$ 2,206,512	\$ (62,540)	\$ (62,540)	\$ 22,325
Other and Transfers	1,440,473	1,483,749	1,455,400	28,349	28,349	43,276
Note Proceeds ^(d)	-	-	-	-	-	-
Total Non-Tax Receipts	\$ 3,562,120	\$ 3,627,721	\$ 3,661,912	\$ (34,191)	\$ (34,191)	\$ 65,601
TOTAL RECEIPTS	\$ 7,801,264	\$ 8,038,224	\$ 8,031,112	\$ 7,112	\$ 7,112	\$ 236,960
DISBURSEMENTS						
Local Aids	\$ 1,885,212	\$ 1,983,642	\$ 1,973,827	\$ (9,815)	\$ (9,815)	\$ 98,430
Income Maintenance	1,828,631	1,788,086	1,860,431	72,345	72,345	(40,545)
Payroll & Related	1,341,490	1,373,907	1,369,213	(4,694)	(4,694)	32,417
Tax Refunds	218,988	243,909	191,700	(52,209)	(52,209)	24,921
Debt Service	156,686	221,100	233,570	12,470	12,470	64,414
Miscellaneous	1,358,029	1,316,429	1,507,132	190,703	190,703	(41,600)
Note Repayment ^(d)	-	-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 6,789,036	\$ 6,927,073	\$ 7,135,873	\$ 208,800	\$ 208,800	\$ 138,037

VARIANCE FY07 YEAR-TO-DATE \$ 215,912 \$ 215,912

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) This table reflects the biennial budget for the 2005-07 biennium (2005 Wisconsin Act 25), all enrolled bills from the 2005 legislative session, and the General Fund revenue estimates released by LFB on January 19, 2006 but do not reflect the revised General Fund tax revenue estimates from the November 20, 2006 DOR report. Projections assume that the State will receive approximately \$112 million in the 2006-07 fiscal year pursuant to the amended gaming compacts with tribal governments. This amount reflects estimates of (i) all payments due this fiscal year (\$82 million), and (ii) a payment due in the previous biennium from a tribal government that is expected to be made in the 2006-07 fiscal year (\$30 million).
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot 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 not issued for the 2005-06 fiscal year and are not expected for the 2006-07 fiscal year.

Table II-9; General Fund Monthly Position (Part II–Page 45). Replace with the following updated table:

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2004 through October 31, 2006 — Actual
November 1, 2006 through June 30, 2007 — Estimated^(b)
 (Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>	
2004	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	2,417,010	1,448,909
		February.....	1,173,280	1,833,051	1,789,367
		March.....	1,216,964	1,859,956	2,704,980
		April.....	371,940	2,042,253	1,831,196
		May.....	582,997	1,895,196	1,475,143
		June.....	1,003,050 ^(d)	2,075,730	3,272,463
July.....		(193,683) ^(d)	1,826,490	2,049,886	
August.....		(417,079) ^(d)	1,862,861	1,309,154	
September.....		136,628 ^(d)	2,279,058	2,106,633	
October.....		309,053	1,832,855	1,323,363	
November.....		818,545	1,850,883	2,082,660	
December.....		586,768 ^(d)	1,829,742	2,535,436	
2006	January.....	(118,926) ^(d)	2,453,770	1,452,062	
	February.....	882,782	2,082,942	1,820,094	
	March.....	1,145,630	1,949,288	2,979,887	
	April.....	115,031 ^(d)	2,316,434	1,600,131	
	May.....	831,334	2,035,524	1,496,923	
	June.....	1,369,935 ^(d)	2,033,941	3,399,313	
	July.....	4,563 ^(d)	1,920,630	2,121,122	
	August.....	(195,929) ^(d)	1,695,545	1,391,455	
	September.....	108,161 ^(d)	2,288,498	2,041,092	
	October.....	355,567	2,130,549	1,373,404	
	November.....	1,112,712	1,929,665	2,190,136	
	December.....	852,241 ^(d)	1,900,762	2,640,494	
2007	January.....	112,509 ^(d)	2,746,420	1,595,208	
	February.....	1,263,721	1,971,914	1,907,315	
	March.....	1,328,320 ^(d)	2,007,918	3,091,898	
	April.....	244,340 ^(d)	2,411,613	1,935,449	
	May.....	720,505	2,145,560	1,595,417	
	June.....	1,270,648 ^(d)	2,284,735	3,313,410	

