

NOTICE OF BOND INSURANCE

\$71,400,000
Master Lease Certificates of Participation of 2006, Series A
(State of Wisconsin)

The Underwriter, as defined in the Official Statement, dated August 22, 2006, has arranged for a financial guaranty insurance policy to be issued simultaneously with the delivery of the above captioned certificates by:



This Notice includes certain information concerning MBIA Insurance Corporation (**MBIA**) and the terms of the Financial Guaranty Insurance Policy (**Policy**) relating to the Certificates.

Information with respect to MBIA and the Policy has been supplied by MBIA. No representation is made by the Underwriter as to the accuracy or adequacy of such information. The Policy does not constitute a part of the contract between the State of Wisconsin (**State**) and the owners of the Certificates. The Underwriter has the responsibility for paying the premium on and complying with the conditions for the issuance of the Policy, and the State has no responsibility with respect to such insurance in any way, including the maintenance and enforcement of the Policy or collection of a claim submitted under the Policy.

This Notice has been prepared by the Underwriter to provide certain information pertaining to MBIA. It has not been prepared or reviewed by the State, and the State makes no representations as to the adequacy of the information contained herein. Each purchaser should consult the Official Statement, dated August 22, 2006, for information about the Certificates.

The Underwriter has applied for, and upon issuance of the Policy there will be assigned to the Certificates, the AAA rating from Fitch Ratings, the Aaa rating from Moody's Investors Service, Inc., and the AAA rating from Standard & Poor's Ratings Services.

August 22, 2006



FINANCIAL GUARANTY INSURANCE POLICY

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

Policy No. [NUMBER]

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

[PAR]
[LEGAL NAME OF ISSUE]

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

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

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

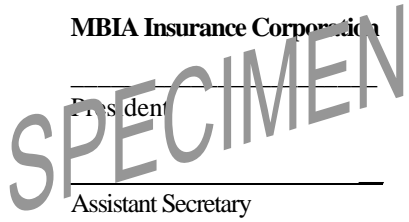
This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

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

MBIA Insurance Corporation

President

Assistant Secretary



OFFICIAL STATEMENT

New Issue

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

\$71,400,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2006, SERIES A

**Evidencing Proportionate Interests of the Owners Thereof in
Certain Lease Payments to be Made by the**

STATE OF WISCONSIN

Acting by and through the Department of Administration

Dated: Delivery Date

Maturities: March 1 and September 1, as shown on inside front cover

Ratings A+ Fitch Ratings
A1 Moody's Investors Service, Inc.
A+ Standard & Poor's Ratings Services

Tax Exemption Interest on the Certificates is, for federal income tax purposes, excluded from gross income and not an item of tax preference. Interest on the Certificates is not excluded from current State of Wisconsin income and franchise taxes—*See pages 11-13.*

Redemption *Optional*—The Certificates are not subject to optional redemption.
Mandatory—The Certificates are subject to mandatory redemption at par upon Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule—*See page 4.*

Security Certificates are secured by Lease Payments under the State's Master Lease Program. All series of master lease certificates of participation issued under the Master Indenture for the Program are ratably secured by a common pool of collateral. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation —*See pages 6-8.*

Purpose Funding Lease Schedules previously financed through a line of credit and a portion of certain Lease Schedules previously financed through master lease certificates of participation—*See pages 2-3.*

Interest Payment Dates March 1 and September 1

First Interest Payment Date March 1, 2007

Denominations \$5,000

Closing/Delivery/Settlement On or about August 31, 2006

Bond Counsel Foley & Lardner LLP

Trustee/Registrar/Paying Agent U.S. Bank National Association

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

Book-Entry-Only Form The Depository Trust Company—*See pages 5-6.*

2005 Annual Report This Official Statement incorporates by reference Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2005.

The Certificates were sold at competitive sale on August 22, 2006. The interest rates payable on the Certificates, which are shown on **the inside front cover**, resulted from the award of the Certificates.

August 22, 2006

Note: The State has been advised by the Underwriter that it has applied for and received a Commitment from MBIA Insurance Corporation (MBIA) to Issue a Financial Guaranty Insurance Policy for the Certificates. Further information on this Commitment and the Financial Guaranty Insurance Policy may be obtained from the Underwriter and MBIA.

MATURITIES, PRINCIPAL AMOUNTS, AND INTEREST RATES

\$71,400,000

**MASTER LEASE CERTIFICATES OF PARTICIPATION
OF 2006, SERIES A**

CUSIP	Date	Principal Amount	Interest Rate	First Optional Redemption
977087 DR3	March 1, 2007	\$ 6,250,000	5.00%	Not Callable
977087 DS1	September 1, 2007	5,740,000	5.00	Not Callable
977087 DT9	March 1, 2008	7,850,000	5.00	Not Callable
977087 DU6	September 1, 2008	7,375,000	5.00	Not Callable
977087 DV4	March 1, 2009	6,530,000	5.00	Not Callable
977087 DW2	September 1, 2009	4,575,000	5.00	Not Callable
977087 DX0	March 1, 2010	3,745,000	5.00	Not Callable
977087 DY8	September 1, 2010	3,145,000	5.00	Not Callable
977087 DZ5	March 1, 2011	2,825,000	5.00	Not Callable
977087 EA9	September 1, 2011	2,885,000	5.00	Not Callable
977087 EB7	March 1, 2012	2,795,000	5.00	Not Callable
977087 EC5	September 1, 2012	2,350,000	5.00	Not Callable
977087 ED3	March 1, 2013	2,400,000	5.00	Not Callable
977087 EE1	September 1, 2013	2,105,000	5.00	Not Callable
977087 EF8	March 1, 2014	2,115,000	4.00	Not Callable
977087 EG6	September 1, 2014	1,995,000	4.00	Not Callable
977087 EH4	March 1, 2015	2,005,000	4.00	Not Callable
977087 EJ0	September 1, 2015	1,530,000	4.00	Not Callable
977087 EK7	March 1, 2016	1,320,000	4.00	Not Callable
977087 EL5	September 1, 2016	1,865,000	4.00	Not Callable

Purchase Price: \$73,183,480.85

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

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

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Certificates other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the Certificates does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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**PARTICIPANTS IN THE
ISSUANCE AND SALE OF
MASTER LEASE CERTIFICATES OF PARTICIPATION**

The Honorable Jim Doyle
Governor

State of Wisconsin

Mr. Stephen E. Bablitch
Secretary

Department of Administration

Mr. Frank R. Hoadley
Capital Finance Director
Department of Administration
101 E. Wilson Street, 10th Floor
P.O. Box 7864
Madison, Wisconsin 53707-7864
(608) 266-2305
Telefax (608) 266-7645
frank.hoadley@wisconsin.gov

Mr. Lawrence K. Dallia
Assistant Capital Finance Director
Department of Administration
(608) 267-7399
larry.dallia@wisconsin.gov

Mr. David Erdman
Capital Finance Officer
Department of Administration
(608) 267-0374
david.erdman@wisconsin.gov

Bond Counsel
Foley & Lardner LLP

Financial Advisor
Public Financial Management, Inc.
Boston, Massachusetts

Trustee
U.S. Bank National Association

SUMMARY DESCRIPTION OF CERTIFICATES

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

Principal Amount:	\$71,400,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery
Record Date:	February 15 and August 15
Interest Payments:	March 1 and September 1, commencing March 1, 2007.
Maturities:	March 1 and September 1, commencing March 1, 2007 and ending September 1, 2016.
Redemption:	<i>Optional</i> —The Certificates are not subject to optional redemption. <i>Mandatory</i> —The Certificates are subject to mandatory redemption at par upon Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule— <i>See page 4.</i>
Form:	Book-entry-only— <i>See pages 5-6.</i>
Paying Agent:	All payments of principal and interest on the Certificates will be paid by U.S. Bank National Association, as Trustee. All payments initially will be made to The Depository Trust Company, which will distribute payments to owners of the Certificates as described herein.
Security:	The Certificates are secured by Lease Payments under the State's Master Lease Program. All series of master lease certificates of participation issued under the Master Indenture for the Master Lease Program are ratably secured by a common pool of collateral. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation. As of August 10, 2006, the principal amount of all outstanding master lease certificates of participation was \$88.1 million— <i>See pages 6-8.</i>
Bond Insurance:	The State has been advised by the Underwriter that it has applied for and received from MBIA Insurance Corporation (MBIA) a Commitment to Issue a Financial Guaranty Insurance Policy for the Certificates. Further information on this Commitment and the Financial Guaranty Insurance Policy may be obtained from the Underwriter and MBIA.
Authority for Issuance:	The State entered into the Master Lease under Section 16.76 of the Wisconsin Statutes.
Purpose:	Funding Lease Schedules previously financed through a line of credit and a portion of certain Lease Schedules previously financed through master lease certificates of participation— <i>See pages 2-3.</i>
Additional Certificates:	Additional master lease certificates of participation may be issued.
Tax Exemption:	Interest on the Certificates is, for federal income tax purposes, excluded from gross income and not an item of tax preference— <i>See pages 11-13.</i> Interest on the Certificates is not excluded from current State of Wisconsin income and franchise taxes— <i>See page 11.</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1.</i>

OFFICIAL STATEMENT

\$71,400,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2006, SERIES A

Evidencing Proportionate Interests of the Owners Thereof in
Certain Lease Payments to be Made by the

STATE OF WISCONSIN

Acting by and through the Department of Administration

INTRODUCTION

This Official Statement provides information about the \$71,400,000 Master Lease Certificates of Participation of 2006, Series A (**Certificates**) that represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Third Amended and Restated Master Lease, dated April 28, 2000 (**Master Lease**) between Firststar Bank, National Association, as lessor, and the State, acting by and through the State of Wisconsin Department of Administration, as lessee (**Lessee**).

This Official Statement includes by reference Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2005 (**2005 Annual Report**).

The Certificates are issued and secured by the **Master Indenture**, dated July 1, 1996, among Firststar Bank Milwaukee, N.A., Firststar Trust Company, and the Lessee, and a **Supplemental Indenture**, dated August 31, 2006, among U.S. Bank National Association, as successor to Firststar Bank, National Association (**Lessor**), U.S. Bank National Association, as successor to Firststar Trust Company (**Trustee**), and the Lessee. The Master Indenture established a trust that consists of lease schedules to the Master Lease (**Lease Schedules**), Lease Payments, Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted by the Master Lease (**Trust**). *The Trust serves as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture and for the State's Master Lease Program (**Program**).*

The State is required under the Master Lease to make Lease Payments from any source of legally available funds, subject to annual appropriation, and the scheduled Lease Payments are sufficient to pay, when due, the semiannual principal and interest on the then outstanding master lease certificates of participation. *The obligation of the State to make Lease Payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State.*

In connection with the issuance and sale of the Certificates, the Department of Administration has prepared this Official Statement, which contains information furnished by the State or obtained from the sources indicated. Capitalized terms not defined in this Official Statement have the meanings provided in the Master Lease and Master Indenture.

THE STATE

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

Information concerning the State and its financial condition is included as **APPENDIX A**, which includes by reference Part II of the 2005 Annual Report. **APPENDIX A** also includes changes or additions to Part II 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 MASTER LEASE PROGRAM

The Department of Administration created the Program in 1992 by entering into the Master Lease. The Program permits the State to acquire tangible property and, in certain situations, intangible property or prepaid service items (**Leased Items**), for all State agencies through installment purchase contracts. As of August 10, 2006, the total amount of originations completed through the Program was \$452.9 million, and the principal amount of all outstanding Lease Schedules and corresponding master lease certificates of participation was \$88.1 million. The State is scheduled to make a semi-annual Rent Payment of \$10.1 million on September 1, 2006, of which approximately \$8.2 million will be applied to reduce the principal balance of outstanding Lease Schedules. Information concerning the Program, Master Lease, Events of Default under the Master Lease, Master Indenture, Lease Schedules, and master lease certificates of participation is included as **APPENDIX B**, which includes by reference Part IV of the 2005 Annual Report.

Requests for additional information about the Program 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

PLAN OF FINANCE

General

The Certificates are being issued for the following purposes:

- Provide fixed-rate funding for Lease Schedules previously financed through a variable-rate line of credit.
- Provide funding for a portion of certain Lease Schedules previously financed by master lease certificates of participation and defeasing a corresponding amount of those master lease certificates of participation.

Defeasance

A portion of the Certificate proceeds will be used to defease, pursuant to the Master Indenture, a portion of the September 1, 2007 maturities for three series of previously issued master lease certificates of

participation. The portion of the maturities to be defeased is currently outstanding in the aggregate principal amount of \$27,195,778.15 (**Defeased Certificates**). **APPENDIX D** identifies, and provides information on, the Defeased Certificates. The portion of the maturities not being defeased will continue to be paid and secured by Lease Payments under the Master Lease.

In order to complete the defeasance of the Defeased Certificates, a portion of the Certificate proceeds will be used to purchase direct obligations of, or obligations guaranteed as to principal and interest by, the United States (**Escrow Obligations**). These Escrow Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- to pay the interest on the Defeased Certificates on the due dates of March 1, 2007 and September 1, 2007, and
- to pay the principal of the Defeased Certificates on their maturity date of September 1, 2007.

Pursuant to the Master Indenture, the defeasance of the Defeased Certificates is not complete until the Trustee provides notice of the above deposit to the owners of the Certificates and the Trustee receives an opinion of bond counsel to the effect that the defeasance of the Defeased Certificates will not adversely affect the exclusion of interest from gross income for federal income tax purposes.

Deposit of Escrow Obligations

The Escrow Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund (**Escrow Fund**) created by an Escrow Trust Agreement (**Escrow Agreement**), between the State and U.S. Bank National Association, as escrow agent (**Escrow Agent**) solely for the benefit of the owners of the Defeased Certificates.

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

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Samuel Klein and Company, Certified Public Accountants (**Verification Agent**).

All money in the Escrow Fund may be expended only for the payment of principal and interest on the Defeased Certificates.

Sources and Uses

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

Sources:	
Principal Amount of Certificates.....	\$71,400,000.00
Net Original Issue Premium	<u>2,037,573.10</u>
Total Sources	<u>\$73,437,573.10</u>
Uses:	
Fixed-Rate Funding of Lease Schedules	\$45,772,347.75
Deposit to Escrow Fund.....	27,334,005.96
Cost of Issuance	77,127.14
Underwriter’s Discount	<u>254,092.25</u>
Total Uses	<u>\$73,437,573.10</u>

THE CERTIFICATES

General

The inside front cover of this Official Statement sets forth the maturity dates, amounts, and interest rates for the Certificates.

The Certificates will be dated their date of delivery and will bear interest from that date payable on March 1 and September 1 of each year, beginning on March 1, 2007.

Interest on the Certificates will be computed on the basis of a 30-day month and a 360-day year. Payments of principal and interest for each Certificate will be paid to the registered owner of the Certificates, which initially will be a nominee of The Depository Trust Company, New York, New York (DTC). See “THE CERTIFICATES; Book-Entry-Only Form”

The Certificates are issued as fully registered certificates without coupons in principal denominations of \$5,000 or multiples of \$5,000.

Ratings

At the State’s request, several rating agencies have rated the Program and Certificates:

<u>Rating</u>	<u>Rating Agency</u>
A+	Fitch Ratings
A1	Moody’s Investors Service, Inc. ⁽¹⁾
A+	Standard and Poor’s Ratings Services. ⁽²⁾

⁽¹⁾ On March 29, 2005, Moody’s Investors Service, Inc. changed the rating outlook on the State’s certificates of participation from “negative” to “stable”.

