

OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2010 Bonds. 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. Unless otherwise indicated, capitalized terms are defined in **APPENDIX C**.

\$153,050,000 STATE OF WISCONSIN

\$116,290,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 4 \$36,760,000 CLEAN WATER REVENUE REFUNDING BONDS, 2010 SERIES 5

Dated: Date of Delivery

Due: June 1, as shown on the inside front cover

Ratings	AA+ Fitch Ratings Aa1 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Services
Tax Matters	Interest on the 2010 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. Interest on the 2010 Bonds is not exempt from current State of Wisconsin income and franchise taxes— <i>Pages 12-13</i> .
Redemption	The 2010 Bonds maturing on or after June 1, 2021 are callable at par on or after June 1, 2020— <i>Page 3</i> .
Security	The 2010 Bonds are payable solely from (1) Pledged Loan Repayments, (2) amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and (3) all other Pledged Receipts. As of September 30, 2010, the Milwaukee Metropolitan Sewerage District and the State were expected to be the sources of approximately 26% and 19%, respectively, of the funds applied to pay debt service on the Outstanding Bonds— <i>Pages 6-9</i> .
Priority	The 2010 Bonds are issued on a parity with all other Bonds previously or hereafter issued under the General Resolution— <i>Page 6</i> .
Purpose	Proceeds of the 2010 Series 4 Bonds are being used to make Pledged Loans to Municipalities primarily for construction or improvement of their wastewater treatment facilities and to make a deposit into the Loan Credit Reserve Fund. Proceeds of the 2010 Series 5 Bonds are being used to refund previously issued Outstanding Bonds. Proceeds of the 2010 Bonds are being used to pay for Costs of Issuance— <i>Pages 1-2</i> .
Interest Payment Dates	June 1 and December 1, commencing June 1, 2011
Closing/Settlement	On or about November 18, 2010
Denominations	Multiples of \$5,000
Trustee/Registrar/Paying Agent	U.S. Bank National Association
Bond Counsel	Foley & Lardner LLP
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry-System	The Depository Trust Company— <i>Pages 4-5</i>
2009 Annual Report	This Official Statement incorporates by reference, and updates information and makes changes or additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009.

The prices and yields listed on the inside front cover were determined on November 2, 2010 at negotiated sale.

J.P. Morgan

Ramirez & Co., Inc.

BAIRD

M♦R♦ Beal & Company

Jefferies & Company

November 3, 2010

**CUSIP NUMBERS, MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS,
PRICES, AND CALL DETAILS**

\$153,050,000

STATE OF WISCONSIN

\$116,290,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 4

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 TJ4	2012	\$ 3,705,000	3.00%	0.52%	103.789%	Not Callable	-
977092 TK1	2013	3,815,000	4.00	0.80	108.017	Not Callable	-
977092 TL9	2014	3,970,000	5.00	1.13	113.377	Not Callable	-
977092 UE3	2015	1,750,000	2.00	1.45	102.405	Not Callable	-
977092 TM7	2015	2,415,000	5.00	1.45	115.530	Not Callable	-
977092 UF0	2016	1,050,000	2.75	1.78	105.091	Not Callable	-
977092 TN5	2016	3,270,000	4.00	1.78	111.654	Not Callable	-
977092 UG8	2017	2,000,000	4.00	2.11	111.482	Not Callable	-
977092 TP0	2017	2,480,000	5.00	2.11	117.557	Not Callable	-
977092 TQ8	2018	4,685,000	5.00	2.39	117.901	Not Callable	-
977092 TR6	2019	4,920,000	5.00	2.67	117.679	Not Callable	-
977092 TS4	2020	5,165,000	5.00	2.88	117.567	Not Callable	-
977092 TT2	2021	5,425,000	5.00	3.11	115.491	^(a) 6/1/2020	100%
977092 TU9	2022	5,695,000	5.00	3.25	114.249	^(a) 6/1/2020	100
977092 TV7	2023	5,980,000	5.00	3.35	113.372	^(a) 6/1/2020	100
977092 TW5	2024	6,280,000	5.00	3.45	112.503	^(a) 6/1/2020	100
977092 TX3	2025	6,595,000	5.00	3.53	111.813	^(a) 6/1/2020	100
977092 TY1	2026	6,925,000	5.00	3.61	111.128	^(a) 6/1/2020	100
977092 TZ8	2027	7,270,000	5.00	3.69	110.449	^(a) 6/1/2020	100
977092 UA1	2028	7,630,000	5.00	3.77	109.774	^(a) 6/1/2020	100
977092 UB9	2029	8,015,000	5.00	3.85	109.104	^(a) 6/1/2020	100
977092 UC7	2030	8,415,000	5.00	3.93	108.439	^(a) 6/1/2020	100
977092 UD5	2031	8,835,000	5.00	4.01	107.779	^(a) 6/1/2020	100

\$36,760,000 CLEAN WATER REVENUE REFUNDING BONDS, 2010 SERIES 5

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 UH6	2018	\$ 5,415,000	5.00%	2.39%	117.901%	Not Callable	-
977092 UJ2	2019	5,685,000	5.00	2.67	117.679	Not Callable	-
977092 UK9	2020	5,960,000	5.00	2.88	117.567	Not Callable	-
977092 UL7	2021	6,255,000	5.00	3.11	115.491	^(a) 6/1/2020	100%
977092 UM5	2022	6,560,000	5.00	3.25	114.249	^(a) 6/1/2020	100
977092 UN3	2023	6,885,000	5.00	3.35	113.372	^(a) 6/1/2020	100

^(a) These 2010 Bonds are priced to the June 1, 2020 first optional redemption date.

This document is the State’s *official* statement about the offering of the 2010 Bonds; that is, it is the only document the State has authorized for providing information about the 2010 Bonds. This document is not an offer or solicitation for the 2010 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2010 Bonds, and anything else related to the offering.