- ^(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).
- ^(b) This table reflects the biennial budget for the 2005-07 biennium (2005 Wisconsin Act 25), all enrolled bills from the 2005 legislative session, and the General Fund tax revenue estimates released by LFB on January 19, 2006 but do not reflect the revised General Fund revenue estimates from the November 20, 2006 DOR report. Projections assume that the State will receive approximately \$112 million in the 2006-07 fiscal year pursuant to the amended gaming compacts with tribal governments. This amount reflects estimates of (i) all payments due this fiscal year (\$82 million) and (ii) a payment due in the previous biennium from a tribal government that is expected to be made in the 2006-07 fiscal year (\$30 million).
- ^(c) Operating notes were not issued for the 2004-05 and 2005-06 fiscal years and are not expected to be issued for the 2006-07 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 \$661 million for the 2006-07 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 \$397 million for the 2006-07 fiscal year) for a period of up to 30 days. 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.

Source: Wisconsin Department of Administration.

Table II-10; Balances in Funds Available for Interfund Borrowing (Part II–Page 46). Replace with the following updated table:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)
July 31, 2003 to October 31, 2006 — Actual
November 30, 2006 to June 30, 2007— Estimated
(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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
January		\$ 830	\$ 1,118	\$ 1,118
February		960	1,041	1,041
March		1,043	1,188	1,188
April		964	957	957
May		1,045	912	912
June		1,182	1,074	1,074
July	\$ 908	1,048	932	
August	1,003	1,100	1,052	
September	997	1,176	1,067	
October	954	1,115	925	
November	827	1,167	1,167	
December	892	1,135	1,135	

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
January		\$ 3,818	\$ 4,232	\$ 4,232
February		3,984	4,237	4,237
March		4,101	4,476	4,476
April		3,749	3,981	3,981
May		3,627	3,708	3,708
June		3,905	3,940	3,940
July	\$ 4,268	4,193	4,218	
August	3,904	3,823	3,978	
September	3,726	3,746	3,845	
October	3,233	3,361	3,361	
November	3,059	3,370	3,370	
December	3,392	3,692	3,692	

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

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

Table II-11; General Fund Recorded Revenues (Part II–Page 47). Replace with the following updated table:

General Fund Recorded Revenues^(a)				
(Agency Recorded Basis)				
July 1, 2006 to October 31, 2006 compared with previous year				
	Annual Fiscal Report Revenues	Projected Revenues	Recorded Revenues July 1, 2005 to October 31, 2005^(d)	Recorded Revenues July 1, 2006 to October 31, 2006^(e)
	<u>2005-06 FY^(b)</u>	<u>2006-07 FY^(c)</u>	<u>October 31, 2005^(d)</u>	<u>October 31, 2006^(e)</u>
Individual Income Tax	\$ 6,144,299,000	\$ 6,405,000,000	\$ 1,810,036,573	\$ 1,888,482,785
General Sales and Use Tax	4,127,585,000	4,358,100,000	1,080,555,209	1,110,291,887
Corporate Franchise and Income Tax	780,320,000	785,000,000	238,337,733	260,359,231
Public Utility Taxes	275,147,000	283,400,000	241,374	339,494
Excise Taxes	368,693,000	364,600,000	97,902,615	96,907,310
Inheritance Taxes	108,571,000	130,000,000	45,728,382	33,312,394
Insurance Company Taxes	134,665,000	142,400,000	29,117,228	31,531,592
Miscellaneous Taxes	90,806,000	91,500,000	29,450,143	26,080,688
SUBTOTAL.....	\$ 12,030,086,000	\$ 12,560,000,000	3,331,369,258	3,447,305,380
Federal and Other Inter- Governmental Revenues ^(f)	\$ 6,320,576,000	\$ 5,976,875,800	2,054,883,638	2,148,001,557
Dedicated and Other Revenues ^(g)	3,971,208,000	4,323,194,600	1,297,516,283	1,551,759,315
TOTAL.....	\$ 22,321,870,000	\$ 22,860,070,400	\$ 6,683,769,179	\$ 7,147,066,252

(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 2005-06 fiscal year, dated October 15, 2006.