⁽²⁾ On November 9, 2006, Standard and Poor’s Ratings Services changed the rating outlook on the State’s certificates of participation from “stable” to “positive”.

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the Certificates will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Certificates.

Redemption Provisions

Optional Redemption

The Certificates are not subject to optional redemption.

Mandatory Redemption

The Certificates and all series of master lease certificates of participation are subject to mandatory redemption, at a redemption price equal to par (100% of the principal of the Certificates to be redeemed), plus accrued interest to the redemption date, upon Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule.

Selection of Certificates

If less than all the Certificates of a particular maturity are to be redeemed, the selection of Certificates to be redeemed depends on whether the Certificates are in book-entry-only form or are in certificated form. See “THE CERTIFICATES; Book-Entry-Only Form”. If the Certificates are in book-entry-only form, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules. If the Certificates are not in book-entry-only form, selection will be by lot.

Notice of Redemption

If the Certificates are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 45 days before the redemption date. A redemption notice may be revoked by sending notice to the securities depository at least 15 days before the proposed redemption date.

In the event that the Certificates are not outstanding in book-entry-only form, a notice of the redemption of any of said Certificates shall be mailed, postage prepaid, not less than 30 and not more than 45 days before the date of redemption to the registered owners of any Certificates to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice shall not affect the validity of any proceedings for the redemption of the Certificates. Interest on any Certificates so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for. A notice of redemption may be revoked by mailing, postage prepaid, not less than 15 days prior to the proposed date of redemption to the registered owners of any Certificates to have been redeemed, but such mailing shall not be a condition precedent to such revocation and failure to mail any such notice shall not affect the validity of such revocation.

Interest on any Certificate called for redemption will cease to accrue on the redemption date so long as the Certificate is paid or money is provided for its payment.

Registration and Payment of Certificates

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

If the Certificates are in book-entry-only form, then payment of principal and interest on the payment date will be made by wire transfer to the securities depository or its nominee.

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

Book-Entry-Only Form

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

The Certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Certificates. Ownership of the Certificates 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 Certificates must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, interest on, and any redemption premium on the Certificates to DTC. Owners of the Certificates will receive payments through the DTC Participants.

Notices and Voting Rights

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

Redemption

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

Discontinued Service

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

Further Information

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

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

SECURITY FOR CERTIFICATES

General

The Certificates represent a proportionate interest in Lease Payments required to be made by the State under the Master Lease. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. The scheduled Lease Payments are sufficient to pay when due the semiannual principal and interest payments on all then outstanding series of master lease certificates of participation.

The obligation of the State to make Lease Payments does not constitute an obligation for which the State is obligated to levy or pledge any form of taxation or for which the State has levied or pledged any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State or any of its political subdivisions. See "RISK FACTORS; Nonappropriation".

Common Pool of Collateral

Under the Master Indenture, the Lessor has assigned to the Trustee, for the benefit of all holders of master lease certificates of participation, all its rights in the following:

- The funds and accounts created by the Master Indenture.
- The Lease Schedules specified in the supplemental indentures.
- All Lease Payments, Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease.

All Leased Items serve as a common pool of collateral, ratably securing the Certificates and all present and future master lease certificates of participation. All master lease certificates of participation are secured by all Leased Items, regardless of their funding source or the time at which the Program finances them. If the Legislature fails to appropriate necessary funds for the continued performance of the State's obligations under any Lease Schedule or if an Event of Default occurs under the Master Lease, then an Event of Default exists with respect to the Certificates and all outstanding master lease certificates of participation. Once a Lease Schedule is fully paid, the Leased Item related to the Lease Schedule no longer serves as collateral.

In the opinion of Bond Counsel, the transfer of Lease Schedules by the Lessor to the Trustee constitutes a true sale and not a secured transaction. The State's obligation to make Lease Payments does not depend

upon any service provided by the Lessor, and thus the transfer of Lease Schedules would be unaffected by any insolvency of the Lessor.

Reserve Fund

The Master Indenture allows a reserve fund to be established for any specific series of master lease certificates of participation. No reserve fund has been established for the Certificates, and no reserve funds are applicable or available to any outstanding series of master lease certificates of participation. In the event that the Department of Administration establishes a reserve fund under the Master Indenture, the amounts in the reserve fund would only be available to the series of master lease certificates of participation for which the reserve fund is authorized.

Governmental Use

The State will certify that each Leased Item will be used to perform a governmental function. Many of the Leased Items will perform critical governmental functions, but the State will not certify that the Leased Items perform any “essential” functions. Examples of Leased Items currently existing in the Trust include components of the State’s integrated tax collection system, expansion of the State’s central mainframe computer, various information technology items that provide various automated services and information technology upgrades for the State, and energy conservation projects for State-owned buildings. See **APPENDIX B** for a detailed listing of all outstanding Lease Schedules.

Centralized Control and Review

The Program structure allows one division within the Department of Administration to centrally administer many Program activities. Program functions related to administration, review, and day-to-day operations occur in the Capital Finance Office. Program functions related to review and biennial budget preparation occur in the State Budget Office. Program functions related to collection of Lease Payments occur in the State Controller’s Office. Each of these offices is part of the Division of Executive Budget and Finance.

Two-Phase Financing Structure

The State generally uses a two-phase financing structure for the Program. In the first (or acquisition) phase, all Leased Items are initially financed with proceeds from a revolving credit facility. The revolving credit facility is a line of credit, and the State, acting on behalf of the Trustee, requests draws from the revolving credit facility to pay for the acquisition of Leased Items. Master lease certificates of participation have been issued to the current provider of this revolving credit facility to evidence the State’s repayment of balances under the facility. The provider of the facility is currently Banc of America Public and Institutional Financial Funding LLC. The State pays interest on funds drawn from the facility on a variable basis that can include either a taxable or tax-exempt interest rate.

In the second phase, the State, acting on behalf of the Trustee, may sell additional fixed-rate (and most likely tax-exempt) master lease certificates of participation to fund all, or a portion, of the Lease Schedules previously funded with proceeds from the revolving credit facility. Since the proceeds of master lease certificates of participation being used as part of the second phase are immediately applied to acquire existing Lease Schedules, the proceeds of those certificates are not subject to nonorigination risk.

All sources of financing for the Program are issued under the Master Indenture. See “**SECURITY FOR CERTIFICATES; Common Pool of Collateral**”.

Appropriation Process

The central control of the Program provides the State Budget Office with knowledge of all past, current, and pending scheduled Lease Payments due under the Master Lease. Lease Payments due under the Master Lease are not included in the State budget as a separate budget line item. Rather, Lease Payments

due under the Master Lease are included with other expenditures in one or more of an agency's existing budget lines. The Secretary of the State of Wisconsin Department of Administration (**Secretary of Administration**), under the direction of the Governor and with assistance from the State Budget Office, compiles all budget information and prepares an executive budget consisting of the planned operating expenditures and revenues of all State agencies.

State law establishes procedures for establishing and enacting a State budget. State law also provides that in the event a budget is not in effect at the start of a fiscal year, the prior year's budget serves as the budget until such time a new budget is enacted.

The Secretary of Administration has statutory power to order reductions in the appropriations of state agencies (which represent less than one-third of the General Fund budget). See "**BUDGETING PROCESS AND FISCAL CONTROLS**" in **Part II of the 2005 Annual Report** for additional information on the State's budget process.

Priority of Claims

The Master Lease includes representations that, if an emergency arises that requires the Department of Administration to draw vouchers for payment that will be in excess of available moneys, then the Secretary of Administration will establish a priority schedule for payments that gives a high priority to Lease Payments due under the Master Lease, but not higher than the priority given to payments on outstanding general obligation bonds, outstanding State notes, and State employee payrolls. Before the Secretary of Administration may establish a priority schedule for payments, the Secretary of Administration is required to consult with the State Treasurer and notify the Legislature's joint committee on finance. The Secretary of Administration may not proceed with the priority schedule until the Legislature's joint committee on finance either (1) holds a meeting to review the proposal, which meeting must be scheduled within two working days after notification of the priority schedule, or (2) does not schedule a meeting to review the proposal within two working days after notification of the priority schedule.

RISK FACTORS

Nonappropriation

The State's obligation to make Lease Payments is subject to appropriation of the necessary funds by the Legislature. No assurance is given that sufficient funds will be appropriated or otherwise will be available to make the Lease Payments. A failure by the State to make a Lease Payment with respect to any Leased Item would cause the Master Lease to terminate with respect to all Leased Items. The State's obligation to make Lease Payments is not a general obligation of the State, and moreover, the obligation does not involve the State of Wisconsin Building Commission. Rather, the Master Lease is a contract entered into by the Department of Administration under separate statutory authority.

The Master Lease does not include a nonsubstitution clause. If the Legislature fails to appropriate necessary funds for the continued performance of the State's obligations under the Master Lease (**Nonappropriation**), the State is allowed to acquire and use similar items for the same function as the Leased Item for which no appropriation was made.

While it is possible that failure to make the Lease Payments might hinder the State's subsequent access to the capital markets, it should not be assumed that the Legislature would regard that possible consequence to be a compelling reason to appropriate the money needed for Lease Payments. See **APPENDIX B** for additional information about remedies available under the Master Lease and Master Indenture if no appropriation is made.

Essential Use of Leased Items

Although the State has made certain representations that each Leased Item serves a governmental function, it should be assumed that the State could function without any Leased Item.

Collateral Value of Leased Items

Although the State has provided a security interest in the Leased Items to the Trustee (for the benefit of the owners of all master lease certificates of participation), the Certificates are not offered on the basis of the collateral value of the Leased Items or the value of any other pledged asset (other than the Lease Payments). Though the term of the Lease Schedule is not permitted to exceed the useful life of the Leased Item, it should not be assumed that the value of the Leased Item at any particular time will exceed the portion of the remaining Lease Payments that will be applied to principal or that the existence of any excess would motivate the State to continue making Lease Payments. Typically it is difficult to realize the full value of collateral through sale of the collateral, and some of the Leased Items, such as service contracts, intangible property, or tangible property that is incorporated into real estate, may be impossible or difficult to sell. Records that evidence the security interest are kept by the Department of Administration, separate and apart from the central record system of security interests kept by the State of Wisconsin Department of Financial Institutions under the Uniform Commercial Code.

Tax Exemption

Should the Master Lease be terminated, no assurance can be given that subsequent payments made by the Trustee with respect to the outstanding Certificates and designated as interest will be excluded from gross income for federal income tax purposes.

Applicability of Securities Law

Should the Master Lease be terminated, the transfer of a Certificate may be subject to compliance with the registration provisions of applicable federal and state securities laws, which could impair the liquidity of the Certificates.

OTHER INFORMATION

Borrowing Plans for 2006

This is the first series of master lease certificates of participation to be publicly sold this calendar year. The State continues to originate Lease Schedules under the revolving credit facility with Banc of America Public and Institutional Financial Funding LLC. See **“SECURITY FOR CERTIFICATES; Two-Phase Financing System”**.

Underwriting

The Certificates were purchased at competitive bidding on August 22, 2006 by Goldman, Sachs & Co. (**Underwriter**). The Underwriter paid \$73,183,480.85, and its bid resulted in a true interest cost rate of 3.937172%.

Reference Information About the Certificates

The table on the following page—as well as the table on the inside front cover—includes information about the Certificates and is provided for reference. The CUSIP number for each maturity has been obtained from sources the state believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriter has provided the reoffering yields and prices to allow for the computation of yield for federal tax law compliance.

\$71,400,000
Master Lease Certificates of Participation of 2006, Series A
(State of Wisconsin)

Dated and Delivery Date: August 31, 2006
First Interest Date: March 1, 2007

CUSIP	Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date
977087 DR3	March 1, 2007	\$ 6,250,000	5.00%	3.579%	100.698%	Not Callable
977087 DS1	September 1, 2007	5,740,000	5.00	3.626	101.337	Not Callable
977087 DT9	March 1, 2008	7,850,000	5.00	3.670	101.923	Not Callable
977087 DU6	September 1, 2008	7,375,000	5.00	3.680	102.522	Not Callable
977087 DV4	March 1, 2009	6,530,000	5.00	3.690	103.101	Not Callable
977087 DW2	September 1, 2009	4,575,000	5.00	3.710	103.630	Not Callable
977087 DX0	March 1, 2010	3,745,000	5.00	3.730	104.131	Not Callable
977087 DY8	September 1, 2010	3,145,000	5.00	3.750	104.603	Not Callable
977087 DZ5	March 1, 2011	2,825,000	5.00	3.770	105.047	Not Callable
977087 EA9	September 1, 2011	2,885,000	5.00	3.790	105.464	Not Callable
977087 EB7	March 1, 2012	2,795,000	5.00	3.820	105.803	Not Callable
977087 EC5	September 1, 2012	2,350,000	5.00	3.840	106.163	Not Callable
977087 ED3	March 1, 2013	2,400,000	5.00	3.870	106.439	Not Callable
977087 EE1	September 1, 2013	2,105,000	5.00	3.890	106.745	Not Callable
977087 EF8	March 1, 2014	2,115,000	4.00	3.930	100.450	Not Callable
977087 EG6	September 1, 2014	1,995,000	4.00	3.950	100.340	Not Callable
977087 EH4	March 1, 2015	2,005,000	4.00	3.980	100.143	Not Callable
977087 EJ0	September 1, 2015	1,530,000	4.00	4.000	100.000	Not Callable
977087 EK7	March 1, 2016	1,320,000	4.00	4.030	99.765	Not Callable
977087 EL5	September 1, 2016	1,865,000	4.00	4.050	99.592	Not Callable

Note: The State has been advised by the Underwriter that it has received from MBIA a Commitment to Issue a Financial Guaranty Insurance Policy for the Certificates. Further information on this Commitment and the Financial Guaranty Insurance Policy may be obtained from the Underwriter and MBIA.

Financial Advisor

Public Financial Management, Inc., Boston, Massachusetts, serves as a financial advisor (**Financial Advisor**) to the State with respect to the issuance and sale of the Certificates. The Financial Advisor assisted the State in the preparation of this Official Statement and provided other advice on the Program and the structuring of the Certificates. Public Financial Management, Inc. is an independent financial advisory and consulting organization and is not engaged in the underwriting, marketing, or trading of municipal securities or other negotiable instruments.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Financial Advisor, indicate (i) the sufficiency of the receipts from the Escrow Obligations, together with an initial cash deposit, to pay, when due after September 1, 2006, the principal of and interest on the Defeased Certificates and (ii) the yield of the Escrow Fund is less than the yield on the Certificates. The Verification Agent relied upon assumptions and information supplied by the Financial Advisor and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Defeased Certificates will be paid as described in its report.

Legal Opinions

Bond Opinion

Legal matters relating to the authorization, issuance, and sale of the Certificates are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the Certificates are delivered, in substantially the form shown in **APPENDIX C**. If certificated Certificates are issued, then the opinion will be printed on the reverse side of each Certificate.

Attorney General

The Attorney General will deliver an opinion to the effect that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Certificates, or in any way contesting or affecting the titles to their respective offices of any of the State officers involved in the issuance of the Certificates or the validity of the Certificates or any of the proceedings taken with respect to the issuance and sale thereof.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the Certificates is excluded from gross income for federal income tax purposes. Such interest also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Certificates is taken into account in determining adjusted current earnings. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the Certificates are issued for interest on the Certificates 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 Certificates to be included in gross income for federal income tax purposes, perhaps even starting from the date the Certificates were issued. The proceedings authorizing the Certificates do not provide for an increase in interest rates or a redemption of the Certificates in the event interest on the Certificates ceases to be excluded from gross income.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Certificates. There may be other federal tax law provisions that could adversely affect the value of an investment in the Certificates for particular owners of Certificates. Prospective investors should consult their own tax advisors about the tax consequences of owning a Certificate.