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

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2010 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2010 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the 2010 Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such 2010 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE 2010 BONDS

BUILDING COMMISSION MEMBERS

Voting Members

	Term of Office Expires
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Jeffrey Plale, Vice-Chair	January 2, 2011
Senator Ted Kanavas	January 6, 2013
Senator Pat Kreitlow	January 2, 2011
Representative Spencer Black	January 2, 2011
Representative Gordon Hintz	January 2, 2011
Representative Dean Kaufert	January 2, 2011
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Mr. Gil Funk, State Chief Engineer Department of Administration	_____
Vacant, State Chief Architect Department of Administration	_____

Building Commission Secretary

Mr. David W. Helbach, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration
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OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 2, 2011
Mr. Daniel J. Schooff, Secretary Department of Administration	At the pleasure of the Governor
Mr. Matthew J. Frank, Secretary Department of Natural Resources	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
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101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645

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(608) 266-2305
frank.hoadley@wisconsin.gov

Mr. David R. Erdman
Assistant Capital Finance Director
(608) 267-0374
david.erdman@wisconsin.gov

Mr. Michael D. Wolff
Finance Programs Administrator
(608) 267-2734
michael.wolff@wisconsin.gov

SUMMARY DESCRIPTION OF THE 2010 BONDS

Selected information is presented on this page for the convenience of the user. To make an informed investment decision regarding the 2010 Bonds, a prospective investor should read the entire Official Statement

Principal Amount and Description:	\$116,290,000 Clean Water Revenue Bonds, 2010 Series 4 \$36,760,000 Clean Water Revenue Refunding Bonds, 2010 Series 5
Denominations:	Multiples of \$5,000
Dated Date:	Date of delivery (on or about November 18, 2010)
Interest Payment:	June 1 and December 1, commencing June 1, 2011
Maturities:	<i>2010 Series 4 Bonds</i> —June 1, 2012-2031 <i>2010 Series 5 Bonds</i> —June 1, 2018-2023
Record Dates:	May 15 and November 15
Redemption:	<i>Optional</i> —The 2010 Bonds maturing on or after June 1, 2021 are callable at par on or after June 1, 2020—See “ 2010 BONDS; Redemption Provisions ”
Form:	Book-entry-only system.
Trustee/Paying Agent:	All payments of principal and interest on the 2010 Bonds will be made by U.S. Bank National Association, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security for Bonds:	The 2010 Bonds, and all other parity Bonds previously issued or to be issued in the future, are payable solely from: <ul style="list-style-type: none"> • Pledged Loan Repayments, • Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and • Any other Pledged Receipts. <p>The Milwaukee Metropolitan Sewerage District and the State are currently expected to be the sources of approximately 26% and 19%, respectively, of the funds applied to pay debt service on the Outstanding Bonds—See “SECURITY”</p>
Outstanding Parity Bonds:	\$854,625,000 as of September 30, 2010.
Authority for Issuance:	The 2010 Bonds are authorized under the Chapter 18 and Sections 281.58 and 281.59, Wisconsin Statutes.
Purpose:	Proceeds of the 2010 Series 4 Bonds are being used to make Pledged Loans to Municipalities primarily for construction or improvement of their wastewater treatment facilities and to make a deposit into the Loan Credit Reserve Fund. Proceeds of the 2010 Series 5 Bonds are being used to refund previously issued Outstanding Bonds. Proceeds of the 2010 Bonds are being used to pay Costs of Issuance.
Additional Bonds:	Additional Bonds may be issued without limitation as to the amount, subject to any applicable statutory limitation, payable on a parity with the 2010 Bonds and all other Bonds previously issued, provided that the Loan Credit Reserve Fund Requirement and the Subsidy Fund Requirement are satisfied—See “ SECURITY ”
Tax Exemption:	Interest on the 2010 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—See “ OTHER MATTERS; Tax Exemption ” Interest on the 2010 Bonds is not exempt from current State of Wisconsin income and franchise taxes—See “ OTHER MATTERS; Tax Exemption ”
Legal Opinion:	Validity and tax opinion on the 2010 Bonds to be provided by Foley & Lardner LLP—See APPENDIX E

OFFICIAL STATEMENT

\$153,050,000

STATE OF WISCONSIN

\$116,290,000 CLEAN WATER REVENUE BONDS, 2010 SERIES 4
\$36,760,000 CLEAN WATER REVENUE REFUNDING BONDS, 2010 SERIES 5

INTRODUCTION

This Official Statement provides information about two series of clean water revenue bonds that are being issued by the State of Wisconsin (**State**): the \$116,290,000 Clean Water Revenue Bonds, 2010 Series 4 (**2010 Series 4 Bonds**) and the \$36,760,000 Clean Water Revenue Refunding Bonds, 2010 Series 5 (**2010 Series 5 Bonds**) (the 2010 Series 4 Bonds and the 2010 Series 5 Bonds are collectively called the **2010 Bonds**). This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, **Parts I, II, III, and VI** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 (**2009 Annual Report**).

The 2010 Bonds are authorized under the Wisconsin Statutes and a Clean Water Revenue Bond General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006 (**General Resolution**). The 2010 Bonds are being issued under series resolutions adopted by the Commission on January 20, 2010 and August 11, 2010 (collectively, **Series Resolution**). The General Resolution and the Series Resolution are collectively referred to as the **Resolution**.

The Commission has authorized the State Department of Administration (**DOA**) to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated. Requests for additional information, including copies of the Resolution, Financial Assistance Agreements, or Municipal Obligations, 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
Website: www.doa.wi.gov/capitalfinance

Unless otherwise indicated, capitalized terms used in this Official Statement are defined in **APPENDIX C**.