(c) Projections reflect the biennial budget bill for the 2005-06 and 2006-07 fiscal years (2005 Wisconsin Act 25), all enrolled bills from the 2005 legislative session, and the General Fund revenue estimates released by LFB on January 19, 2006 but do not reflect the revised General Fund revenue estimates from the November 20, 2006 DOR report. Projections assume that the State will receive approximately \$112 million in the 2006-07 fiscal year pursuant to the amended gaming compacts with tribal governments. This amount reflects estimates of (i) all payments due this fiscal year (\$82 million) and (ii) a payment due in the previous biennium from a tribal government that is expected to be made in the 2006-07 fiscal year (\$30 million).

(d) The amounts shown are fiscal year 2005-06 revenues as recorded by state agencies.

(e) The amounts shown are fiscal year 2006-07 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 (Part II–Page 48). Replace with the following updated table:

**General Fund Recorded Expenditures By Function^(a)
(Agency Recorded Basis)
July 1, 2006 to October 31, 2006 compared with previous year**

	Annual Fiscal Report Expenditures <u>2005–06 FY^(b)</u>	Appropriations <u>2006–07 FY^(c)</u>	Recorded Expenditures July 1, 2005 to <u>October 31, 2005^(d)</u>	Recorded Expenditures July 1, 2006 to <u>October 31, 2006^(e)</u>
Commerce.....	\$ 266,877,000	\$ 281,243,700	\$ 79,891,322	\$ 90,524,808
Education.....	10,146,322,000	10,387,854,300	2,377,332,367	2,535,228,248
Environmental Resources.....	291,548,000	337,924,200	92,630,744	98,966,206
Human Relations & Resources	8,712,564,000	8,970,947,600	2,955,182,344	3,114,010,240
General Executive.....	694,145,000	878,235,600	248,239,860	299,659,074
Judicial.....	115,262,000	113,448,700	42,530,564	44,759,886
Legislative.....	61,343,000	65,290,600	16,678,593	16,796,153
General Appropriations.....	<u>1,859,988,000</u>	<u>1,890,759,800</u>	<u>688,755,076</u>	<u>691,858,680</u>
TOTAL.....	<u>\$ 22,148,049,000</u>	<u>\$ 22,925,704,500</u>	<u>\$ 6,501,240,870</u>	<u>\$ 6,891,803,295</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 2005-06 fiscal year, dated October 15, 2006.
- (c) Estimated appropriations based on the 2005-07 biennial budget bill (2005 Wisconsin Act 25) and all enrolled bills from the 2005 legislative session.
- (d) The amounts shown are fiscal year 2005-06 expenditures as recorded by state agencies.
- (e) The amounts shown are fiscal year 2006-07 expenditures as recorded by state agencies.

Source: Wisconsin Department of Administration.

APPENDIX B

State of Wisconsin General Obligation Issuance Status Report November 15, 2006

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(a)</u>	<u>G.O. EMCP of 2006, Series B&C</u>	<u>Total Authorized Unissued Debt</u>
University of Wisconsin; academic facilities.....	\$ 1,358,615,800	\$ 1,062,411,744	\$ 12,244,365	\$ 7,087,281	\$ 276,872,410
University of Wisconsin; self-amortizing facilities.....	1,279,517,100	859,122,661	1,720,367	18,081,810	400,592,262
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	312,174,651	69,761	7,942,144	251,813,444
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818		139,438
Clean water fund program.....	637,743,200	450,334,053		1,212,982	186,196,165
Safe drinking water loan program.....	32,310,000	31,971,520			338,480
Natural resources; nonpoint source grants.....	89,310,400	75,504,918	132,570	1,178,325	12,494,587
Natural resources; nonpoint source	4,000,000	2,250,000		98,194	1,651,806
Natural resources; environmental repair.....	51,000,000	39,839,054	170,906	138,626	10,851,414
Natural resources; urban nonpoint source cost-sharing.....	23,900,000	15,463,640		264,257	8,172,103
Natural resources; environmental segregated fund supported administrative facilities.....	7,490,000	5,472,686		7,220	2,010,094
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	5,882,779	51		717,170
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	145,060,325	145,010,325	50,000		
Natural resources; pollution abatement and sewage collection facilities.....	893,493,400	874,927,239	18,513,076		53,085
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,312,599	6,287,401		
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006		
Natural resources; local parks land acquisition and development.....	2,490,000	2,447,741	42,259		
Natural resources; recreation development.....	23,061,500	22,871,110	141,227		49,163
Natural resources; land acquisition.....	45,608,600	45,116,930	491,671		