State of Wisconsin Income and Franchise Taxes

Interest on the Certificates is not excluded from current 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 Certificate.

Discount Certificates

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Certificate maturing on March 1, 2016 or September 1, 2016 (**Discount Certificate**), to the extent properly allocable to the owner of a Discount Certificate, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Certificate is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Certificate over the initial offering price to the

public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Certificates were sold (**Issue Price**).

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Certificate during any accrual period generally equals:

- The Issue Price of the Discount Certificate plus the amount of original issue discount accrued in all prior accrual periods, *multiplied* by the yield to maturity of the Discount Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period),
- *Less* any interest payable on the Discount Certificate during such accrual period.

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

Owners of Discount Certificates who do not purchase their Discount Certificates in the initial offering at the Issue Price should consult their own tax advisors with respect to the tax consequences of owning Discount Certificates.

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

Premium Certificates

Each Certificate maturing on any date from March 1, 2007 to and including March 1, 2015 (**Premium Certificate**) has an issue price that is greater than the amount payable at the maturity of the Certificate.

Any Premium Certificate purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. An owner of a Premium Certificate that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in the Premium Certificate by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner owned the Premium Certificate. The adjusted tax basis in a Premium Certificate will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Premium Certificate.

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

IRS Tax-Exempt Bond Enforcement Program

The Internal Revenue Service (**IRS**) has an active tax-exempt bond enforcement program. Under current IRS procedures, the owners of the Certificates and other parties other than the State would have little, if any, right to participate in an IRS examination of the Certificates. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations 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 the Certificates for examination, or the course or result of such an examination, or an examination of Certificates presenting similar tax issuers may affect the market price, or the marketability, of the Certificates, and may cause the State or the owners of the Certificates to incur significant expense.

Information Reporting

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 not issued any guidance implementing this new requirement, including, for example, whether "back up withholding" of interest payments will be required under certain circumstances.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Certificates, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository (**NRMSIR**) and to any 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 Official Statement.](#)

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

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

Dated: August 22, 2006

STATE OF WISCONSIN,
Acting by and Through the
DEPARTMENT OF ADMINISTRATION

/s/ STEPHEN E. BABLITCH

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

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes by reference information concerning the State of Wisconsin (**State**), as contained in [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2005 \(2005 Annual Report\)](#). This appendix also includes any changes or additions to the information presented in Part II 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.

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
www.doa.wi.gov/capitalfinance

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 Part II of the 2005 Annual Report, are changes or additions to the discussion contained in that particular section. 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:

Condition of General Fund Budget for 2005-07

On June 6, 2006, the Legislative Fiscal Bureau (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 on all enrolled bills that were passed by the Legislature in the past 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*” contains more information on, and certain events that occurred subsequent to, this January 19, 2006 LFB memorandum.

The following table reflects the estimated General Fund condition statement for the 2005-06 and 2006-07 fiscal years, as included in the June 6, 2006 LFB memorandum. The following table also includes, for comparison, the estimated General Fund condition statements that were included in a prior memorandum provided by LFB on October 18, 2005, which at that time addressed modifications to the budget for the 2005-07 biennium resulting from the Annual Fiscal Report (budgetary basis) for the 2004-05 fiscal year.

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

	June 6, 2006		October 18, 2005	
	LFB Memorandum		LFB Memorandum	
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>
Revenues				
Opening Balance	\$ 4.0	\$ 11.0	\$ 4.1	\$ 8.5
Taxes	11,950.0	12,560.0	11,957.1	12,506.8
Department Revenues				
Tribal Gaming	118.0	86.0	118.6	86.3
Other	<u>686.0</u>	<u>506.0</u>	<u>674.8</u>	<u>513.6</u>
Total Available	12,758.0	13,163.0	12,754.6	13,115.3
Appropriations				
Gross Appropriations	12,634.0	13,218.0	12,681.2	13,176.2
Compensation Reserves	90.0	178.0	90.1	178.3
Transfers to Medical Assistance Trust Fund	342.0	25.0	290.5	
Less: Lapses	<u>(319.0)</u>	<u>(269.0)</u>	<u>(315.6)</u>	<u>(252.9)</u>
Net Appropriations	12,747.0	13,152.0	12,746.1	13,101.6
Balances				
Gross Balance	11.0	11.0	8.5	13.7
Less: Required Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ (54.0)	\$ (54.0)	\$ (56.5)	\$ (51.3)

LFB Projected General Fund Tax Collections

On January 19, 2006, LFB released a memorandum that contained projections of General Fund tax collections for the 2005-07 biennium, re-estimates of departmental revenues and expenditures for the 2005-07 biennium, and projected gross ending General Fund balance for the 2005-07 biennium. A complete copy of the January 19, 2006 LFB memorandum **appears on pages A-4 to A-16 of this Official Statement.**

The January 19, 2006 LFB memorandum also projected that estimated tax collections would be greater by \$46 million, and estimated department revenues would be greater by \$3 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. That amount

exceeds the projected gross ending balance included in the October 18, 2005 LFB memorandum by \$93 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.
- Second, 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 State-tribal compacts originally executed in 1991 and 1992. In addition, the Wisconsin Supreme Court overruled the portion of its earlier decision from May 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.

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

The tables starting on page A-17 of this Official Statement 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. The projections in these tables for the 2006-07 fiscal year reflect the revised General Fund revenue estimates from the January 19, 2006 LFB memorandum. The tables, unless noted, contain information through June 30, 2006.

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 currently 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.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

January 19, 2006

Senator Scott Fitzgerald, Senate Chair
Representative Dean Kaufert, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Fitzgerald and Representative Kaufert:

In January of each year, this office conducts a review of the status of the state's general fund and presents its findings to the Legislature. In even-numbered years, the analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year, and projections for each fiscal year of the current biennium. We have now completed our review.

Based upon our analysis, we project the closing gross general fund balance at the end of the biennium to be \$106.7 million. This is \$93.0 million above the \$13.7 million balance that was indicated in my October 18, 2005, memorandum to the Joint Committee on Finance following release of the 2004-05 Annual Fiscal Report.

The \$93.0 million is the net result of an increase in estimated tax collections of \$45.7 million, an increase in departmental revenues of \$3.2 million, an increase of \$31.5 million in sum sufficient appropriation expenditures (primarily in the homestead tax credit program and tax reciprocity agreements with Minnesota and Illinois), and an increase in estimated lapses to the general fund of \$75.6 million. The increase in the lapse estimate is due mainly to projected GPR underspending in the medical assistance (MA) program.

Although the gross balance is shown as \$106.7 million, it should be noted that the required statutory balance is \$65 million. Thus, the net balance at the end of the biennium (June 30, 2007) is projected to be \$41.7 million.

The following table reflects the estimated general fund condition statement, which incorporates our revenue and expenditure projections.

TABLE 1

2005-07 General Fund Condition Statement

	<u>2005-06</u>	<u>2006-07</u>
Revenues		
Opening Balance, July 1	\$4,111,000	\$408,700
Taxes	11,949,600,000	12,560,000,000
Departmental Revenues		
Tribal Gaming	118,628,600	86,349,100
Other	<u>685,850,200</u>	<u>505,645,700</u>
Total Available	\$12,758,189,800	\$13,152,403,500
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$12,696,202,600	\$13,192,596,600
Compensation Reserves	90,054,100	178,302,800
Transfers to Medical Assistance Trust Fund	290,449,000	0
Less Lapses	<u>-318,924,600</u>	<u>-325,212,100</u>
Net Appropriations	\$12,757,781,100	\$13,045,687,300
Balances		
Gross Balance	\$408,700	\$106,716,200
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	-\$64,591,300	\$41,716,200

As Table 1 indicates, the gross balance at the end of the biennium is projected to be \$106.7 million. There are, however, two items (tribal gaming revenues and medical assistance) that should be noted regarding the condition statement.

Tribal Gaming Revenues. Under 2005 Act 25 (the 2005-07 budget act), the tribal gaming revenue projections include \$60.0 million (\$30.0 million annually) in payments by the Ho-Chunk Nation that were due in the 2003-05 biennium. These payments have not yet been made to the state. However, Table 1 assumes the payments will be received as \$30.0 million annual payments in 2005-06 and in 2006-07. The state payments by the Ho-Chunk are currently in dispute and an arbitrator has been appointed to settle the matter under binding arbitration provisions contained in the 2003 compact amendments.

In addition, the tribal gaming revenue projections of Table 1 include \$43.6 million in 2005-06 to reflect that a scheduled 2004-05 payment in this amount by the Forest County

Potawatomi was not made by June 30, 2005, and is expected to be remitted to the state in 2005-06.

Medical Assistance. It is estimated that the amount of GPR funding that is currently budgeted to support MA benefits will exceed projected costs of the program by \$63.6 million in 2005-07. Because of the biennial nature of the MA benefits appropriation, the \$63.6 million is included in the estimated lapses of Table 1 in 2006-07. The projected lapse is primarily due to lower spending for managed care capitation payments and lower caseload than had been estimated in the 2005-07 budget.

On the other hand, it is now estimated that the segregated MA trust fund will experience a shortfall of \$76.7 million in the biennium. The projected shortfall in the MA trust fund reflects: (a) the Governor's partial vetoes in Act 25, which reduced revenue to the trust fund compared to the bill passed by the Legislature (-\$60.2 million); (b) reestimates of revenue the state will receive by billing MA for treatment services residential care centers provide to certain children (-\$16.7 million); and (c) other revenue reestimates (\$0.2 million).

If funds are transferred from the general fund to offset the MA trust fund deficit, the balance shown in Table 1 would need to be reduced by a corresponding amount. For example, if the entire deficit in the MA trust fund were to be eliminated by transfer from the general fund, the \$106.7 million gross balance of Table 1 would be reduced to \$30.0 million and the net balance would be -\$35.0 million.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2005-07 biennium, including a discussion of the national economic forecast for 2006 and 2007 and general fund tax revenue projections for fiscal years 2005-06 and 2006-07.

National Economic Forecast. This office first prepared revenue estimates for the 2005-07 biennium in January, 2005, based on the January, 2005, forecast of the U.S. economy by Global Insight, Inc. At that time, positive economic growth was expected to continue in 2005, 2006, and 2007, although at a slower pace than that of 2004. The primary risk to the forecast was that the economy's excess production capacity was less than estimated, which would lead to an acceleration in inflation and interest rates and a lower level of economic growth.

In May, 2005, this office revised its 2005-07 revenue estimates upward by approximately 1%. The revision was based on 2004-05 tax collections through April, 2005, and on more recent economic forecasts. The May forecast by Global Insight, Inc. projected higher levels of inflation and nominal (current-dollar) personal income, consumption, and corporate profits than the January forecast. Due to the increased inflation, the level of nominal gross domestic product (GDP) was also estimated to be higher than in January. However, the estimate of real (inflation-

adjusted) GDP was reduced from the January projections. In May, growth in nominal GDP for 2004 was reported at 6.6% and growth was projected to be 6.1% in 2005, 5.1% in 2006, and 5.0% in 2007. As in the January, 2005, forecast, the primary risk was that the economy's spare capacity was less than estimated.

Despite unusually severe hurricanes and high energy prices, the economy continued to expand throughout 2005. The third quarter was especially strong, with nominal GDP growth of 7.6% and real growth of 4.1%, but it is believed that growth slowed in the fourth quarter following the hurricanes and the spike in gas prices. Auto sales also decreased considerably in the fourth quarter following solid sales during the summer. Fourth quarter growth in nominal GDP is estimated at 5.4% and real growth is estimated at 3.1%. For the entire year, nominal GDP growth is estimated at 6.4% and real growth is estimated at 3.6%. Both of these growth rates are slightly higher than projected last May. Growth in personal consumption was also higher than forecast, while growth in personal income and corporate profits was slightly lower than projected. With the high energy prices, the consumer price index (CPI) was 0.5% higher than anticipated last May. Last year was the fourth consecutive year of economic growth following the recession of 2001.

In the near-term, the current (January, 2006) economic forecast by Global Insight, Inc. anticipates stronger overall growth than at the end of 2005 due to reconstruction activity in the Gulf states and a recovery in energy production that was hindered by the hurricanes. The forecast anticipates that federal government spending in response to the storms will total \$110 billion over the next several years. The forecast also assumes an additional 150,000 housing starts to replace homes destroyed by the hurricanes. In the first quarter of 2006, nominal GDP growth is projected to be 6.9% and real growth is projected to be 3.8%.

Growth is expected to moderate beginning in the second quarter as the housing market cools and consumers continue to face high energy prices. However, these negative impacts are expected to be cushioned by increased business spending. Nominal GDP growth is estimated at 5.6% for the second quarter of 2006, and approximately 5.0% for the last six months of the year. Nominal growth is expected to fluctuate between 4.4% and 5.0% throughout 2007. On an annualized basis, nominal GDP is expected to increase by 6.0% in 2006 and 4.8% in 2007. Real GDP is expected to show a similar pattern, with growth of 3.8% in the first quarter, approximately 3.0% over the remainder of 2006, and slightly lower in 2007. Annual growth is estimated at 3.4% for all of 2006 and 2.7% for 2007. The 2006 growth rates are higher than forecast last May, and the 2007 growth rates are slightly lower.

Gasoline prices increased steadily during the first half of 2005 and then spiked in September following the Gulf hurricanes. National average prices fell in the fourth quarter (from \$2.63 per gallon to \$2.51 per gallon) and are expected to decrease again in the first quarter of 2006 (to \$2.29 per gallon). Prices are forecast to stay within the range of \$2.20 to \$2.30 per gallon for the remainder of 2006 and 2007. Natural gas prices are expected to remain high during the first quarter of 2006 (nearly double last year's prices) and then decline significantly

beginning in the second quarter. However, even with these anticipated price decreases, gasoline and natural gas will be significantly more expensive than in 2004 and earlier years.

The high energy prices resulted in a higher level of overall inflation in 2005 than was forecast last May. The CPI increased by 3.4% in 2005, which was 0.5% higher than the May forecast. The CPI is expected to increase by 2.6% in 2006 and 1.8% in 2007. These figures are higher than the May estimates by 0.6% in 2006 and lower by 0.1% in 2007. The larger inflation estimate for 2006 reflects the continued high energy prices; however, as energy prices fall and overall economic growth slows somewhat, lower levels of inflation are forecast for 2007. Core inflation (excluding food and energy) is expected to show the opposite pattern--slightly lower growth in 2005 followed by slightly higher levels in 2006 and 2007-- as producers pass their increased energy costs forward to consumers.

Last December, the Federal Reserve increased the federal funds rate by 25 basis-points (from 4.0% to 4.25%). This was the thirteenth such increase since the Federal Reserve began raising rates in June, 2004. The forecast assumes that two more quarter-point increases will occur by the end of March, 2006, followed by an extended pause. In its statement accompanying the December increase, the Federal Reserve no longer described monetary policy as "accommodative" and no longer stated that rates would be raised at a "measured pace." In addition, Federal Reserve officials noted that robust competition, including from foreign producers, was helping contain cost and price pressures. The forecast assumes that the Federal Reserve now believes interest rates are in a "neutral" area and that future increases will be more intermittent.