The Preliminary Official Statement, dated October 19, 2010, included provisions concerning a portion of the 2010 Bonds to be issued as “taxable” bonds that would also be “build America bonds” (within the meaning of Section 54AA(d) of the Internal Revenue Code of 1986, as amended). None of the 2010 Bonds are being issued as “build America bonds”, so those provisions have been removed from this Official Statement.

PLAN OF FINANCE

General

The 2010 Series 4 Bonds are being issued to make loans under the Clean Water Fund Program and to make a deposit into the Loan Credit Reserve Fund. The 2010 Series 5 Bonds are being issued for the advance refunding of certain maturities of previously issued Outstanding Bonds. Proceeds of the 2010 Bonds are being used to pay Costs of Issuance. See **“PLAN OF FINANCE; Sources and Uses of Funds”**.

Plan of Refunding

The refunded maturities of the previously issued Outstanding Bonds are currently outstanding in the aggregate principal amount of \$39,510,000 (**Refunded Bonds**). **APPENDIX F** identifies, and provides information concerning, the Refunded Bonds.

To provide for the advance refunding of the Refunded Bonds, proceeds of the 2010 Series 5 Bonds will be used to purchase noncallable direct obligations of the United States or certain agencies or instrumentalities of the United States (**Government Obligations**). These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- (i) to pay when due the interest on the Refunded Bonds to and including their respective redemption dates (but not including the December 1, 2010 interest payment); and
- (ii) to redeem the Refunded Bonds on their respective redemption dates at their respective amounts of maturing principal.

The State will make a deposit into the Interest Account of the Debt Service Fund of the General Resolution for the December 1, 2010 interest payment on the Refunded Bonds.

Defeasance Escrow Agreement

The Government Obligations, the beginning cash balance, and the interest earnings will be held in a trust fund (**Escrow Fund**) created by a Defeasance Escrow Agreement (**Escrow Agreement**), between the State and The Bank of New York Mellon Trust Company, N.A. (**Escrow Trustee**) solely for the benefit of the owners of the Refunded Bonds.

The Escrow Fund will be held by the Escrow Trustee in trust to make payments of the principal of, redemption premium, if any, and interest on, the Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay these fees and costs to the Escrow Trustee from proceeds of the 2010 Bonds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Robert Thomas CPA, LLC (**Verification Agent**).

In the opinion of Bond Counsel, upon the State making a deposit into the Interest Account of the Debt Service Fund of the General Resolution for the December 1, 2010 interest payment on the Refunded Bonds and making the deposit described above into the Escrow Fund, the Refunded Bonds will be deemed to be paid and will no longer be considered Outstanding for purposes of the General Resolution.

Sources and Uses of Funds

The State anticipates that the proceeds of the 2010 Bonds will be applied as follows.

<u>Sources</u>	<u>2010 Series 4 Bonds</u>	<u>2010 Series 5 Bonds</u>	<u>Total</u>
Principal Amount	\$ 116,290,000.00	\$ 36,760,000.00	\$ 153,050,000.00
Original Issue Premium	13,528,717.25	5,845,742.15	19,374,459.40
Total Sources	<u>\$ 129,818,717.25</u>	<u>\$ 42,605,742.15</u>	<u>\$ 172,424,459.40</u>
<u>Uses</u>			
Deposit to Loan Fund.....	\$120,000,000.00	—	\$120,000,000.00
Deposit to Escrow Fund.....	—	\$42,334,518.53	42,334,518.53
Deposit to Loan Credit Reserve Fund.....	9,000,000.00	—	9,000,000.00
Underwriters' Discount.....	649,329.18	215,792.11	865,121.29
Costs of Issuance.....	169,388.07	55,431.51	224,819.58
Total Uses	<u>\$129,818,717.25</u>	<u>\$42,605,742.15</u>	<u>\$172,424,459.40</u>

2010 BONDS

General

The **inside front cover of this Official Statement** sets forth the maturity dates, principal amounts, and interest rates for the 2010 Bonds. The 2010 Bonds are being issued in a book-entry-only system. The Commission has appointed, as the securities depository for the 2010 Bonds, The Depository Trust Company, New York, New York (DTC). See “**2010 BONDS; Book-Entry-Only System**”.

The 2010 Bonds will be dated the date of their delivery (expected to be November 18, 2010) and will bear interest from that date payable on June 1 and December 1 of each year, beginning on June 1, 2011.

Interest on the 2010 Bonds will be computed on the basis of a 360-day year of twelve 30-day months. So long as the 2010 Bonds are in the book-entry-only system, payments of the principal of, and interest on, each 2010 Bond will be paid to the securities depository.

The 2010 Bonds are issued as fully registered bonds without coupons in initial principal denominations of \$5,000 or any multiple of \$5,000.

The 2010 Bonds and all other bonds issued or to be issued under the General Resolution are collectively referred to as the **Bonds**. U.S. Bank National Association is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2010 Bonds.

Redemption Provisions

Optional Redemption

The 2010 Bonds maturing on or after June 1, 2021 may be redeemed on June 1, 2020 or any date thereafter, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem the 2010 Bonds, and the Commission may direct the amounts and maturities of the 2010 Bonds to be redeemed.

Notice of Redemption

So long as the 2010 Bonds are in the book-entry-only system, any redemption notice will be sent by the Trustee (by registered or first class mail, postage prepaid) to the securities depository between 30 and 60 days before the redemption date.

All redemption notices will also be sent to each Rating Agency and the Information Services. Failure to give any required notice of redemption as to any particular 2010 Bonds will not affect the validity of the call for redemption of any 2010 Bonds in respect of which no such failure has occurred. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Interest on any 2010 Bond called for redemption will cease to accrue on the redemption date so long as the 2010 Bond is paid or money is provided for its payment. If moneys are not available on the redemption date, the 2010 Bonds or portions that are subject to any redemption notice shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Selection of 2010 Bonds to be Redeemed

So long as the 2010 Bonds are in the book-entry-only system, selection of the beneficial owners affected by the optional redemption of serial bonds will be made by the securities depository and its participants, in accordance with their rules.