General Obligation Issuance Status Report—Continued

<u>Program Purpose</u>	November 15, 2006				
	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(a)</u>	<u>G.O. EMCP of 2006, Series B&C</u>	<u>Total Authorized Unissued Debt</u>
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174		37,032
Natural resources; segregated revenue supported facilities.....	55,078,100	28,547,692	46,904	827,427	25,656,077
Natural resources; general fund supported administrative facilities.....	11,410,200	10,819,102	21,432	10,108	559,558
Natural resources; ice age trail.....	750,000	750,000			
Natural resources; dam safety projects.....	5,500,000	5,400,148	49,701		50,151
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,500,000			
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	225,937,895	1,293,404	24,548	3,744,153
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800			
Transportation; rail passenger route development...	50,000,000	1,692,921		147,291	48,159,788
Transportation; accelerated highway improvements.....	185,000,000	185,000,000			
Transportation; connecting highway improvements.....	15,000,000	15,000,000			
Transportation; federally aided highway facilities.....	10,000,000	10,000,000			
Transportation; highway projects.....	41,000,000	41,000,000			
Transportation; major highway and rehabilitation projects.....	565,480,400	565,480,400			
Transportation; Marquette interchange rehabilitation project.....	213,100,000	209,300,000	2,332,363		1,467,637
Transportation; state highway rehabilitation projects.....	250,000,000	248,300,000	1,182,896	311,616	205,488
Transportation; harbor improvements.....	40,700,000	25,491,500	232,605	288,805	14,687,090
Transportation; rail acquisitions and improvements.....	44,500,000	33,874,500	5,187		10,620,313
Transportation; local roads for job preservation, state funds.....	2,000,000	2,000,000			
Corrections; correctional facilities.....	801,979,400	777,290,337	11,467,003	272,745	12,949,316

General Obligation Issuance Status Report—Continued
November 15, 2006

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings^(a)</u>	<u>G.O. EMCP of 2006, Series B&C</u>	<u>Total Authorized Unissued Debt</u>
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99		5,221,463
Corrections; juvenile correctional facilities.....	28,984,500	26,578,551	105,717	99,638	2,200,594
Health and family services; mental health and secure treatment facilities.....	127,761,700	121,842,268	895,124		5,024,308
Agriculture; soil and water.....	26,075,000	17,617,960	1,248	395,663	8,060,129
Agriculture; conservation reserve enhancement...	40,000,000	9,563,000		523,882	29,913,118
Administration; Black Point Estate.....	1,600,000	800,000	387	144,403	655,210
Building commission; previous lease rental authority.....	143,071,600	143,068,654			2,946
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530			
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005...	250,000,000	250,000,000			
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	1,400,000,000	967,020,000			432,980,000
Building commission; housing state departments and agencies.....	485,015,400	408,253,306	2,329,712	414,435	74,017,947
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		
Building commission; project contingencies.....	47,961,200	42,489,610	62,251	361,007	5,048,332
Building commission; capital equipment acquisition.....	126,335,000	110,303,761	729,556	483,749	14,817,934
Building commission; discount sale of debt.....	90,000,000	67,493,598			22,506,402
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(b)			11,167
Building commission; other public purposes.....	1,727,901,000	1,333,819,896	6,770,550	49,442,857	337,867,697
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities....	10,000,000	10,000,000			
HR Academy, Inc.....	1,500,000	1,500,000			
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	25,000,000	19,000,000		288,805	5,711,195
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818		