Also regarding interest rates, the yield curve inverted at the end of 2005 as the yield on 10-year Treasury notes fell slightly below the yield on two-year notes. Normally, the yield on long-term bonds exceeds that of short-term bonds because investors expect to be compensated for committing their money for a longer period of time. This results in an upward-sloping yield curve. An inverted (downward-sloping) yield curve indicates that investors believe interest rates will fall in future years, and is often followed by a recession. Global Insight, Inc. believes that the yield curve is a cause for concern, but notes that the inversion was very modest and brief (the slope became positive again in early January). Also, in previous instances when an inverted yield curve was followed by a recession, real short-term rates were at least 4%, reflecting very tight monetary policy. This is not the case today, as real short-term rates are just above 2%. With current monetary policy more in the accommodative or neutral range, Global Insight, Inc. does not believe the inverted yield curve was signaling the beginning of a recession.

As noted, after several years of very strong growth, the housing market is expected to cool in 2006 and 2007. Housing continued to be a positive factor in the economy during 2005, with stable mortgage interest rates and significant price increases throughout most of the year. Housing starts reached 2.1 million units in 2005, which was one of the best years on record. However, mortgage rates rose by about 0.5% in the fourth quarter of 2005 and are expected to continue increasing throughout 2006 and 2007. With the higher interest rates and a larger

inventory of unsold homes, it is expected that the big price increases of recent years will slow significantly. Prices are not expected to fall, but increases are anticipated to be below the overall rate of inflation for the next several years. Even with rebuilding in the areas affected by the hurricanes, housing starts are estimated to decrease by 8.8% in 2006 and 4.5% in 2007. The reduced housing activity is expected to lead to lower expenditures for furniture and appliances, and the slower pace of appreciation in home values will make it more difficult for families to use housing gains as a means of financing consumption.

Personal income growth is estimated at 5.4% in 2005, which was slightly below last May's forecast of 5.6%. Wage and salary disbursements were somewhat higher than estimated last May, but proprietors' income and rental income were significantly lower than anticipated. Personal income growth is projected to be 6.0% in 2006 and 5.8% in 2007. These estimates are higher than the May projections by 0.3% and 0.5%, respectively. The increased personal income estimates reflect slightly higher levels of employment and wages compared to the May figures. In addition, the growth in non-wage income from business activities and investments is forecast to be stronger than anticipated last May. Employment growth is estimated at 1.6% in 2005, the same growth rate forecast last May. Total employment is projected to grow by 1.5% in 2006 and 1.4% in 2007. These figures are higher than the May estimates by 0.1% in 2006 and 0.5% in 2007. Areas of strength include mining, professional and business services, and health care. Manufacturing employment is expected to weaken slightly, with declines of 0.3% in 2006 and 1.0% in 2007. With the higher overall job levels, the unemployment rate is expected to be slightly below 5% in 2006 and 2007, a decrease of 0.3% in each year compared to the May forecast.

Personal consumption expenditures grew by an estimated 6.4% in 2005, which was 0.6% more than forecast last May. However, the sectors showing the strongest growth were energy-related and generally exempt from the state sales tax. For example, purchases of natural gas and gasoline and oil grew by nearly 25%, and purchases of fuel oil and coal grew by almost 20%. Sales of other generally nontaxable items also showed strong growth, with purchases of food for home consumption increasing by 7.7% and purchases of services increasing by 6.1%. Purchases that generally are taxable (durable goods and other types of nondurable goods) grew more slowly at 4.9%. Expenditures for cars, light trucks, and other vehicles showed no growth from 2004, which was also a weak year.

It is anticipated that overall consumption growth will slow in 2006 and 2007 due to higher interest rates and a slower housing market, which will put downward pressure on sales of durable goods. Total personal consumption expenditures are estimated to increase by 5.5% in 2006 and 5.0% in 2007. Although these amounts are lower than the growth experienced in 2005, they are somewhat higher than last May's estimates. Spending for natural gas is expected to again increase by almost 25% in 2006, due to much higher prices this winter, but then decline by 13% in 2007 as production recovers and prices fall. Gasoline expenditures are anticipated to increase by about 1% in each year, and outlays for fuel oil and coal are expected to fall by 3.6% in 2006 and 10.4% in 2007. Services expenditures are again expected to increase more rapidly than

overall consumption, with growth of 6.5% in 2006 and 5.7% in 2007. Sales of durable goods and non-durable goods, excluding food and energy, are expected to grow by 4.0% in 2006 and 4.8% in 2007. The higher growth rate in 2007 reflects improved motor vehicle sales following several weak years dating back to 2003.

Business investment was an area of strength in the economy in 2005, and is expected to continue to show robust growth in 2006 and 2007. Corporations have large cash reserves after several years of exceptionally strong profits, and businesses are continuing to realize high returns on investments in information technology. It is estimated that business fixed investment increased by 11.0% in 2005, and it is projected that investment growth will be 12.3% in 2006 and 6.1% in 2007. The largest gains are anticipated in manufacturing plants and, in 2006, mining and petroleum, as facilities damaged by Hurricane Katrina are restored. Continued high levels of investment in information processing are also expected. As consumers scale back somewhat, the share of GDP represented by business investment is forecast to increase from approximately 10% in recent years to 11.3% in 2006 and 11.4% in 2007.

As noted, corporate profits have been quite strong, with double-digit growth in each year since 2002. In 2005, profits increased by an estimated 16.1%. An important factor in the recent profit growth has been productivity gains. Since 2002, manufacturing output per hour has increased by an average of 6% per year. Strong profit growth is also projected for 2006 (15.6%) followed by a decline in 2007 (-0.7%). The decrease in 2007 reflects a slowing economy and anticipated increases in wages and other business costs as additional capacity is utilized and productivity gains diminish. The reduced rate of growth in consumer purchases and the slower housing market are expected to negatively impact demand and industrial production. However, it is anticipated that these factors will be offset by growth in business investment and government expenditures. Public expenditures are expected to increase because of hurricane-related rebuilding projects, the federal highway bill, and improved state and local revenue collections nationwide.

The U.S. trade deficit (exports minus imports) has been increasing steadily for several years, and reached \$804 billion in the fourth quarter of 2005. Exports grew by approximately 11% in 2005, while imports rose by 13%. A significant factor in the growth of imports was the high price of oil. In addition, the dollar rose throughout 2005 relative to currencies of the nation's major trading partners, which contributed to the increased trade deficit. It is anticipated that the dollar will weaken considerably throughout 2006 and 2007, as the Federal Reserve discontinues regular interest rate increases and foreign central banks act to tighten monetary policy. A weaker dollar hurts consumers in this country but makes U.S. products more affordable in foreign markets. It is expected that the lower dollar will lead to some improvement in the trade deficit, but continued high oil prices will prevent more significant reductions.

Global Insight, Inc. has also prepared two alternative forecasts, one more optimistic and the other more pessimistic than the baseline forecast. In the optimistic scenario, which is assigned a probability of 20%, productivity growth and foreign economic growth are stronger and

energy prices are lower than under the baseline forecast. These factors lead to lower levels of inflation and interest rates and to increased domestic production, investment, and housing starts. The federal budget deficit is also lower than under the baseline forecast due to increased tax revenues and lower expenditures for transfer payments and interest. Under this alternative forecast, real GDP growth is higher by 0.8% in 2006 and 1.0% in 2007.

Under the pessimistic alternative (25% probability), there is less excess capacity in the global economy than estimated under the baseline forecast and the dollar falls more rapidly relative to foreign currencies. As a result, productivity gains are lower and inflation is significantly higher. The acceleration in inflation leads the Federal Reserve to adopt additional interest rate increases, which contribute to significant declines in home values and a reduction in overall economic activity. The federal budget deficit is also higher than under the baseline forecast. The economy does not go into a recession under this scenario, but real GDP growth is lower than the baseline by 0.6% in 2006 and 1.2% in 2007.

Table 2 shows a summary of national economic indicators drawn from the January, 2006, forecast by Global Insight, Inc.

TABLE 2

**Summary of National Economic Indicators
Global Insight, Inc., January, 2006
(\$ in Billions)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Nominal Gross Domestic Product	\$11,734.3	\$12,488.7	\$13,242.4	\$13,876.9
Percent Change	7.0%	6.4%	6.0%	4.8%
Real Gross Domestic Product	10,755.7	11,144.9	11,526.6	11,839.7
Percent Change	4.2%	3.6%	3.4%	2.7%
Consumer Price Index	2.7%	3.4%	2.6%	1.8%
Personal Income	9,713.3	10,234.7	10,849.6	11,480.3
Percent Change	5.9%	5.4%	6.0%	5.8%
Personal Consumption Expenditures	8,214.3	8,741.2	9,222.0	9,684.6
Percent Change	6.5%	6.4%	5.5%	5.0%
Economic Profits	1,161.5	1,348.4	1,558.7	1,548.4
Percent Change	12.6%	16.1%	15.6%	-0.7%
Unemployment Rate	5.5%	5.1%	4.8%	4.9%

General Fund Tax Projections. Table 3 shows our revised estimates of general fund tax revenues for the 2005-07 biennium, which are based on tax collections to date and the January, 2006, forecast of the U.S. economy by Global Insight, Inc. The estimates reflect all of the tax law changes adopted in Act 25 and other enacted legislation.

TABLE 3

**Projected General Fund Tax Collections
(\$ in Millions)**

Source	2004-05 Actual	Budget Estimates (Act 25)		Revised Estimates January, 2006	
		2005-06	2006-07	2005-06	2006-07
Individual Income	\$5,650.1	\$6,144.5	\$6,502.8	\$6,025.0	\$6,405.0
General Sales and Use	4,038.7	4,181.6	4,358.1	4,181.6	4,358.1
Corporate Income & Franchise	764.1	683.3	670.2	770.0	785.0
Public Utility	254.4	267.5	281.1	257.9	283.4
Excise					
Cigarette	294.3	287.8	286.8	296.5	294.7
Liquor and Wine	39.5	40.8	41.6	42.4	43.5
Tobacco Products	15.8	16.5	17.4	16.1	16.4
Beer	9.8	9.6	9.6	9.9	10.0
Insurance Company	129.8	131.0	137.7	135.0	142.4
Estate	112.4	105.0	110.0	124.0	130.0
Miscellaneous Taxes	87.7	89.5	91.5	91.2	91.5
TOTAL	\$11,396.6	\$11,957.1	\$12,506.8	\$11,949.6	\$12,560.0
Change from Prior Year					
Amount		\$560.5	\$549.7	\$553.0	\$610.4
Percent		4.9%	4.6%	4.9%	5.1%

As shown in Table 3, general fund tax revenues are estimated to total \$11,949.6 million in 2005-06 and \$12,560.0 million in 2006-07. These amounts are lower than the Act 25 estimates by \$7.5 million in the first year and higher by \$53.2 million in the second year, for a net increase of \$45.7 million. The estimates for the corporate income and franchise tax, cigarette tax, and estate tax have been revised upward significantly, while the projections for the individual income tax have been reduced. The general sales and use tax estimates were not changed from the May figures, and small increases are estimated for most of the other tax sources.

Individual Income Tax. Individual income tax revenues are currently estimated at \$6,025.0 million in 2005-06 and \$6,405.0 million in 2006-07. The current estimates are lower than the Act 25 estimates by \$119.5 million in the first year and \$97.8 million in the second year.

The revised estimates reflect growth of 6.6% in 2005-06 and 6.3% in 2006-07. It should be noted, however, that the growth rate for 2005-06 is affected by a change in the state's accounting mechanism regarding accrued tax revenues in 2004-05 that led to a one-time reduction in income tax revenues of approximately \$50 million in 2004-05. The projected growth in income tax revenues for 2005-06 would reflect a 5.7% increase over 2004-05 in the absence of this accounting change.

The decrease in the current estimates, compared to Act 25, is primarily related to changes in projected growth in the taxable components of personal income. Taxable personal income excludes nontaxable government transfer payments, fringe benefits, and certain other types of nontaxable income. Based on the May, 2005, Global Insight, Inc. forecast, while national personal income growth was estimated at 5.6% in 2005 and 5.7% in 2006, the taxable portion was estimated at 5.3% and 5.6% for the two years, respectively. The current estimates for national personal income growth, which are 5.4% in 2005 and 6.0% in 2006, include growth in taxable income of 4.8% in 2005 and 5.9% in 2006. These projected growth rates for taxable personal income are 0.5% lower in 2005 and 0.3% higher in 2006 than the May estimates. While the growth rate in the second year is currently projected to be higher than was the case last May, the net result of the reduced first-year growth is a reduction in estimated individual income tax revenues in each of the two fiscal years.

The current projection of 5.7% growth in individual income tax revenues in 2005-06 (after taking into account the effect of the change in the accrual process, mentioned above), is consistent with withholding tax collections to date for the fiscal year. As of early January, which includes collections made at the end of December but not processed until the start of January, growth in withholding collections over the same period in the prior fiscal year was 5.7%.

General Sales and Use Tax. In 2004-05, state sales and use tax collections were \$4,038.7 million, which was a 3.6% increase over the prior year. Under Act 25, state sales and use tax revenues were estimated at \$4,181.6 million in 2005-06 and \$4,358.1 million in 2006-07, representing growth of 3.5% and 4.2% for the two years, respectively. Based on current projections of taxable personal consumption expenditures and on year-to-date tax collections, no change has been made to the Act 25 sales and use tax estimates.

It should be noted that state sales tax revenues could be affected by a case pending before the Court of Appeals with respect to the taxability of computer software. While pre-written computer software is subject to the state sales tax on tangible personal property, sales of custom computer software are exempt. In the case Menasha Corporation v. Wisconsin Department of Revenue (DOR), a decision by the Tax Appeals Commission on December 1, 2003, broadened the interpretation of what computer software is considered to be nontaxable custom software. The case was appealed to the Circuit Court, which reversed the Tax Appeals Commission decision on October 26, 2004, and ruled that DOR was correct in collecting sales tax on the computer software in question. On December 13, 2004, Menasha Corporation filed an appeal of the Circuit Court decision, and the case is now pending before the Court of Appeals.

It is expected that a decision in favor of Menasha Corporation would affect the interpretation of taxable computer software generally. Based on past estimates by DOR, it is expected that, were a higher court to reverse the Circuit Court decision, state sales tax revenues would be reduced by approximately \$50 million associated with each year of the current biennium. In addition, the state could be required to pay approximately \$250 million in refunds and interest for prior fiscal years. Generally, the statutes authorize claims for refunds to be filed for up to four years from the unextended due date of the claimant's income tax return for the year to which the claim relates. However, shorter or longer periods may apply under certain conditions. In the case of refund claims based on the taxability of computer software in the Menasha case, for example, taxpayers were permitted to enter into agreements with the Department under which the time to file a claim, for the years specified in the agreement, was extended to six months after a final determination has been made.

Based on these projections, the effect of a final court decision reversing the Circuit Court ruling would be a reduction in the general fund of an estimated \$350 million for the period ending on June 30, 2007. The timing of the effect of such a decision on the general fund would depend on the timing of the Appeals Court decision, whether any subsequent appeals were filed, and the timing of the receipt by the Department of associated refund requests. Ongoing revenue losses in subsequent years would also occur.

Corporate Income and Franchise Tax. Corporate income and franchise tax collections were \$764.1 million in 2004-05, which was about \$14 million more than estimated in May, 2005. The increase reflected continued consumer spending and productivity gains, and related growth in corporate profits. Collections are projected to be \$770.0 million in 2005-06 and \$785.0 million in 2006-07. These amounts represent an annual increase of 0.8% in 2005-06 and 1.9% in 2006-07, and are higher than the May, 2005, estimates by \$86.7 million in 2005-06 and \$114.8 million in 2006-07.