Payment and Registration of 2010 Bonds

So long as the 2010 Bonds are in the book-entry-only system, payments of principal and interest will be made by wire transfer to the securities depository or its nominee.

The Trustee is not required to transfer or exchange any 2010 Bond during the 15 days next preceding any interest payment date for the 2010 Bonds, or in the case of the proposed redemption of 2010 Bonds, next

preceding the date of the selection of the 2010 Bonds to be redeemed. In the event that less than the entire principal amount of a maturity is redeemed, the Trustee shall issue a new 2010 Bond certificate or certificates in the principal amount outstanding after redemption on the redemption date.

Ratings

At the State's request, ratings have been assigned to the 2010 Bonds by several Rating Agencies:

<u>Rating</u>	<u>Rating Agency</u>
AA+	Fitch Ratings
Aa1	Moody's Investors Service, Inc.
AA+	Standard & Poor's Ratings Services

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 2010 Bonds 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 2010 Bonds.

Book-Entry-Only System

The 2010 Bonds will initially be issued in the book-entry-only system. Purchasers of the 2010 Bonds will not receive bond certificates but instead will have their ownership in the 2010 Bonds recorded in the book-entry system.

2010 Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2010 Bonds. Ownership of the 2010 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the 2010 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Paying Agent will make all payments of principal of, and interest on, the 2010 Bonds to DTC. Owners of the 2010 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or the Trustee will provide notices and other communications about the 2010 Bonds to DTC. Owners of the 2010 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2010 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2010 Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, 2010 Bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. Neither the State nor the Trustee is responsible for any information available on DTC's web site. That information may be subject to change without notice.

Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2010 Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event the 2010 Bonds were not in the book-entry-only system, how the 2010 Bonds are redeemed and paid would differ.

Redemption

2010 Bonds would be selected for redemption by the Trustee by lot or such other manner as the Trustee shall determine. Any notice of the redemption of any 2010 Bonds would be sent by the Trustee (by registered or first class mail, postage prepaid) to the owners of the 2010 Bonds being redeemed between 30 and 60 days before the redemption date. Failure to give any required notice would not affect the validity of the call for redemption in respect of which no such failure has occurred. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the 2010 Bond was paid or moneys were on deposit with the Trustee for its payment. If moneys are not available on the redemption date, the 2010 Bonds or portions that are subject to any redemption notice shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment

Payment of principal would be made by check or draft upon the presentation and surrender of 2010 Bonds at the office of the Paying Agent, and interest would be paid when due by check or draft mailed to the owners of record at the address appearing on the registration books on the **Record Date**—which is the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. A registered owner of \$1 million or more in principal amount of 2010 Bonds outstanding would be paid by wire transfer to such account as the owner may designate.

ENVIRONMENTAL IMPROVEMENT FUND

The State's Environmental Improvement Fund provides for two separate environmental financing programs:

- **Clean Water Fund Program.** Established in 1990, the Clean Water Fund Program is a municipal financial assistance program for water pollution control projects and includes the State's implementation of a Federal State Revolving Fund Program under the Federal Water Quality Act of 1987. This program also funds the Land Recycling Loan Program, which is a municipal loan program for remediation of contaminated lands.
- **Safe Drinking Water Loan Program.** The Safe Drinking Water Loan Program is a municipal loan program for drinking water projects and includes the State's implementation of the Federal Safe Drinking Water Act Amendments of 1996.

The State intends to use proceeds of the 2010 Bonds, as it has the proceeds of previously issued Bonds (other than refunding Bonds), to make loans under the Clean Water Fund Program. These loans have terms not exceeding 20 years, and most loans have interest rates at or below market interest rates at the times the loans are made. If changes were made to the Wisconsin Statutes, Bond proceeds could be used to make loans under the Safe Drinking Water Loan Program; however, no legislation is pending that would make such changes.

CLEAN WATER FUND PROGRAM

The Clean Water Fund Program consists of three loan portfolios:

- **Leveraged Portfolio**, consisting of **Pledged Loans** funded with Bond proceeds along with repayments of the principal of, and interest on, those loans.

- **Direct Portfolio or Clean Water Portfolio**, consisting of **Direct Loans** funded with federal capitalization grants and the required State match along with repayments of the principal of, and interest on, those loans.
- **Proprietary Portfolio**, consisting of **Proprietary Loans** funded with State general obligation bond proceeds along with repayments of the principal of, and interest on, those loans.

Pledged Loans, Direct Loans, and Proprietary Loans are made to Municipalities pursuant to Financial Assistance Agreements. As evidence of each loan, the Municipality is required to issue and deliver to the State a bond or note of the Municipality (**Municipal Obligation**) obligating the Municipality to repay the loan on the maturity schedule and at the interest rate set forth in the Financial Assistance Agreement.

Only Pledged Loans are funded with Bond proceeds, and only Pledged Loan Repayments are pledged to the repayment of the Bonds. In other words, Bond proceeds do not fund Direct Loans or Proprietary Loans, and repayments of Direct Loans or Proprietary Loans are not pledged to the repayment of the Bonds. This Official Statement and the 2009 Annual Report use the term “Pledged Loans” to refer to the same loans that are called “Leveraged Loans” and “Loans” in the General Resolution.

Information concerning the Clean Water Fund Program is included as **APPENDIX A**, which incorporates by reference Part VI of the 2009 Annual Report. **APPENDIX A** includes updated information and makes changes or additions to Part VI of the 2009 Annual Report, including, but not limited to, information about Pledged Loans as of October 19, 2010, and incorporating by reference the independent auditors’ report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2010 and 2009, along with supplemental information as of June 30, 2010, and the independent auditors’ report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2010.