General Obligation Issuance Status Report—Continued
November 15, 2006

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Interest Earnings^(a)	G.O. EMCP of 2006, Series B&C	Total Authorized Unissued Debt
Swiss cultural center.....	1,000,000				1,000,000
Racine County; Discovery Place museum.....	1,000,000				1,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000			
Children's research institute	10,000,000	4,800,000		722,013	4,477,987
Administration; school educational technology infrastructure financial assistance.....	90,200,000	71,480,216	431,066		18,288,718
Administration; public library educational technology infrastructure financial assistance.....	300,000	268,918	42		31,040
Educational communications board; educational communications facilities.....	22,858,100	20,309,389	38,168	108,302	2,402,241
Historical society; self-amortizing facilities.....	1,157,000	1,029,156	3,896		123,947
Historical society; historic records.....	15,400,000				15,400,000
Historical society; historic sites.....	3,107,800	1,825,756		23,104	1,258,940
Historical society; museum facility.....	4,384,400	4,362,469			21,931
Historical society; Wisconsin history center.....	30,000,000				30,000,000
Public instruction; state school, state center and library facilities.....	7,367,700	7,330,612	32,509		4,579
Military affairs; armories and military facilities.....	27,463,900	20,972,447	192,632	414,436	5,884,386
Veterans affairs; veterans facilities.....	10,090,100	9,405,485	50,593		634,022
Veterans affairs; self-amortizing mortgage loans.....	2,120,840,000	2,113,652,395	2,133,000	4,445,000	609,605
Veterans affairs; refunding bonds.....	1,015,000,000	721,169,245			293,830,755
Veterans affairs; self-amortizing facilities.....	34,912,600	12,277,450	501	346,566	22,288,083
State fair park board; board facilities.....	14,787,100	14,484,010		57,761	245,329
State fair park board; housing facilities.....	11,000,000	10,999,985	15		
State fair park board; self-amortizing facilities.....	56,787,100	51,129,300	22,328		5,635,472
Total.....	<u>\$18,544,141,288</u>	<u>\$15,759,831,927</u>	<u>\$70,783,782</u>	<u>\$96,165,000</u>	<u>\$2,617,360,680</u>

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

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

Source: Wisconsin Department of Administration.

APPENDIX C
PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the initial issuance of 2006 Series B Notes and 2006 Series C Notes on December 1, 2006, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)

\$91,720,000
STATE OF WISCONSIN
GENERAL OBLIGATION EXTENDIBLE MUNICIPAL
COMMERCIAL PAPER OF 2006, SERIES B

\$4,445,000
STATE OF WISCONSIN
GENERAL OBLIGATION EXTENDIBLE MUNICIPAL
COMMERCIAL PAPER OF 2006, SERIES C

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$91,720,000 General Obligation Extendible Municipal Commercial Paper of 2006, Series B (**2006 Series B Notes**) and its \$4,445,000 General Obligation Extendible Municipal Commercial Paper of 2006, Series C (Subject to Alternative Minimum Tax) (**2006 Series C Notes**). The 2006 Series B Notes are being issued pursuant to Chapter 18, Wisconsin Statutes (**Act**) and a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 28, 2000 and amended on July 30, 2003 and March 4, 2004 (**Program Resolution**), as supplemented by a resolution adopted by the Commission on November 15, 2006 (**November 15, 2006 Supplemental Resolution**). The 2006 Series C Notes are being issued pursuant to the Act and the Program Resolution, as supplemented by a resolution adopted by the Commission on December 21, 2005 (**December 21, 2005 Supplement Resolution**).

We examined the law, a certified copy of the proceedings relating to the issuance of the 2006 Series B Notes and the 2006 Series C Notes, and certifications of public officials and others. We also reviewed the Issuing and Paying Agency Agreement, dated August 8, 2000, between the State and U.S. Bank Trust National Association (**Issuing and Paying Agency Agreement**), and the Dealer Agreement, dated August 8, 2000, between the State and Goldman, Sachs & Co., and the Dealer Agreement, dated August 8, 2000, between the State and Merrill Lynch, Pierce, Fenner & Smith Incorporated (**Dealer Agreements**). As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

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

1. The Program Resolution has been duly adopted by the Commission and is valid and binding upon the State in accordance with its terms.
2. The November 15, 2006 Supplemental Resolution is authorized or permitted by the Program Resolution and the Act, complies with their respective terms, has been duly adopted by the Commission, and is valid and binding upon the State in accordance with its terms.
3. The December 21, 2005 Supplemental Resolution is authorized or permitted by the Program Resolution and the Act, complies with their respective terms, has been duly adopted by the Commission, and is valid and binding upon the State in accordance with its terms.
4. The 2006 Series B Notes have been duly and validly authorized and, when duly executed in the form and manner provided in the Program Resolution and the November 15, 2006 Supplemental Resolution, duly authenticated by the Issuing and Paying Agent, and delivered and paid for, will constitute valid and binding general obligations of the State.