The new estimates reflect better than anticipated corporate earnings in 2005, and continued growth in profits through 2006. Consumer demand and increases in productivity, combined with somewhat improved pricing power, have greatly improved corporate balance sheets. Businesses have been able to control labor costs by scaling back benefits, primarily health care, and continuing productivity gains through investment in computers and equipment. As a result, corporate net worth has increased while debt has become more manageable. Internally generated funds from profits and depreciation allowances increased over 24% in 2005, the largest increase in 25 years. The additional funds are expected to be used for increased business investment in plant and equipment, and continued hiring. The increased investment is projected to contribute to employee productivity and demand for business products, which will somewhat offset the decline in consumer spending as the housing market cools.

It should be noted that these estimates have been adjusted to reflect the effect on collections of the phase-in of the single sales factor apportionment formula, repeal of the

manufacturer's sales tax credit, implementation and expansion of the dairy investment tax credit, and updating state tax references to the federal Internal Revenue Code.

Public Utility Taxes. Public utility tax revenues were \$254.4 million in 2004-05, and are currently projected at \$257.9 million in 2005-06 and \$283.4 million in 2006-07. These figures are lower than the Act 25 estimates by \$9.6 million in 2005-06 and higher than the Act 25 estimates by \$2.3 million in 2006-07. The revisions reflect the effects of anticipated decreases in tax receipts from telecommunications companies (Telcos) and expected increases in tax receipts from light, heat, and power companies.

The utility tax on Telcos is an ad valorem tax, one that is based on property values. The reduced tax estimates for Telcos are a result of a significant decrease in total telecommunications property value in 2005. According to the Department of Revenue, the reduced property value follows multiple mergers and consolidations of Telcos that involved writing off assets, the use of newer equipment that is more efficient and less expensive than equipment used previously, and certain changes in the depreciation schedules and the tax assessment process. It is believed that the effect of these factors has now been incorporated into the Telco property base and that property values will again increase, starting with tax year 2006. Therefore, there is a larger reduction in the reestimates of Telco taxes in 2005-06 than in 2006-07.

The utility tax on light, heat, and power companies is based on the gross revenues of such companies. The estimated increases in tax revenues from light, heat, and power companies are a result of higher energy costs of such companies and associated higher sales receipts.

The net effect of the anticipated changes in tax revenues described above is that total utility taxes are currently expected to increase by 1.4% in 2005-06 and by 9.9% in 2006-07, rather than by 5.1% per year, as had been estimated under Act 25.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. Excise tax collections were \$359.4 million in 2004-05. Under Act 25, total excise tax revenues were estimated at \$354.7 million in 2005-06 and \$355.4 million in 2006-07. Excise tax revenues are currently estimated at \$364.9 million in 2005-06 and \$364.6 million in 2006-07. The revised estimates are \$10.2 million higher in 2005-06 and \$9.2 million higher in 2006-07 than the Act 25 estimates, primarily as a result of higher than anticipated cigarette tax collections to date in 2005-06.

Insurance Premiums Taxes. Insurance premiums taxes increased from \$123.6 million in 2003-04 to \$129.8 million in 2004-05, reflecting strong premium growth in the insurance industry in 2004 and 2005. Premiums taxes are projected to increase to \$135.0 million in 2005-06 and to \$142.4 million in 2006-07. The projected increase in 2005-06 collections is primarily based on year-to-date monthly premiums tax collections through December, which are significantly higher than collections for 2004-05, for the same period. The projected increase in

2006-07 reflects expected continued growth in insurance premiums, and one-time additional revenues generated by audits conducted by the Office of the Commissioner of Insurance.

Estate Tax. In 2004-05, state estate tax revenues were \$112.4 million. Under Act 25, estate taxes were estimated at \$105.0 million in 2005-06 and \$110.0 million in 2006-07. However, based on collections to date in 2005-06, estate taxes are reestimated at \$124.0 million in 2005-06 and \$130.0 million in 2006-07. The revised estimates are \$19.0 million higher in 2005-06 and \$20.0 million higher in 2006-07 than the Act 25 estimates. It should be noted, however, that estate tax collections are significantly affected by the settlement, or lack thereof, of a small number of large estates. Collections may, therefore, vary considerably from year to year.

Miscellaneous Taxes. Miscellaneous tax revenues were \$87.7 million in 2004-05, and are estimated at \$91.2 million in 2005-06 and \$91.5 million in 2006-07. The first-year estimate is \$1.7 million higher than the Act 25 estimate, and the second-year estimate is unchanged from Act 25. The revised estimate reflects year-to-date collections from the real estate transfer fee. Other miscellaneous taxes include municipal and circuit court related fees and the occupational tax on coal.

We will continue to monitor economic forecasts and data regarding tax collections and expenditures and inform you if any further revisions are necessary.

Sincerely,

A handwritten signature in black ink that reads "Bob".

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

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

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	(344,263)
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 ^(e)	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 the Legislative Fiscal Bureau 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 the Legislative Fiscal Bureau 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:

PROJECTED GENERAL FUND CASH FLOW; JULY 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	(\$152,470)	\$277,997	\$335,746	\$899,803	\$639,332	(\$100,400)	\$1,050,811	\$1,115,411	\$31,431	\$507,596	\$1,057,739
Ending Balance^(c)	(\$152,470)	\$277,997	\$335,746	\$899,803	\$639,332	(\$100,400)	\$1,050,811	\$1,115,411	\$31,431	\$507,596	\$1,057,739	\$29,063
Lowest Daily Balance^(c)	(428,669)	(413,040)	(3,955)	149,536	460,586	(879,740)	(118,985)	706,197	13,316	(382,775)	369,722	(422,186)
RECEIPTS												
TAX RECEIPTS												
Individual Income	575,300	485,700	575,600	667,700	436,100	501,900	1,151,000	528,000	500,200	1,070,400	552,200	673,800
Sales & Use	403,200	412,200	403,700	400,300	392,200	358,100	431,300	330,500	316,000	362,300	369,900	392,900
Corporate Income	21,300	19,900	151,400	33,500	25,400	172,500	26,300	19,400	214,300	32,100	20,700	153,200
Public Utility	100	0	300	4,500	144,700	2,000	0	1,300	100	3,300	138,000	1,000
Excise	32,500	32,100	32,500	30,200	37,600	30,000	29,200	30,800	25,900	28,600	31,800	31,500
Insurance	800	2,000	27,300	500	1,500	38,000	2,100	18,700	27,900	28,700	1,700	29,300
Inheritance	11,500	15,900	20,500	8,700	10,400	8,100	13,700	9,300	10,400	17,300	10,600	9,500
Subtotal Tax Receipts	\$1,044,700	\$967,800	\$1,211,300	\$1,145,400	\$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	\$545,944	\$576,533	\$576,718	\$507,317	\$561,265	\$519,962	\$590,120	\$529,214	\$557,686	\$489,013	\$563,560	\$563,435
Other & Transfers ^(d)	353,400	304,500	477,300	320,200	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	\$899,344	\$881,033	\$1,054,018	\$827,517	\$881,765	\$790,162	\$1,092,820	\$1,033,914	\$913,118	\$868,913	\$1,020,660	\$993,535
TOTAL RECEIPTS	\$1,944,044	\$1,848,833	\$2,265,318	\$1,972,917	\$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	\$889,915	\$125,806	\$823,918	\$134,188	\$985,474	\$1,324,475	\$244,452	\$249,671	\$1,306,572	\$134,143	\$197,844	\$1,958,030
Income Maintenance	496,788	498,923	429,369	435,351	461,947	435,965	449,715	424,823	446,385	372,613	423,613	322,256
Payroll and Related	297,986	346,860	411,406	312,961	337,575	353,568	385,111	350,009	501,427	313,274	337,438	409,290
Tax Refunds	52,900	46,000	47,000	45,800	62,900	128,500	73,200	465,900	480,600	422,800	177,300	133,600
Debt Service	0	5,001	0	169,957	5,001	0	0	5,001	0	330,700	5,001	0
Miscellaneous ^(d)	363,488	395,776	495,877	310,603	337,239	397,986	442,730	411,911	356,914	361,919	454,221	490,234
Note Repayment	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	\$2,101,077	\$1,418,366	\$2,207,570	\$1,408,860	\$2,190,136	\$2,640,494	\$1,595,208	\$1,907,315	\$3,091,898	\$1,935,449	\$1,595,417	\$3,313,410

(a) This table reflects the biennial budget bill for the 2005-07 biennium (2005 Wisconsin Act 25) and the General Fund revenue estimates released by the Legislative Fiscal Bureau on January 19, 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. Also included in this amount is \$30 million, which is an estimate of a payment due in a 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) Assumes that \$83 million will be transferred from the Transportation Fund to the General Fund on September 1, 2006, \$20 million will be transferred from the Petroleum Inspection Fund to the General Fund on September 1, 2006, and \$25 million will 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). Update the table with the following. Please note that due to some internal reporting errors, the actual receipts along with the related variances and adjusted variances have changed from the table that appeared in the Preliminary Official Statement.

2005-06 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of June 30, 2006
(Amounts in Thousands)

	FY05 through June 2005		FY06 through June 2006			Adjusted Variance ^(c)	Difference FY05 Actual to FY06 Actual
	Actual		Actual	Estimate ^(b)	Variance		
RECEIPTS							
Tax Receipts							
Individual Income ^(d)	\$ 7,027,534		\$ 7,391,009	\$ 7,467,788	\$ (76,779)	\$ 28,221	\$ 363,475
Sales	4,339,249		4,514,425	4,490,172	24,253	24,253	175,176
Corporate Income	876,579		892,483	819,265	73,218	73,218	15,904
Public Utility	270,369		285,769	276,092	9,677	9,677	15,400
Excise	355,308		374,806	355,464	19,342	19,342	19,498
Insurance	192,820		173,367	197,111	(23,744)	(23,744)	(19,453)
Inheritance	113,888		114,731	107,803	6,928	6,928	843
Total Tax Receipts	\$ 13,175,747		\$ 13,746,590	\$ 13,713,695	\$ 32,895	\$ 137,895	\$ 570,843
Non-Tax Receipts							
Federal	\$ 6,080,128		\$ 6,246,896	\$ 6,259,932	\$ (13,036)	\$ (13,036)	\$ 166,768
Other and Transfers ^(d)	3,625,206		4,360,303	4,023,619	336,684	231,684	735,097
Note Proceeds ^(e)	-		-	-	-	-	-
Total Non-Tax Receipts	\$ 9,705,334		\$ 10,607,199	\$ 10,283,551	\$ 323,648	\$ 218,648	\$ 901,865
TOTAL RECEIPTS	\$ 22,881,081		\$ 24,353,789	\$ 23,997,246	\$ 356,543	\$ 356,543	\$ 1,472,708
DISBURSEMENTS							
Local Aids	\$ 7,503,309		\$ 8,200,195	\$ 8,080,968	\$ (119,227)	\$ (119,227)	\$ 696,886
Income Maintenance	5,053,635		4,871,352	4,985,123	113,771	113,771	(182,283)
Payroll & Related	4,066,065		4,156,580	4,285,420	128,840	128,840	90,515
Tax Refunds	1,856,158		1,980,713	1,994,076	13,363	13,363	124,555
Debt Service	374,090		484,122	520,255	36,133	36,133	110,032
Miscellaneous	4,200,291		4,462,580	4,427,870	(34,710)	(34,710)	262,289
Note Repayment ^(e)	-		-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 23,053,548		\$ 24,155,542	\$ 24,293,712	\$ 138,170	\$ 138,170	\$ 1,101,994

VARIANCE FY06 YEAR-TO-DATE

\$ 494,713 \$ 494,713

- (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) and the General Fund revenue estimates released by the Legislative Fiscal Bureau 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 General Fund revenue estimates released by the Legislative Fiscal Bureau on January 19, 2006. Projections assumed that the State would receive approximately \$146 million in the 2005-06 fiscal year pursuant to the amended gaming compacts with tribal governments. This amount reflected estimates of (i) all payments due this fiscal year (\$73 million), and (ii) payments due in previous fiscal years from two tribal governments that are expected to be made in the 2005-06 fiscal year (\$74 million). With respect to payments due in the 2005-06 fiscal year, the amount due was subsequently revised downward to \$67 million to reflect provisions of the compacts with the tribal governments, and the State has received payments, totaling \$44 million, from all but one tribal government. Arbitration on the gaming compact continues between the State and this tribal government. With respect to payments due in previous fiscal years, on February 1, 2006, the State received payment of nearly \$44 million from one tribal government and on May 11, 2006, the State received another payment of \$30 million from another tribal government. These payments, due in the 2003-05 biennium, resulted from agreements announced in October 2005 and May 2006, respectively, regarding the tribal governments' gaming compacts.
- (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. An example is the re-categorization of receipts from the 2004-05 fiscal year, which is further discussed in the following footnote.
- (d) The "FY05 Through June 2005" column has been adjusted to reflect a re-categorization of \$98 million in receipts between the "Individual Income" and "Other and Transfers" categories. An error made in July 2004 on preliminary deposit reports resulted in the "Individual Income" category to be overstated by \$98 million. This same error resulted in the "Other and Transfers" category to be understated by the same amount. The total amount of the 2004-05 fiscal year receipts is not impacted by the error or this adjustment.
- (e) Operating notes were not issued for the 2004-05 and 2005-06 fiscal years.