SECURITY

The 2010 Bonds are issued on a parity with all other Bonds previously issued or to be issued under the General Resolution.

The Bonds are special obligations of the State, payable solely from the revenues, receipts, funds, and moneys pledged under the General Resolution. Debt service on the 2010 Bonds and all other parity Bonds is secured by a pledge of:

- Pledged Loan Repayments made by Municipalities.
- Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, each of which were established pursuant to the General Resolution.
- Any other Pledged Receipts.

The State is not obligated to pay the principal of, and interest on, the 2010 Bonds or any other Bonds from any revenues or funds of the State other than those pledged pursuant to the General Resolution, and neither the full faith and credit nor the taxing power of the State or any agency, instrumentality, or political subdivision thereof is pledged to the payment of the principal of, and interest on, the 2010 Bonds or any other Bonds.

The Legislature has authorized the issuance of \$2.363 billion of revenue bonds (not including refunding bonds) for the Clean Water Fund Program. The State has previously issued \$1.399 billion of Bonds (not including the 2010 Series 4 Bonds or any refunding Bonds) and an additional \$437 million of refunding Bonds (not including the 2010 Series 5 Bonds). As of September 30, 2010, approximately \$855 million of Bonds were Outstanding.

Prior to the issuance of the 2010 Bonds or additional parity Bonds, the State must certify that, upon the delivery of such Bonds, there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement.

Further information concerning the security and source of payment for the Bonds is included as **APPENDIX A**, which incorporates by reference Part VI of the 2009 Annual Report. Part VI of the 2009 Annual Report addresses the following security matters:

- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- General Resolution

Loans

The Wisconsin Statutes set forth certain requirements for eligibility of a Municipality to receive financial assistance from the Clean Water Fund Program. Additional information concerning the loan application process, lending criteria, levy limits for counties, commitments, and financial assistance agreements is described in Part VI of the 2009 Annual Report. See **APPENDIX A**.

Subsidy Fund

Since most Pledged Loans are made at interest rates below the Clean Water Fund Program's cost of borrowing, the General Resolution establishes a Subsidy Fund and requires that the amount on deposit meet the Subsidy Fund Requirement and that the Subsidy Fund Transfer Amount be transferred to the Debt Service Fund before each Interest Payment Date. Prior to any disbursement from the Loan Fund, the State is required by the General Resolution to meet the Subsidy Fund Requirement by depositing amounts in the Subsidy Fund. As of September 30, 2010, \$171 million principal amount of State general obligation bonds were on deposit in the Subsidy Fund.

Loan Credit Reserve Fund

The General Resolution establishes the amount and timing of funds and securities required to be deposited in the Loan Credit Reserve Fund, based on Loan Credit Reserve Fund Schedules reviewed by each Rating Agency. To the extent the amount of deposit required by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. See **APPENDIX A** and **APPENDIX D**.

As of September 30, 2010, the Loan Credit Reserve Fund consisted of \$115 million in cash and investments, which exceed the \$108 million Loan Credit Reserve Fund Requirement as of that date.

As of September 30, 2010, the cash and investments in the Loan Credit Reserve Fund were invested as follows:

- \$22 million in an investment agreement with AIG Matched Funding Corp. (AIGMFC) with the payment obligations of AIGMFC guaranteed by American International Group, Inc.
- \$8 million in a collateralized investment repurchase agreement with Bayerische Landesbank Girozentrale with the investment securities held by Wells Fargo Bank, National Association, as custodian.
- \$31 million in direct obligations of the United States under four separate forward delivery agreements with Wells Fargo Bank, N.A., as a successor to Wachovia Bank, National Association.
- \$2 million in direct obligations of the United States under a forward delivery agreement with Westdeutsche Landesbank Girozentrale.
- \$14 million in direct obligations of the United States under two separate reserve fund forward delivery agreements with JPMorgan Chase Bank, NA.

- \$10 million in general obligations of the State of Wisconsin with an extendible maturity date.
- \$28 million in an investment pool managed by the State of Wisconsin Investment Board.

Each of the above investments (not including the general obligations of the State of Wisconsin) provides for liquidation of the investment if and when required by the terms of the General Resolution.

No information is provided in this Official Statement about any rating assigned to an obligor or guarantor of any investment agreement or forward delivery agreement held on deposit in the Loan Credit Reserve Fund. Certain events related to the investments or agreements could occur that may impact the Loan Credit Reserve Fund and the amount available in the Loan Credit Reserve Fund to meet the Loan Credit Reserve Fund Requirement. If needed, the State has alternatives available to it in order to increase the amount available in the Loan Credit Reserve Fund.

The State

Based on the general obligations of the State deposited in the Subsidy Fund and cash-flow calculations as of September 30, 2010, the State is expected to be the source of 19% of the funds applied to pay debt service on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds.

Information concerning the State, its financial condition, and its general obligations is included as **APPENDIX B**, which incorporates by reference, and includes updated information and makes changes or additions to, Parts II and III of the 2009 Annual Report, including, but not limited to, information from the State's Annual Fiscal Report (budgetary basis) for the fiscal year ended June 30, 2010, and estimated General Fund tax revenue collections included in the January 27, 2010 memorandum from the Legislative Fiscal Bureau.

Milwaukee Metropolitan Sewerage District

Based on cash-flow calculations as of September 30, 2010, the Milwaukee Metropolitan Sewerage District (**MMSD**) is expected to be the source of 26% of the funds applied to pay debt service on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds. MMSD has issued Municipal Obligations to evidence its obligation to repay its Pledged Loans. The Municipal Obligations issued by MMSD are general obligations; MMSD has made an irrevocable levy of ad valorem property taxes sufficient to pay debt service on its Pledged Loans when due.