5. The 2006 Series C Notes have been duly and validly authorized and, when duly executed in the form and manner provided in the Program Resolution and the December 21, 2005 Supplemental Resolution, duly authenticated by the Issuing and Paying Agent, and delivered and paid for, will constitute valid and binding general obligations of the State.
6. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the 2006 Series B Notes and the 2006 Series C Notes as those payments become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
7. Interest on the 2006 Series B Notes and the 2006 Series C Notes is excluded from gross income for federal income tax purposes. Interest on the 2006 Series B Notes also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the 2006 Series B Notes is taken into account in determining adjusted current earnings. Interest on the 2006 Series C Notes, on the other hand, is an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. The State must comply with all requirements of the Internal Revenue Code that must be satisfied after the 2006 Series B Notes and the 2006 Series C Notes are issued for interest on the Notes to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the 2006 Series B Notes and the 2006 Series C Notes to be included in gross income for federal income tax purposes, in some cases retroactive to the date of issuance. This letter expresses no opinion about other federal tax law consequences relating to the 2006 Series B Notes and the 2006 Series C Notes.
8. The offer and sale of the 2006 Series B Notes and the 2006 Series C Notes are exempt from registration under the Securities Act of 1933, and the Program Resolution is exempt from qualification under the Trust Indenture Act of 1939. We have not passed upon matters pertaining to compliance with the Blue Sky laws of any state in connection with the offering and sale of the 2006 Series B Notes and the 2006 Series C Notes.

The rights of the owners of the 2006 Series B Notes and the 2006 Series C Notes and the enforceability of the 2006 Series B Notes and the 2006 Series C Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter expresses no opinion as to the availability of any particular form of judicial relief.

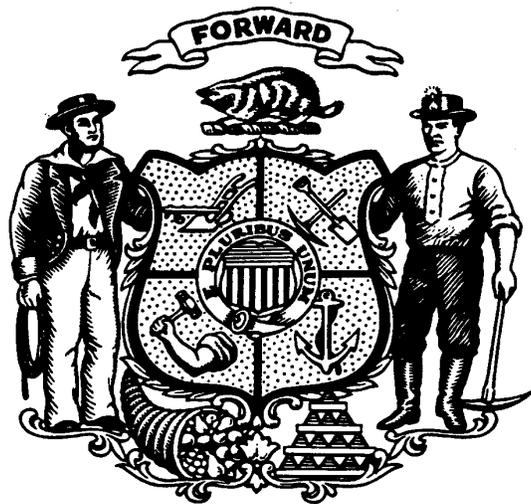
We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Offering Memorandum, dated November 28, 2006 (**Offering Memorandum**) or other offering material relating to the State's general obligation extendible municipal commercial paper (except to the extent, if any, stated in the Offering Memorandum), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Offering Memorandum). However, in serving as bond counsel, nothing has come to our attention that would lead us to believe that the Offering Memorandum (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the 2006 Series B Notes and the 2006 Series C Notes, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (1) there is no change in pertinent existing state or federal law, (2) the Program Resolution, the November 15, 2006 Supplemental Resolution, or the December 21, 2005 Supplemental Resolution, in the forms in effect on the date hereof, remain in full force and effect, (3) the representations, warranties, and covenants of the parties contained in the Issuing and Paying Agency Agreement and the Dealer Agreements and certain certificates dated the date hereof and delivered by authorized officers of the State remain true and accurate

and are complied with in all material respects, and (4) no litigation affecting the issuance or validity of the 2006 Series B Notes and the 2006 Series C Notes is pending or threatened at the time of delivery of any such 2006 Series B Notes and the 2006 Series C Notes.

Very truly yours,

FOLEY & LARDNER LLP



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