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

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2003 through June 30, 2006 — Actual
July 1, 2006 through June 30, 2007 — Estimated^(b)
 (Amounts in Thousands)

	Starting Date	Starting Balance	Receipts^(c)	Disbursements^(c)
2004	July.....	\$ (21,216)	\$ 1,525,326	\$ 1,935,550
	August.....	(431,440)	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	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	2,075,730	3,272,463
	July.....	(193,683)	1,826,490	2,049,886
	August.....	(417,079)	1,862,861	1,309,154
	September.....	136,628	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	1,829,742	2,535,436
2006	January.....	(118,926)	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	2,316,434	1,600,131
	May.....	831,334	2,035,524	1,496,923
	June.....	1,369,935	2,033,941	3,399,313
	July.....	4,563	1,944,044	2,101,077
	August.....	(152,470)	1,848,833	1,418,366
	September.....	277,997	2,265,318	2,207,570
	October.....	335,746	1,972,917	1,408,860
	November.....	899,803	1,929,665	2,190,136
	December.....	639,332	1,900,762	2,640,494
2007	January.....	(100,400)	2,746,420	1,595,208
	February.....	1,050,811	1,971,914	1,907,315
	March.....	1,115,411	2,007,918	3,091,898
	April.....	31,431	2,411,613	1,935,449
	May.....	507,596	2,145,560	1,595,417
	June.....	1,057,739	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) and the General Fund revenue estimates released by the Legislative Fiscal Bureau on January 19, 2006. 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 a 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, 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). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)
July 31, 2003 to June 30, 2006 — Actual
July 31, 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	963	963
May		1,045	1,045	1,045
June		1,182	<u>1,117</u>	1,117
July	\$ 908	1,048	1,048	
August	1,003	1,100	1,100	
September	997	1,176	1,176	
October	954	1,115	1,115	
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	3,749	3,749
May		3,627	3,626	3,626
June		3,905	<u>4,329</u>	4,329
July	\$ 4,268	4,193	4,193	
August	3,904	3,823	3,823	
September	3,726	3,746	3,746	
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). Update the table with the following:

General Fund Recorded Revenues^(a)				
(Agency Recorded Basis)				
July 1, 2005 to June 30, 2006 compared with previous year				
	Annual Fiscal Report Revenues	Projected Revenues	Recorded Revenues July 1, 2004 to June 30, 2005^(d)	Recorded Revenues July 1, 2005 to June 30, 2006^(e)
	2004-05 FY^(b)	2005-06 FY^(c)		
Individual Income Tax	\$ 5,650,109,000	\$ 6,144,500,000	\$ 5,310,911,477	\$ 5,792,860,189
General Sales and Use Tax	4,038,715,000	4,181,600,000	3,623,572,533	3,752,915,134
Corporate Franchise and Income Tax	764,053,000	683,320,000	769,425,013	778,061,390
Public Utility Taxes	254,443,000	267,465,000	253,064,010	274,993,296
Excise Taxes	359,444,000	354,720,000	322,945,961	335,218,363
Inheritance Taxes	112,346,000	105,000,000	112,371,418	108,795,356
Insurance Company Taxes	129,839,000	131,000,000	101,768,016	103,514,981
Miscellaneous Taxes	87,701,000	89,500,000	99,262,611	114,776,758
SUBTOTAL.....	\$ 11,396,650,000	\$ 11,957,105,000	10,593,321,040	11,261,135,465
Federal and Other Inter- Governmental Revenues ^(f)	\$ 6,190,669,000	\$ 5,881,969,000	6,133,390,658	6,250,794,224
Dedicated and Other Revenues ^(g)	<u>3,584,486,000</u>	<u>4,445,764,600</u>	<u>3,842,955,894</u>	<u>4,353,487,144</u>
TOTAL.....	\$ 21,171,805,000	\$ 22,284,838,600	\$ 20,569,667,592	\$ 21,865,416,832

- (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 2004-05 fiscal year, dated October 15, 2005.
- (c) Projections reflect the General Fund revenue estimates released by the Legislative Fiscal Bureau on May 16, 2005, which were used in the enacted budget bill for the 2005-06 and 2006-07 fiscal years (2005 Wisconsin Act 25). No changes were needed to the projections as a result of the revised General Fund revenue estimates released by the Legislative Fiscal Bureau on January 19, 2006. Projections assumed that the State would receive approximately \$146 million in the 2005-06 fiscal year pursuant to the amended gaming compacts with tribal governments. This amount reflected estimates of (i) all payments due this fiscal year (\$72 million), and (ii) payments due in previous fiscal years from two tribal governments that were expected to be made in the 2005-06 fiscal year (\$74 million). With respect to payments due in the 2005-06 fiscal year, the amount due was subsequently revised downward to \$67 million to reflect provisions of the compacts with the tribal governments, and the State has received \$44 million of this amount from all but one tribal government. Arbitration on the gaming compact continues between the State and this tribal government. With respect to payments due in previous fiscal years, on February 1, 2006, the State received payment of nearly \$44 million from one tribal government and on May 11, 2006, the State received another payment of \$30 million from another tribal government. These payments, due in the 2003-05 biennium, resulted from agreements announced in October 2005 and May 2006, respectively, regarding the tribal governments' gaming compacts.
- (d) The amounts shown are fiscal year 2004-05 revenues as recorded by state agencies as of June 30, 2005. Additional revenues were recorded by state agencies for the 2004-05 fiscal year during the month of July, 2005.
- (e) The amounts shown are fiscal year 2005-06 revenues as recorded by state agencies as of June 30, 2006. Additional revenues will be recorded by state agencies for the 2005-06 fiscal year during the month of July, 2006.
- (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). Update the table with the following:

General Fund Recorded Expenditures By Function^(a)				
(Agency Recorded Basis)				
July 1, 2005 to June 30, 2006 compared with previous year				
	Annual Fiscal Report		Recorded	Recorded
	Expenditures	Appropriations	Expenditures	Expenditures
	2004–05 FY^(b)	2005–06 FY^(c)	July 1, 2004 to	July 1, 2005 to
			June 30, 2005^(d)	June 30, 2006^(e)
Commerce.....	\$ 253,520,000	\$ 288,639,300	\$ 247,023,318	\$ 252,538,619
Education.....	9,614,612,000	10,151,858,300	9,579,549,079	10,131,718,065
Environmental Resources.....	233,160,000	296,476,000	217,932,095	283,886,397
Human Relations & Resources	8,933,512,000	8,496,069,700	8,858,598,944	8,629,316,295
General Executive.....	626,194,000	890,108,400	641,648,013	730,530,179
Judicial.....	114,247,000	113,245,800	110,547,548	111,093,642
Legislative.....	58,234,000	63,707,200	53,852,007	57,425,787
General Appropriations.....	<u>1,654,699,000</u>	<u>1,915,407,600</u>	<u>1,635,548,223</u>	<u>1,846,471,698</u>
TOTAL.....	<u>\$ 21,488,178,000</u>	<u>\$ 22,215,512,300</u>	<u>\$ 21,344,699,226</u>	<u>\$ 22,042,980,681</u>

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the fiscal year 2004-05, dated October 15, 2005.

(c) Estimated appropriations based on the 2005-07 biennial budget bill (2005 Wisconsin Act 25). This table does not reflect any information or projections contained in the memorandum released by the Legislative Fiscal Bureau on January 19, 2006.

(d) The amounts shown are fiscal year 2004-05 expenditures as recorded by state agencies as of June 30, 2005. Additional expenditures were recorded by state agencies for the 2004-05 fiscal year during the month of July, 2005.

(e) The amounts shown are fiscal year 2005-06 expenditures as recorded by state agencies as of June 30, 2006. Additional expenditures will be recorded by state agencies for the 2005-06 fiscal year during the month of July, 2006.

Source: Wisconsin Department of Administration.

APPENDIX B

INFORMATION ABOUT THE MASTER LEASE PROGRAM

This appendix includes by reference information concerning the Master Lease Program (**Program**) and master lease certificates of participation, as contained in Part IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2005 (**2005 Annual Report**).

Part IV to the 2005 Annual Report contains information about the Program and master lease certificates of participation. More specifically, this part presents information about the following matters:

- Program structure
- Program operations
- Security for the master lease certificates of participation
- Risk factors
- Outstanding master lease certificates of participation
- Outstanding Lease Schedules
- Summary of the Master Lease
- Summary of the Master Indenture

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
www.doa.wi.gov/capitalfinance

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 Part IV of the 2005 Annual Report, are changes or additions to the discussion contained in that particular section. 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.

Outstanding Master Lease Schedules; Table IV-2 (Part IV–Pages 129-135). Update with the following:

**OUTSTANDING MASTER LEASE SCHEDULES
(As of August 10, 2006)**

Master Lease Schedule #	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
00-010	2/7/2000	9/1/2006	CADD -Computer Aided Dispatch Software	\$ 478,610.00	\$ 14,659.74
00-031	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	569,400.00	414,762.05
00-032	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,450,000.00	1,056,208.27
00-045	5/18/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	74,600.00	54,333.25
00-050	5/26/2000	3/1/2007	Digital Microwave Communications Infrastructure Equipment	1,343,109.85	210,385.80
00-068	6/30/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	32,594.00	22,972.41
00-073	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	624,000.00	453,846.99
00-074	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,800,000.00	1,309,174.05
00-081	8/7/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	501,520.00	372,886.40
00-086	8/25/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	102,562.00	72,802.48
00-095	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	312,000.00	221,265.19
00-096	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	750,000.00	530,700.00
00-097	9/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	364,820.00	259,140.22
00-107	10/16/2000	9/1/2007	Mass Spectrometer	298,450.00	59,811.01
00-108	10/16/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	413,798.00	294,369.43
00-120	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	276,714.00	197,103.85
00-121	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	292,169.21	208,115.82
00-128	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	364,307.50	259,994.84
00-129	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	131,710.25	93,285.74
00-130	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	450,000.00	318,719.21
00-131	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,200,000.00	849,917.94
00-132	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	78,880.00	56,294.19
00-135	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	182,598.00	130,583.58
00-142	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	516,614.64	369,453.04
00-144	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	391,860.00	280,235.69
00-146	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	351,434.00	251,557.20
00-147	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	216,443.15	154,930.47
00-148	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	79,455.00	56,874.08
00-149	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	60,843.16
00-151	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	452,800.00	320,287.58
00-152	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	247,572.12
01-001	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	33,274.50	23,884.38
01-007	2/1/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	794,500.00	580,534.93
01-008	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	27,812.00	19,579.29
01-009	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	140,829.20	101,086.92
01-010	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,062.00	183,800.83
01-011	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	61,012.85
01-012	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	200,000.00	140,797.44
01-013	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	246,395.46
01-020	2/22/2001	3/1/2010	WEI 3-Energy Perf Contract; Jackson Correctional	17,046.00	8,272.17
01-025	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	160,584.00	118,065.41
01-029	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,912.00	185,718.72
01-030	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	129,036.87	93,279.29
01-031	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	93,375.00	68,689.42
01-033	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	998,500.00	708,168.98
01-034	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	73,838.75	52,368.85
01-035	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	151,040.00	107,122.51
01-036	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	92,000.00	66,505.75
01-037	4/17/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	286,000.00	194,748.28
01-039	4/17/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	53,534.00	38,806.79
01-042	4/17/2001	3/1/2008	Ice Cream Processing Equipment	99,390.00	31,350.31
01-043	5/9/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	14,040.00	9,351.34
01-048	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	25,000.00	17,830.33
01-049	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	250,000.00	178,303.44
01-050	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	50,477.20	36,684.10
01-051	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	24,025.89	17,460.71
01-052	5/9/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	484,510.00	358,230.41
01-053	5/9/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	277,000.00	189,188.87
01-057	5/30/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	20,500.00	13,718.57

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of August 10, 2006)

Master Lease Schedule #	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
01-058	5/30/2001	3/1/2010	WEI 3-Energy Perf Contract; Jackson Correctional	55,707.00	27,710.64
01-059	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	153,466.00	113,915.25
01-065	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	88,700.00	63,529.13
01-066	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	63,011.00	45,130.03
01-067	5/30/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	235,800.00	161,781.41
01-069	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	319,552.00	237,198.13
01-071	6/28/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	20,500.00	13,789.41
01-073	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	13,500.00	10,062.13
01-077	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	45,208.00	32,524.50
01-078	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	40,300.00	28,993.48
01-079	6/28/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	240,550.00	166,015.37
01-080	6/28/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	36,145.20	26,488.92
01-081	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	442,300.00	329,665.32
01-092	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	138,000.00	103,631.32
01-093	8/2/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	165,450.00	115,049.12
01-094	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 1	307,262.00	230,738.92
01-095	8/2/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,150.00	16,063.11
01-104	8/31/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	7,490.00	5,104.67
01-105	8/31/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	107,950.00	75,369.10
01-106	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	28,700.00	21,622.44
01-107	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	278,000.00	209,443.71
01-108	8/31/2001	9/1/2008	Office/Systems Furniture-State Justice Center	130,885.20	50,593.72
01-110	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	435,980.00	329,547.23
01-117	9/28/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	20,965.00	15,590.34
01-119	9/28/2001	9/1/2008	Development of Integrated Corrections System	262,533.25	102,381.86
01-120	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	45,000.00	34,014.46
01-121	9/28/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	67,000.00	46,970.29
01-122	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	62,800.00	47,469.08
01-123	9/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	26,650.00	19,467.55
01-125	9/28/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	666,242.00	509,524.83
01-127	10/24/2001	9/1/2008	Office/Systems Furniture-State Justice Center	395,554.99	155,549.23
01-128	10/24/2001	3/1/2008	Ice Cream Processing Equipment	198,780.00	67,375.15
01-129	10/24/2001	9/1/2008	Development of Integrated Corrections System	317,181.00	124,729.20
01-130	10/24/2001	9/1/2006	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	1,542,845.00	170,516.68
01-133	11/21/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	487,245.20	374,883.46
01-134	11/21/2001	9/1/2008	Development of Integrated Corrections System	184,092.00	73,033.86
01-135	11/21/2001	9/1/2006	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	566,525.00	63,452.18
01-138	11/21/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	334,050.00	254,107.37
01-140	11/21/2001	9/1/2008	Office/Systems Furniture-State Justice Center	1,034,582.09	410,444.37
01-144	12/28/2001	9/1/2006	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	486,784.00	55,552.71
01-147	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	51,210.00	39,131.28
01-148	12/28/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	7,670.00	5,326.01
01-149	12/28/2001	9/1/2008	Office/Systems Furniture-State Justice Center	313,696.34	125,996.71
01-150	12/28/2001	9/1/2008	Development of Integrated Corrections System	285,495.00	114,669.60
01-151	12/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	23,675.00	17,504.84
01-152	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	587,298.00	448,774.07
02-001	1/23/2002	9/1/2006	Development of WisACWIS Phase 1	1,036,179.00	122,208.30
02-003	1/31/2002	9/1/2008	Office/Systems Furniture-State Justice Center	1,015,155.28	416,091.76
02-004	1/31/2002	9/1/2008	Development of Integrated Corrections System	102,466.00	16,092.39
02-005	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	1,022,343.35	703,764.80
02-010	1/31/2002	9/1/2008	Digital Microwave Phase 2	48,611.45	19,924.85
02-013	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	1,081,226.20	744,298.81
02-014	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	81,075.00	55,197.09
02-015	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	227,500.00	154,885.45
02-017	2/21/2002	9/1/2008	Development of Integrated Corrections System	79,444.26	32,887.43
02-019	2/21/2002	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	17,552.00	11,697.34
02-020	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	21,655.60	14,633.79
02-023	2/21/2002	9/1/2008	Office/Systems Furniture-State Justice Center	42,675.87	17,666.47
02-025	2/21/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	100,000.00	68,433.62
02-027	2/21/2002	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	50,250.00	32,423.51
02-028	2/21/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	196,496.80	135,946.01
02-029	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	10,083.54	6,813.95
02-031	3/14/2002	9/1/2008	Development of Integrated Corrections System	83,557.50	30,782.20
02-032	3/14/2002	9/1/2008	Digital Microwave Infrastructure Equipment	604,442.34	253,009.61