Information concerning MMSD is included in Part VI of the 2009 Annual Report, which incorporated by reference the MMSD Comprehensive Annual Financial Report for the period ending December 31, 2008. See **APPENDIX A**. In addition, the MMSD Comprehensive Annual Financial Report for the period ended December 31, 2009 is incorporated by reference into this Official Statement.

Copies of the MMSD Comprehensive Annual Financial Reports can be obtained from:

Milwaukee Metropolitan Sewerage District
 Attention: Mark T. Kaminski, Acting Controller/Treasurer
 260 West Seeboth Street
 Milwaukee, Wisconsin 53204-1446
 Telephone: (414) 225-2050
 E-Mail: bgraffin@mmsd.com
 Website: <http://v2.mmsd.com/financialreports1.aspx>

Build America Bonds

The direct payment the State expects to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on such date for other Bonds previously issued by the State and treated as "build America bonds" (within the meaning of Section 54AA(d) of the Internal Revenue Code of 1986, as amended (**Code**)) that are "qualified bonds" (within the meaning of

Section 54AA(g)(2) of the Code), is not a revenue, receipt, fund, or money pledged under the General Resolution, and is not pledged to the payment of debt service on the Bonds.

OTHER MATTERS

Borrowing Plans for 2010

Previously in calendar year 2010, the State issued two series of Bonds in the aggregate amount of \$117 million to make Pledged Loans in the Clean Water Fund Program and one series of Bonds in the amount of \$14 million to refund previously issued Outstanding Bonds.

No other Bonds are expected to be issued in this calendar year. The amount and timing of the issuance of additional Bonds to make Pledged Loans in the Clean Water Fund Program depend on loan activity in the Clean Water Fund Program, and the amount and timing of the issuance of any additional Bonds to refund previously issued Outstanding Bonds depend on market conditions.

Underwriting

The 2010 Bonds are being purchased by the **Underwriters**, for which J.P. Morgan Securities LLC is acting as the representative.

The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2010 Series 4 Bonds at an aggregate purchase price, with no accrued interest, of \$129,169,388.07 (reflecting an aggregate original issue premium of \$13,528,717.25 and underwriters' discount of \$649,329.18), and the 2010 Series 5 Bonds at an aggregate purchase price, with no accrued interest, of \$42,389,950.04 (reflecting an aggregate original issue premium of \$5,845,742.15 and underwriters' discount of \$215,792.11).

The Underwriters have agreed to reoffer the 2010 Bonds at the public offering prices or yields set forth on the **inside front cover** of this Official Statement. The 2010 Bonds may be offered and sold to certain dealers (including dealers depositing the 2010 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2010 Bonds if any 2010 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Gonzalez Saggio & Harlan LLP.

Reference Information About 2010 Bonds

The **tables on the following page** and the **tables on the inside front cover** include information about the 2010 Bonds and are provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes are reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the initial reoffering yields and prices. For each of the 2010 Bonds subject to optional redemption, the yield shown is the lower of the lower of the yield to the first optional redemption date or the yield to the nominal maturity date.

\$ 116,290,000
State of Wisconsin
Clean Water Revenue Bonds, 2010 Series 4

Dated Date: Delivery Date
First Interest Date: June 1, 2011
Delivery Date: On or About November 18, 2010

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 TJ4	2012	\$ 3,705,000	3.00%	0.52%	103.789%	Not Callable	-
977092 TK1	2013	3,815,000	4.00	0.80	108.017	Not Callable	-
977092 TL9	2014	3,970,000	5.00	1.13	113.377	Not Callable	-
977092 UE3	2015	1,750,000	2.00	1.45	102.405	Not Callable	-
977092 TM7	2015	2,415,000	5.00	1.45	115.530	Not Callable	-
977092 UF0	2016	1,050,000	2.75	1.78	105.091	Not Callable	-
977092 TN5	2016	3,270,000	4.00	1.78	111.654	Not Callable	-
977092 UG8	2017	2,000,000	4.00	2.11	111.482	Not Callable	-
977092 TP0	2017	2,480,000	5.00	2.11	117.557	Not Callable	-
977092 TQ8	2018	4,685,000	5.00	2.39	117.901	Not Callable	-
977092 TR6	2019	4,920,000	5.00	2.67	117.679	Not Callable	-
977092 TS4	2020	5,165,000	5.00	2.88	117.567	Not Callable	-
977092 TT2	2021	5,425,000	5.00	3.11	115.491 ^(a)	6/1/2020	100%
977092 TU9	2022	5,695,000	5.00	3.25	114.249 ^(a)	6/1/2020	100
977092 TV7	2023	5,980,000	5.00	3.35	113.372 ^(a)	6/1/2020	100
977092 TW5	2024	6,280,000	5.00	3.45	112.503 ^(a)	6/1/2020	100
977092 TX3	2025	6,595,000	5.00	3.53	111.813 ^(a)	6/1/2020	100
977092 TY1	2026	6,925,000	5.00	3.61	111.128 ^(a)	6/1/2020	100
977092 TZ8	2027	7,270,000	5.00	3.69	110.449 ^(a)	6/1/2020	100
977092 UA1	2028	7,630,000	5.00	3.77	109.774 ^(a)	6/1/2020	100
977092 UB9	2029	8,015,000	5.00	3.85	109.104 ^(a)	6/1/2020	100
977092 UC7	2030	8,415,000	5.00	3.93	108.439 ^(a)	6/1/2020	100
977092 UD5	2031	8,835,000	5.00	4.01	107.779 ^(a)	6/1/2020	100

\$ 36,760,000
State of Wisconsin
Clean Water Revenue Refunding Bonds, 2010 Series 5

Dated Date: Delivery Date
First Interest Date: June 1, 2011
Delivery Date: On or About November 18, 2010

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date	Call Price
977092 UH6	2018	\$ 5,415,000	5.00%	2.39%	117.901%	Not Callable	-
977092 UJ2	2019	5,685,000	5.00	2.67	117.679	Not Callable	-
977092 UK9	2020	5,960,000	5.00	2.88	117.567	Not Callable	-
977092 UL7	2021	6,255,000	5.00	3.11	115.491 ^(a)	6/1/2020	100%
977092 UM5	2022	6,560,000	5.00	3.25	114.249 ^(a)	6/1/2020	100
977092 UN3	2023	6,885,000	5.00	3.35	113.372 ^(a)	6/1/2020	100

^(a) These 2010 Bonds are priced to the June 1, 2020 first optional redemption date.