OUTSTANDING MASTER LEASE SCHEDULES—Continued
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Master Lease Schedule #	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
02-037	4/26/2002	9/1/2008	Office/Systems Furniture-State Justice Center	15,590.77	6,657.82
02-038	4/26/2002	3/1/2010	WEI 3-Energy Perf Contract; Jackson Correctional	12,479.00	6,377.13
02-040	4/26/2002	3/1/2007	Tractor	62,730.00	14,043.36
02-042	4/26/2002	9/1/2008	Digital Microwave Phase 2	498,075.51	159,236.54
02-043	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	225,000.00	156,456.39
02-044	4/26/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	429,034.20	301,478.60
02-048	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	85,858.00	59,702.37
02-049	4/26/2002	9/1/2008	Development of Integrated Corrections System	207,102.74	88,440.12
02-050	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	1,307,850.00	930,074.52
02-051	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	825,640.24	587,152.15
02-052	5/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	250,000.00	178,906.45
02-055	5/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	142,872.90	101,072.75
02-056	5/24/2002	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	32,340.00	22,643.98
02-057	5/24/2002	9/1/2008	Development of Integrated Corrections System	32,025.50	13,862.99
02-058	5/24/2002	9/1/2008	Digital Microwave Infrastructure Equipment	58,101.76	25,150.72
02-059	5/31/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	696,128.00	498,811.44
02-060	6/18/2002	9/1/2008	Development of Integrated Corrections System	263,980.00	115,613.03
02-061	6/18/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	127,832.05	90,951.17
02-062	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	250,000.00	179,864.38
02-063	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	206,800.00	148,783.79
02-064	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	31,000.00	21,833.82
02-066	6/18/2002	9/1/2008	Digital Microwave Infrastructure Equipment	173,195.51	75,852.93
02-070	6/18/2002	3/1/2007	Golf Course Maintenance Equipment	103,831.00	24,014.72
02-071	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	185,490.00	130,731.24
02-075	7/16/2002	3/1/2008	Ice Cream Processing Equipment	33,520.97	12,983.39
02-081	7/16/2002	9/1/2008	Development of Integrated Corrections System	130,647.00	58,069.49
02-082	7/16/2002	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	103,301.00	65,467.18
02-083	7/16/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	79,754.00	57,777.78
02-084	7/16/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	1,006,392.00	721,619.69
02-085	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	49,230.00	35,560.34
02-086	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	124,032.00	90,491.57
02-087	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	175,328.20	126,644.89
02-088	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	382,687.28	279,201.91
02-089	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	120,000.00	87,549.91
02-090	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	229,500.00	165,774.83
02-091	8/22/2002	9/1/2007	Development of E-WISACWIS (Internet Base)	456,801.60	140,740.64
02-092	8/22/2002	3/1/2009	DMV DataBase Redesign	294,232.65	137,631.04
02-093	8/22/2002	9/1/2007	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	644,028.00	198,425.12
02-096	8/22/2002	3/1/2007	Tractor for University Ridge Golf Course	24,500.00	5,625.02
02-100	9/13/2002	9/1/2007	Grand Piano	17,000.00	5,231.72
02-104	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	682,701.48	497,518.59
02-105	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	222,320.50	160,405.60
02-106	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	105,963.42	76,453.28
02-107	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	553,036.00	403,024.90
02-108	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	575,550.00	419,431.99
02-109	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	419,000.00	302,311.08
02-110	9/13/2002	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	34,200.00	21,885.37
02-111	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	96,300.00	70,178.62
02-112	9/13/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	597,251.20	439,011.38
02-113	9/13/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	75,777.00	50,514.25
02-115	9/13/2002	3/1/2009	DMV DataBase Redesign	281,173.53	131,372.40
02-116	10/4/2002	9/1/2007	Development of E-WISACWIS (Internet Base)	292,485.20	89,896.48
02-117	10/4/2002	9/1/2007	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	684,481.00	210,377.96
02-120	10/4/2002	9/1/2009	Record Center Shelving	314,453.00	158,314.29
02-123	10/24/2002	3/1/2009	DMV DataBase Redesign	359,712.77	167,676.27
02-126	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	30,641.00	22,277.56
02-127	10/24/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	361,201.60	264,883.29
02-128	10/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	100,000.00	71,982.36
02-129	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	75,000.00	54,528.80
02-130	10/24/2002	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	127,113.00	87,306.68
02-131	10/24/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Colleges Fox Valley	143,756.00	95,606.76
02-132	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	1,077,876.00	783,670.27
02-142	11/19/2002	9/1/2007	Development of E-WISACWIS (Internet Base)	258,494.80	79,234.14
02-143	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	63,250.00	45,909.60

OUTSTANDING MASTER LEASE SCHEDULES—Continued
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Master Lease Schedule #	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
02-144	11/19/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	65,090.00	43,217.08
02-145	11/19/2002	9/1/2009	DMV DataBase Redesign	788,372.82	395,838.25
02-146	11/19/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	90,000.00	64,676.57
02-147	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	59,634.00	43,284.93
02-148	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	171,500.00	124,482.16
02-149	12/19/2002	9/1/2009	Integrated Tax System-Phase2	6,056,718.00	3,036,854.62
02-150	12/30/2002	9/1/2008	Development of Integrated Corrections System	232,282.51	107,836.91
02-151	12/30/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	121,100.00	89,157.42
02-152	12/30/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	13,010.00	10,332.57
02-153	12/30/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Colleges Fox Valley	36,500.00	26,872.39
02-154	12/30/2002	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	69,200.00	52,764.01
02-155	12/30/2002	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Health	39,220.00	29,584.96
02-156	12/30/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	189,187.30	154,986.95
02-157	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	120,000.00	97,379.57
02-158	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	130,075.00	104,473.36
02-159	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	103,000.00	83,584.13
02-160	12/30/2002	9/1/2009	DMV DataBase Redesign	347,464.91	191,936.06
02-163	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	42,633.43	34,242.20
02-164	12/30/2002	9/1/2008	Office/Systems Furniture-State Justice Center	29,446.94	13,670.70
03-001	1/24/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	41,851.50	34,489.00
03-002	1/24/2003	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	45,000.00	34,555.96
03-003	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	51,670.00	42,185.29
03-004	1/24/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	222,760.00	180,036.24
03-005	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	82,800.00	67,600.97
03-006	1/24/2003	9/1/2008	Development of Integrated Corrections System	833,478.00	392,010.33
03-007	1/24/2003	9/1/2009	DMV DataBase Redesign	318,371.14	177,839.91
03-011	2/14/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	77,200.00	57,629.09
03-012	2/14/2003	9/1/2009	DMV DataBase Redesign	430,084.33	242,450.87
03-014	2/14/2003	3/1/2008	Shelving	32,027.49	13,388.39
03-015	2/14/2003	9/1/2008	Development of Integrated Corrections System	668,781.87	317,933.33
03-016	2/28/2003	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	55,150.00	44,499.88
03-017	2/28/2003	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	16,880.00	13,904.42
03-018	2/28/2003	9/1/2008	Development of Integrated Corrections System	107,814.74	51,700.63
03-020	2/28/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	69,900.00	58,591.91
03-025	3/14/2003	9/1/2008	Development of Integrated Corrections System	257,231.01	124,286.25
03-026	3/14/2003	3/1/2010	Development of E-WISACWIS (Internet Base)	324,211.90	188,047.37
03-029	3/14/2003	3/1/2010	Coach Bus	340,822.00	206,614.89
03-030	3/14/2003	3/1/2010	DMV DataBase Redesign	383,004.41	232,186.94
03-031	4/14/2003	9/1/2008	Development of Integrated Corrections System	274,939.88	135,082.63
03-032	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	85,000.00	70,797.52
03-033	4/14/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	38,911.40	32,695.69
03-034	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	157,664.00	131,320.26
03-035	4/14/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	35,496.15	29,284.05
03-038	4/14/2003	9/1/2008	Excise Tax Reporting System	100,000.00	49,131.69
03-039	4/14/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	27,980.00	21,288.04
03-040	4/14/2003	3/1/2010	DMV DataBase Redesign	468,532.04	287,848.05
03-042	5/6/2003	9/1/2008	Development of Integrated Corrections System	143,987.54	71,618.55
03-045	5/6/2003	9/1/2009	Integrated Tax System-Phase2	1,246,527.00	730,407.54
03-046	7/31/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	52,680.00	43,836.28
03-049	5/6/2003	3/1/2010	Coach Bus	340,822.00	211,453.79
03-050	5/6/2003	3/1/2010	Maure Handling Equipment/System - Waupun Farms	163,000.00	101,128.94
03-052	5/27/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	306,308.00	255,561.84
03-053	5/27/2003	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	8,025.00	5,947.71
03-054	5/27/2003	3/1/2010	DMV DataBase Redesign	481,094.79	301,298.50
03-055	5/27/2003	3/1/2010	Development of E-WISACWIS (Internet Base)	265,726.00	166,418.03
03-057	6/19/2003	9/1/2013	WEI 3-Energy Perf Contract; Oakhill Correctional	172,414.90	133,882.20
03-059	6/19/2003	3/1/2008	Golf Course Maintenance Equipment	10,275.00	4,634.08
03-060	6/19/2003	3/1/2010	DMV DataBase Redesign	350,079.93	221,314.72
03-061	6/19/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	189,775.00	159,166.87
03-062	7/10/2003	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	27,851.81	23,485.10
03-063	7/10/2003	3/1/2010	Development of E-WISACWIS (Internet Base)	291,680.70	186,132.61
03-066	7/10/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	19,432.00	16,532.14
03-067	7/10/2003	3/1/2010	Maure Handling Equipment/System - Waupun Farms	37,000.00	23,611.13
03-072	7/31/2003	3/1/2010	DMV DataBase Redesign	295,253.01	182,578.39

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Master Lease Schedule #	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
03-073	7/31/2003	3/1/2008	Golf Course Maintenance Equipment	22,310.00	9,884.23
03-074	7/31/2003	3/1/2010	Development of E-WISACWIS (Internet Base)	187,592.80	107,558.23
03-076	7/31/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	250,000.00	204,806.07
03-077	7/31/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	11,740.00	8,841.01
03-079	8/20/2003	3/1/2010	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	1,055,797.00	329,518.54
03-080	8/20/2003	3/1/2010	DMV DataBase Redesign	281,408.93	175,657.74
03-082	8/20/2003	3/1/2008	Golf Course Maintenance Equipment	94,312.78	42,345.57
03-083	8/20/2003	3/1/2010	Addition of Lavatories to Coach Buses	32,821.80	20,487.64
03-085	9/19/2003	9/1/2008	Development of Integrated Corrections System-Phase 2	108,257.75	55,889.18
03-087	9/22/2003	9/1/2008	Excise Tax Reporting System	358,682.00	74,177.31
03-088	9/22/2003	9/1/2010	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	654,520.00	216,719.50
03-089	9/19/2003	3/1/2010	DMV DataBase Redesign	326,148.03	206,861.52
03-091	10/27/2003	9/1/2013	WEI 3-Energy Perf Contract; Oregon Correctional	52,068.10	40,420.25
03-092	10/27/2003	3/1/2010	DMV DataBase Redesign	302,529.60	195,236.77
03-093	10/27/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	163,040.00	138,776.49
03-094	10/27/2003	9/1/2008	Development of Integrated Corrections System-Phase 2	54,543.00	28,792.09
03-095	10/27/2003	9/1/2006	Liquid Chromograph Mass Spectrometer - Primate Research Lab	219,227.87	39,258.19
03-096	11/13/2003	3/1/2010	DMV DataBase Redesign	351,103.03	228,409.93
03-099	11/13/2003	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	130,000.00	109,829.99
03-100	12/11/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	758,482.00	638,932.21
03-101	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	254,050.00	215,680.84
03-102	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	75,617.00	64,196.58
03-103	12/11/2003	9/1/2010	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	1,653,820.00	530,352.88
03-105	12/11/2003	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,500.00	18,426.86
03-106	12/11/2003	9/1/2008	Development of Integrated Corrections System-Phase 2	54,540.50	29,607.65
03-107	12/11/2003	3/1/2010	DMV DataBase Redesign	232,218.56	153,795.34
04-001	1/16/2004	9/1/2010	Development of E-WISACWIS (Internet Base)	43,183.20	15,070.08
04-002	1/16/2004	3/1/2010	DMV DataBase Redesign	201,270.61	135,066.99
04-003	1/16/2004	9/1/2008	Development of Integrated Corrections System-Phase 2	50,462.63	28,023.42
04-006	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	31,633.00	27,394.25
04-007	2/24/2004	9/1/2010	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	229,658.00	81,601.30
04-008	2/24/2004	9/1/2010	Development of E-WISACWIS (Internet Base)	38,105.40	13,539.48
04-009	2/24/2004	3/1/2010	DMV DataBase Redesign	133,559.64	91,379.80
04-011	2/24/2004	9/1/2006	Various IT Items; Department-Wide Applications	86,563.00	15,165.18
04-012	2/24/2004	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	277,000.00	238,167.03
04-013	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	278,200.00	240,921.83
04-014	2/24/2004	3/1/2010	Maure Handling Equipment/System - Waupun Farms	9,454.00	6,468.32
04-015	3/23/2004	3/1/2010	DMV DataBase Redesign	205,290.14	142,562.89
04-016	3/23/2004	9/1/2010	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	1,586,770.00	571,652.07
04-017	4/22/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	163,226.00	143,620.41
04-018	4/22/2004	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	144,800.00	118,306.36
04-019	4/22/2004	3/1/2010	DMV DataBase Redesign	85,048.88	59,955.34
04-020	4/22/2004	3/1/2009	Golf Course Maintenance Equipment	17,398.00	11,093.62
04-021	4/22/2004	9/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	6,165.00	5,306.25
04-023	5/12/2004	3/1/2007	IBM pSeries Server Systems	600,212.40	221,339.05
04-024	5/12/2004	9/1/2008	Excise Tax Reporting System	350,000.00	150,147.67
04-026	5/12/2004	3/1/2009	Golf Course Maintenance Equipment	84,465.00	54,533.94
04-027	5/12/2004	3/1/2010	DMV DataBase Redesign	190,133.00	135,444.68
04-028	6/10/2004	3/1/2007	PCs for General Access Computer Lab	68,400.00	25,984.27
04-029	6/10/2004	3/1/2007	PCs for General Access Computer Lab	43,428.37	16,497.87
04-030	6/10/2004	3/1/2010	DMV DataBase Redesign	5,269.75	3,810.01
04-031	6/10/2004	9/1/2010	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	119,434.00	44,664.95
04-032	6/10/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	4,915.00	4,431.04
04-033	6/10/2004	3/1/2007	PCs for Student Labs	83,300.00	31,644.59
04-034	6/30/2004	3/1/2010	Integrated Tax System-Phase3	413,838.00	302,441.51
04-037	6/30/2004	9/1/2010	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	43,174.00	16,307.64
04-038	6/30/2004	3/1/2007	Microscope System	44,737.37	17,369.16
04-039	6/30/2004	3/1/2007	IBM pSeries Server Systems	105,272.32	40,871.67
04-040	6/30/2004	3/1/2009	Silage Bagging System	22,716.50	15,121.60
04-041	7/20/2004	9/1/2009	Development of CARES -Web Graphical User Interface	879,325.00	624,066.48
04-042	7/20/2004	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen	210,757.00	186,088.59
04-043	8/20/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	190,000.00	167,671.39
04-044	8/20/2004	9/1/2010	Development of WisACWIS Phase 2 (State-Wide Roll-Out)	2,430,141.00	916,268.79
04-045	9/20/2004	9/1/2011	I-94 LED Signage	559,063.07	448,065.95

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of August 10, 2006)