Financial Advisor

Public Financial Management, Inc. has been employed by the State to perform professional services in the capacity of financial advisor (**Financial Advisor**). The Financial Advisor has provided advice on the structure of the 2010 Bonds and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. 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 Underwriters, indicate that (1) the receipts from the Government Obligations, together with an initial cash deposit, are sufficient to pay to and at maturity or early redemption the principal of, and premium (if any), and interest on, the Refunded Bonds, assuming that interest due on December 1, 2010 will be paid by the State, and (2) the yield of the Escrow Fund is less than the yield on the 2010 Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State 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 Refunded Bonds will be paid as described in its report.

Legal Investment

State law provides that the 2010 Bonds are legal investments for the following:

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

Certain Legal Matters

Legal matters relating to the authorization, issuance, and sale of the 2010 Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the 2010 Bonds are delivered, in substantially the form shown in **APPENDIX E**. If certificated 2010 Bonds are issued, then the opinion will be printed on the reverse side of each 2010 Bond.

As a condition to making a loan from the Clean Water Fund Program or Safe Drinking Water Loan Program, the State will require an opinion of counsel (which counsel need not be a nationally recognized bond counsel) to the effect that (subject to certain exceptions for bankruptcy, insolvency, and similar laws affecting creditors' rights or remedies and equitable principles), among other things, the related Financial Assistance Agreement and Municipal Obligation constitute legal, valid, and binding obligations of the Municipality enforceable against the Municipality in accordance with their respective terms.

Absence of Litigation

As required by law, the office of the Attorney General will examine a certified copy of all proceedings preliminary to issuance of the 2010 Bonds. Upon delivery of the 2010 Bonds, the State will furnish an opinion of the Attorney General of the State, dated the date of delivery of the 2010 Bonds, 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 2010 Bonds, or in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2010 Bonds, (2) the validity of the 2010 Bonds or any of the proceedings taken with respect to the issuance and sale thereof, or (3) the pledge or application of any moneys or security to the payment of the 2010 Bonds. In addition, the opinion will state that there is no controversy or litigation of any nature then pending or threatened by or against the State in which an adverse judgment or ruling could have a material adverse impact on the power of the State to collect and enforce the collection of the Pledged Receipts or other revenues, receipts, funds, or moneys pledged for the payment of the 2010 Bonds.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the loan, to deliver a certificate to the effect that there is no controversy or litigation of any nature pending or, to its knowledge, threatened against the Municipality contesting or affecting the validity or enforceability of the related Financial Assistance Agreement or Municipal Obligation or the use of the proceeds of the Municipal Obligation. In addition, the certificate must state that there is no controversy or litigation of any nature then pending or, to the Municipality's knowledge, threatened by or against the Municipality in which an adverse ruling could have a material adverse impact on the financial condition of the Municipality or adversely affect the power of the Municipality to levy, collect, and enforce the levying or collection of taxes (if the Municipal Obligation is a general obligation) or the imposition of rates or charges (if the Municipal Obligation is a revenue obligation) or the collection of any of the foregoing for the payment of its Municipal Obligation.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2010 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. 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 Code, that must be satisfied after the 2010 Bonds are issued for interest on the 2010 Bonds to be, or to 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 2010 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the 2010 Bonds were issued. The proceedings authorizing the 2010 Bonds do not provide for an increase in interest rates or a redemption of the 2010 Bonds in the event interest on the 2010 Bonds ceases to be excluded from gross income.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any 2010 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Future legislation or clarifications or amendments to the Code, if enacted into law, may cause the interest on the 2010 Bonds to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the 2010 Bonds from realizing the full current benefit of the tax status of the interest on the 2010 Bonds. Prospective purchasers of the 2010 Bonds are encouraged to consult their own tax advisors regarding any pending federal legislation.

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the 2010 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (**IRS**) or the courts, and it is not a guaranty of result.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the 2010 Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners of the 2010 Bonds and other parties other than the State would have little, if any, right to participate in an IRS examination of the 2010 Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the State may legitimately disagree may not be practicable. Any action of the IRS, including but not limited to selection of the 2010 Bonds for examination, the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the market price or the marketability of the 2010 Bonds, and may cause the State or the owners of the 2010 Bonds to incur significant expense.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the 2010 Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the 2010 Bonds for particular owners of 2010 Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a 2010 Bond.

State of Wisconsin Income and Franchise Taxes

Interest on the 2010 Bonds 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 2010 Bond.

Premium Bonds

Each 2010 Bond has an Issue Price that is greater than the amount payable at the maturity of the respective 2010 Bond (**Premium Bond**).

Any Premium Bond purchased in the initial offering at the Issue Price will have “amortizable bond premium” within the meaning of Section 171 of the Code. An owner of a Premium Bond 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 Bond 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 Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Premium Bond.

Owners of Premium Bonds who do not purchase their Premium Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the federal tax consequences of owning Premium Tax-Exempt Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning Premium Bonds.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2010 Bonds, to provide an annual report presenting certain financial information and operating data about the Bonds and the Clean Water Fund Program (**Annual Reports**). By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board (**MSRB**). The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. [Part I of the 2009 Annual Report](#), which contains information on the undertaking, is incorporated 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
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

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

FURTHER INFORMATION

The State has covenanted to file with the Trustee, and to make available from DOA upon request, a copy of the audited financial statements for the Clean Water Revenue Bond Program. **APPENDIX A** incorporates by reference the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2010 and 2009, along with supplemental information as of June 30, 2010 and independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2010.