Master Lease Schedule #	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
04-046	9/20/2004	9/1/2009	Vehicle Scale Test Truck	74,591.48	53,384.96
04-047	9/20/2004	9/1/2007	Servers and Storage Area Network System	261,095.00	133,989.62
04-049	10/29/2004	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen	122,991.00	104,983.74
04-050	10/29/2004	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	418,453.00	345,334.94
04-051	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	30,663.00	27,578.66
04-052	10/29/2004	3/1/2009	Development of CARES -Web Graphical User Interface	1,237,709.03	888,652.24
04-053	10/29/2004	9/1/2007	Servers and Storage Area Network System	6,984.00	3,730.10
04-054	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	175,000.00	157,397.01
04-055	10/29/2004	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	28,051.00	25,346.40
04-056	10/29/2004	9/1/2009	Street & Directional Signage - State Fair Park Grounds	37,442.58	27,441.76
04-058	11/30/2004	9/1/2009	Street & Directional Signage - State Fair Park Grounds	25,853.31	19,312.34
04-059	11/30/2004	9/1/2008	Excise Tax Reporting System	356,000.00	213,424.07
04-060	11/30/2004	3/1/2009	Development of CARES -Web Graphical User Interface	1,117,580.00	817,836.06
04-061	11/30/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	42,765.00	39,109.31
05-001	1/6/2005	3/1/2009	Development of Data Center	285,000.00	208,983.33
05-002	1/6/2005	9/1/2009	Van Body, Trolley System, and Scale Test	102,500.00	78,274.85
05-003	1/31/2005	3/1/2008	Laptops	56,190.00	36,955.68
05-004	1/31/2005	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	90,617.00	77,671.17
05-005	1/31/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	175,000.00	155,935.89
05-006	2/24/2005	3/1/2008	Laptop Computers	334,644.00	225,043.43
05-007	3/17/2005	3/1/2008	Computer Printers-IT Hardware	213,325.20	146,622.11
05-008	3/17/2005	3/1/2009	Development of Data Center	133,000.00	102,474.43
05-009	3/17/2005	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	501,490.00	468,889.99
05-010	3/17/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	320,550.00	298,698.13
05-011	3/17/2005	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	290,000.00	269,230.45
05-012	3/17/2005	3/1/2007	Snow Removal Equipment/Wheel Loader	126,772.00	31,167.85
05-013	3/17/2005	3/1/2008	Develop E-Filing Estate Transfer Return System	100,000.00	68,731.73
05-014	4/13/2005	9/1/2009	Development of CARES -Web Graphical User Interface	744,430.00	603,672.22
05-015	4/13/2005	9/1/2008	Develop E-Filing Estate Transfer Return System	310,791.35	232,506.76
05-016	4/13/2005	3/1/2008	Data Warehouse Project	102,443.24	72,153.77
05-019	4/13/2005	3/1/2009	Development of Data Center	199,500.00	156,518.77
05-020	4/13/2005	3/1/2008	PCs/Workstation and Related Software	534,159.45	376,224.10
05-021	5/5/2005	3/1/2008	PCs, Hardware and Software	416,458.02	299,549.54
05-022	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	547,825.00	516,215.97
05-023	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	387,180.00	365,244.22
05-024	5/5/2005	3/1/2008	Data Warehouse Project	188,510.77	135,591.85
05-025	5/5/2005	3/1/2008	Various IT Items; Department-Wide Applications	89,501.92	64,376.86
05-026	5/5/2005	3/1/2008	PCs for General Access Computer Lab	99,712.00	71,720.76
05-027	5/5/2005	3/1/2008	PCs	46,665.00	33,565.16
05-028	5/26/2005	3/1/2008	PCs, Hardware and Software	172,660.80	114,072.44
05-029	5/26/2005	3/1/2008	Data Warehouse Project	97,861.03	71,848.37
05-031	5/26/2005	3/1/2008	Server Replacement and Audit Laptops	30,921.44	22,702.14
05-032	5/26/2005	3/1/2010	Integrated Tax System-Phase3	441,815.00	376,422.04
05-033	6/9/2005	3/1/2010	Golf Course Maintenance Equipment	118,620.00	101,810.87
05-034	6/9/2005	3/1/2008	PC's, Hardware and Software	56,669.74	42,148.91
05-035	6/9/2005	3/1/2007	Integrated Tax System-Phase 3 (WINPAS Project)	1,400,000.00	250,521.58
05-036	6/30/2005	3/1/2010	Integrated Tax System-Phase3	211,410.00	165,323.28
05-038	7/26/2005	3/1/2007	WEI 3-Energy Perf Contract; UW-Madison Section 5	220,000.00	213,751.55
05-039	7/26/2005	3/1/2008	Develop E-Filing Estate Transfer Return System	140,000.00	56,934.36
05-040	11/9/2005	9/1/2008	Mobile Communications Equipment Upgrade	229,957.00	205,950.83
05-041	7/26/2005	9/1/2008	WINPAS Blade Servier	357,432.77	302,815.09
05-042	7/26/2005	3/1/2008	PC's, Hardware and Software	15,844.39	12,887.00
05-043	8/17/2005	9/1/2011	I-94 LED Signage	35,000.00	32,285.71
05-044	8/17/2005	3/1/2009	CAD V, CAD V Redundancy, Digitized Mapping Software/Equip	283,850.00	243,794.74
05-045	8/17/2005	3/1/2008	PC's, Hardware and Software	16,626.68	13,272.27
05-046	9/7/2005	3/1/2012	Integrated Tax System-Phase 3 (WINPAS Project)	600,000.00	561,578.24
05-047	9/7/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	165,000.00	160,001.72
05-048	9/7/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	319,286.00	304,917.57
05-049	9/7/2005	3/1/2008	PC Software	46,764.12	38,103.32
05-050	9/7/2005	3/1/2007	WEI 3-Energy Perf Contract; UW-Oshkosh	152,509.00	147,889.10
05-051	10/5/2005	9/1/2008	Server for Integrated Tax System - Phase 3 (WINPAS Project)	185,350.81	161,000.39
05-052	10/19/2005	3/1/2008	PC's, Hardware and Software	272,373.01	232,118.87
05-053	10/19/2005	3/1/2008	Develop E-Filing Estate Transfer Return System	99,807.50	85,056.90
05-054	11/23/2005	3/1/2012	Integrated Tax System-Phase 3 (WINPAS Project)	900,000.00	866,271.49

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of August 10, 2006)

Master Lease Schedule #	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
05-055	11/23/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	170,643.00	167,657.92
05-056	11/23/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	350,000.00	340,845.77
05-057	11/23/2005	9/1/2008	DL Navigator Upgrade for BadgerNet	1,116,000.00	1,012,531.48
05-058	12/21/2005	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	70,175.00	68,310.67
05-059	12/21/2005	9/1/2008	Mobile Communications Equipment Upgrade	161,903.00	150,849.85
06-001	1/11/2006	3/1/2012	Integrated Tax System-Phase 3 (WINPAS Project)	450,000.00	441,305.44
06-002	1/11/2006	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	24,000.00	23,750.08
06-003	1/11/2006	3/1/2008	PC's, Hardware and Software	2,466.80	2,313.77
06-004	1/11/2006	9/1/2010	Potrable Radios & Inband Repeaters	777,787.00	757,034.36
06-005	1/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	88,770.00	88,770.00
06-006	1/31/2006	3/1/2008	Develop E-Filing Estate Transfer Return System	172,000.00	172,000.00
06-007	1/31/2006	9/1/2010	Portable Radios & Inband Repeaters	250,600.00	159,095.00
06-008	2/17/2006	3/1/2012	Integrated Tax System-Phase 3 (WINPAS Project)	2,050,000.00	2,050,000.00
06-009	2/17/2006	3/1/2009	Development of Data Center	63,503.87	63,503.87
06-010	3/3/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	110,600.00	110,600.00
06-011	3/3/2006	3/1/2009	Various Computer Hard/Software for Server Consolidation Initiative	1,979,772.66	1,965,338.49
06-012	3/31/2006	3/1/2009	Development of Data Center	76,500.00	76,500.00
06-013	3/31/2006	3/1/2009	Various Computer Hard/Software for Server Consolidation Initiative	2,633,879.00	2,633,879.00
06-014	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	33,231.00	33,231.00
06-015	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	42,500.00	42,500.00
06-016	3/31/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	70,442.00	70,442.00
06-017	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	170,000.00
06-018	3/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,544.00	25,544.00
06-019	3/31/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	160,000.00	160,000.00
06-020	4/17/2006	3/1/2009	PC's, Hardware and Software	5,533.20	5,533.20
06-022	5/19/2006	3/1/2009	Plan & Design of Network Storage-Server Consolidation	27,424.00	27,424.00
06-024	5/19/2006	3/1/2009	Development of Data Center	332,500.00	332,500.00
06-025	5/19/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	367,500.00	367,500.00
06-026	5/19/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	240,000.00	240,000.00
06-027	5/19/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,000.00	25,000.00
06-028	5/19/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	120,000.00	120,000.00
06-029	5/19/2006	3/1/2013	Integrated Tax System-Phase 3 (WINPAS Project)	144,187.00	144,187.00
06-030	5/31/2006	3/1/2009	Various Computer Hard/Software for Server Consolidation Initiative	602,516.96	559,155.09
06-032	6/16/2006	3/1/2009	Various Computer Hard/Software for Server Consolidation Initiative	685,505.98	551,026.00
06-033	6/16/2006	3/1/2009	Mobile & Portable Radio Equipment Upgrade	404,686.60	341,086.60
06-034	6/16/2006	3/1/2009	7 Passenger Minivan	15,117.00	15,117.00
06-035	6/16/2006	3/1/2011	Golf Course Maintenance Equipment	65,660.50	65,660.50
06-036	6/30/2006	3/1/2010	Communications Equipment-Base Stations	290,264.00	134,074.00
06-037	6/30/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	574,730.00	574,730.00
06-038	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	530,000.00	530,000.00
06-039	6/30/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	70,000.00
06-040	6/30/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	100,000.00	100,000.00
06-041	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	50,000.00	50,000.00
06-042	6/30/2006	3/1/2009	Various Computer Hard/Software for Server Consolidation Initiative	687,753.86	681,755.86
06-044	6/30/2006	3/1/2012	Integrated Tax System-Phase 3 (WINPAS Project)	300,000.00	300,000.00
06-045	6/30/2006	3/1/2013	Software for Integrated Business Information System	3,825,007.91	3,825,007.91
06-046	6/30/2006	3/1/2009	Mobile Communications Equipment Upgrade	131,998.90	93,398.90
06-047	7/19/2006	3/1/2009	15 Passenger Van	21,015.00	21,015.00
06-048	7/19/2006	3/1/2009	Various Computer Hard/Software for Server Consolidation Initiative	370,254.19	359,301.29
06-049	7/19/2006	3/1/2009	Various Computer Hard/Software for Server Consolidation Initiative	42,370.35	42,370.35
06-050	7/19/2006	3/1/2012	Integrated Tax System-Phase 3 (WINPAS Project)	600,000.00	600,000.00
06-051	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	170,000.00
06-052	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	40,000.00	40,000.00
06-053	8/2/2006	3/1/2009	Various Computer Hard/Software for Server Consolidation Initiative	706,959.60	706,959.60
06-054	8/2/2006	3/1/2011	Golf Course Maintenance Equipment	40,223.00	40,223.00
06-055	8/2/2006	9/1/2011	Integrated Tax System-Phase 3 (WINPAS Project)	1,000,000.00	1,000,000.00
				Total:	88,101,888.52

APPENDIX C

EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the Certificates, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)

\$71,400,000

**Master Lease Certificates of Participation
of 2006, Series A
(State of Wisconsin)**

We have served as bond counsel in connection with the issuance of \$71,400,000 Master Lease Certificates of Participation of 2006, Series A (State of Wisconsin), dated the date of their delivery (**Certificates**) and evidencing a proportionate interest of the owners thereof in certain lease payments to be made by the State of Wisconsin (**State**), acting by and through the State of Wisconsin Department of Administration (**Department**), as lessee, under the Third Amended and Restated Master Lease, dated as of April 28, 2000 (**Master Lease**), between Firststar Bank, National Association, as successor to Firststar Bank Milwaukee, N.A., as lessor, and the State, acting by and through the Department, as lessee.

The Master Lease was entered into pursuant to Section 16.76, Wisconsin Statutes, as amended (**Act**). The Certificates are being issued pursuant to the Master Indenture, dated as of July 1, 1996, among Firststar Bank Milwaukee, N.A., as lessor, Firststar Trust Company, as trustee, and the State, acting by and through the Department, as lessee, and the Supplemental Indenture No. 2006-A, dated as of August 31, 2006 (**Supplemental Indenture**), among U.S. Bank National Association, as successor to Firststar Bank Milwaukee, N.A., as lessor (**Lessor**), U.S. Bank National Association, as successor to Firststar Trust Company, as trustee (**Trustee**), and the State, acting by and through the Department, as lessee.

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

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Certificates are valid obligations of the Trustee representing a proportionate interest in the lease payments under the Master Lease.
2. The State is required to make the lease payments from any source of legally available funds, subject to annual appropriation. The obligation of the State to make the lease payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any tax or for which the State has levied or pledged any tax. The obligation of the State to make the lease payments does not constitute public debt of the State or any of its political subdivisions as defined under Chapter 18 of the Wisconsin Statutes.
3. Interest on the Certificates is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Certificates is taken into account in determining adjusted current earnings. This letter expresses no opinion as to the federal income tax consequences resulting from ownership of the Certificates or the receipt by owners thereof of payments on the Certificates following the termination of the Master Lease resulting from an event of nonappropriation or an event of default thereunder. The State must comply with all requirements of the Internal Revenue Code that must be satisfied after the Certificates are issued

for interest on the Certificates 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 Certificates to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Certificates were issued. This letter expresses no opinion as to other federal tax law consequences regarding the Certificates.

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement). However, in serving as bond counsel, nothing has come to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Certificates, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

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

Yours very truly,

FOLEY & LARDNER LLP

Appendix D

MASTER LEASE CERTIFICATES OF PARTICIPATION (State of Wisconsin) DEFEASED CERTIFICATES

Series	Dated Date	Original Principal Amount	Principal Amount of Defeased Certificates ^(a)	Interest Rate	Maturity	CUSIP ^(b)
2000 Series A	9/27/2000	\$ 3,425,000.00	\$ 3,245,000.00	4.75%	9/1/2007	977087 CH6
2002 Series A	1/23/2002	12,780,000.00	11,880,387.09	3.75%	9/1/2007	977087 DE2
2002 Series D	12/19/2002	13,760,000.00	12,070,391.06	5.00%	9/1/2007	977087 DQ5
			\$ 27,195,778.15			

^(a) These amounts represent only the portion of the maturity that is being defeased with proceeds of the Certificates. At the time each of these series of master lease certificates was issued to fund then-outstanding Lease Schedules, the Lease Schedules were amended to include a "bullet" maturity on September 1, 2007 that aggregated Rent Payments due on and after March 1, 2008. With the issuance of the Certificates, the Lease Schedules are again being amended to require Rent Payments over a term that is nearly as long as the original term.

^(b) Original CUSIP number.

The information contained in this Notice has been furnished by MBIA for use in this Notice. MBIA does not accept any responsibility for the accuracy or completeness of this Notice or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the policy and MBIA set forth in this Notice under the heading "The MBIA Insurance Corporation Insurance Policy". Additionally, MBIA makes no representation regarding the Certificates or the advisability of investing in the Certificates.

The MBIA Insurance Corporation Insurance Policy

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

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

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

MBIA

MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (**Company**). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom, and in the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions. The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits classes and concentrations of investments that are made by MBIA, and requires the approval of policy rates and forms that are employed by MBIA. New York Insurance Law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA, and transactions among MBIA and its affiliates.

MBIA's policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of MBIA

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

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

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

MBIA Financial Information

As of December 31, 2005, MBIA had admitted assets of \$11.0 billion (unaudited and restated), total liabilities of \$7.2 billion (unaudited and restated), and total capital and surplus of \$3.8 billion (unaudited and restated) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2006, MBIA had admitted assets of \$11.2 billion (unaudited), total liabilities of \$7.5 billion (unaudited), and total capital and surplus of \$3.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2005 and December 31, 2004 and for each of the three years in the period ended December 31, 2005, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K/A of the Company for the year ended December 31, 2005 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2006 and for the three month period ended March 31, 2006 and March 31, 2005 included in the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2006, which are incorporated into this Notice by reference.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site and at no cost, upon request to MBIA at its principal executive offices.

Certain Documents

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

- The Company's Annual Report on Form 10-K for the year ended December 31, 2005; and
- The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K/A, and prior to the termination of the offering of the Certificates offered hereby shall be deemed to be incorporated by reference in this Notice and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Notice, shall be deemed to be modified or superseded for purposes of this Notice to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Notice.

The Company files annual, quarterly, and special reports, information statements, and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2005, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006) are available (i) over the Internet at the SEC's web site; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site; and (iv) at no cost, upon request to MBIA at its principal executive offices.