Dated: November 3, 2010

STATE OF WISCONSIN

/S/ JIM DOYLE

Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/S/ DANIEL J. SCHOOFF

Daniel J. Schooff, Secretary
State of Wisconsin Department of Administration

/S/ DAVID W. HELBACH

David W. Helbach, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This Appendix incorporates by reference information concerning the State of Wisconsin (**State**) Clean Water Fund Program, contained in [Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 \(2009 Annual Report\)](#), which can be obtained as described below.

This Appendix also includes changes or additions to the information presented in Part VI of the 2009 Annual Report, including, but not limited to, information about Pledged Loans, as of October 19, 2010. This Appendix also includes by reference the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2010 and 2009, along with supplemental information as of June 30, 2010, and the independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2010, which have been filed with, and are currently available from, the MSRB through its Electronic Municipal Market Access (**EMMA**) system at www.emma.msrb.org.

[Part VI of the 2009 Annual Report](#) also contains general information about the Environmental Improvement Fund, the Clean Water Fund Program, and the security and source of payment for the Bonds. More specifically, this part presents information about the following matters:

- Financial assistance
- Plan of finance
- Capitalization grants
- Funding levels
- Interest subsidy
- Management
- Security and source of payment
- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- General Resolution

This Official Statement and the 2009 Annual Report use the term "Pledged Loans" to refer to the same loans that are called "Leveraged Loans" and "Loans" in the General Resolution.

The 2009 Annual Report has been filed with the Municipal Securities Rulemaking Board (**MSRB**) and also 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 2009 Annual Report may also be obtained from:

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

After publication and filing of the 2009 Annual Report, certain changes or events have occurred that affect items discussed in the 2009 Annual Report. Listed below, by reference to particular sections of Part VI of the 2009 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB.

However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

Security and Source of Payment for Bonds; Pledged Loans; Table VI-2 (Part VI; Pages 189-196). Update with the following information and table.

The table that starts on [page A-4](#) identifies all Municipalities that have entered into Financial Assistance Agreements and received any type of loan from the Environmental Improvement Fund (which includes loans from the Leveraged, Direct, and Proprietary Portfolios along with loans from the Safe Drinking Water Loan Program).

The table first presents the Municipalities with outstanding Pledged Loans as of October 19, 2010. These Municipalities are listed in the order of the percentage of the debt service payments from each Municipality on its Pledged Loan (or Pledged Loans) to the total debt service payments on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds. If a Municipality receives a Financial Assistance Agreement that is funded with both Pledged Loans and Direct Loans or Proprietary Loans, or if it receives multiple Financial Assistance Agreements that are funded with both Pledged Loans and Direct Loans or Proprietary Loans, then the entire amount of all Financial Assistance Agreements is included within the group of Pledged Loans. In these circumstances, there are separate columns that identify the "Pledged Loan Balance" and the "Non-Pledged Loan Balance". The table next presents municipalities that do not have Pledged Loans, which are listed alphabetically.

Municipalities Exhibiting Financial Distress

Certain State of Wisconsin municipalities that are borrowers from the State of Wisconsin's Environmental Improvement Fund loan programs have made disclosures relating to financial distress they are undergoing. These municipalities have made the Environmental Improvement Fund aware of such disclosures, and they are discussed below; however, *the Environmental Improvement Fund loans made to these municipalities are not Pledged Loans and thus are not pledged to the repayment of the Bonds.*

Village of Warrens. The Village of Warrens has outstanding a Clean Water Fund loan, dated August 24, 2005, in the current outstanding amount of \$3,648,448. Effective partial security for the Municipal Obligation issued to the Environmental Improvement Fund to secure the loan is expected tax increment receipts from the Village of Warrens' Tax Increment District No. 1, established to capture tax increments from a residential and commercial real estate development. Coincidental with the current recession, property values for this development have fallen, resulting in a shortfall of tax increment and other revenues to make full principal and interest payments on this loan. The State of Wisconsin Department of Administration entered into a Forbearance Agreement with the Village of Warrens on May 1, 2010, and expects to continue forbearance through a period of economic recovery and loan restructuring. The Village of Warrens is current on its repayment obligations for a Safe Drinking Water Loan Program loan, dated June 23, 2004, in the outstanding amount of \$416,304. Further details of these and other matters relating to the Village of Warrens can be found in disclosure filings made by the Village of Warrens with the MSRB through its EMMA system at www.emma.msrb.org. The disclosure filings from the Village of Warrens are not part of this Official Statement, nor are they incorporated by reference as part of this Official Statement.

City of Menasha. The Environmental Improvement Fund has made five loans to the City of Menasha for Safe Drinking Water Loan Program and Clean Water Fund Program purposes. All these loans are performing loans. Three of the loans are from the Safe Drinking Water Loan Program; currently, the security for these loans is a pledge of revenues from the City of Menasha water and electric utilities.

Separately, the City of Menasha issued its steam utility bonds and notes to convert an existing electrical generation plant to a municipal steam utility. Due to both project cost overruns and insufficient steam

customer contracts, the project failed to provide sufficient revenues to pay debt service on certain steam utility obligations, and those obligations are in default. A proposed work-out would entail the sale and lease-back of the City of Menasha's electric utility assets. If implemented, this work-out will require the Environmental Improvement Fund to release the City of Menasha's security pledge of electric utility revenues to the outstanding Safe Drinking Water Loan Program loans. If there are sufficient water utility revenues available to service the three outstanding Safe Drinking Water Loan Program loans, the Environmental Improvement Fund is likely to release the pledge of electric utility revenues, if requested. Further details of these and other matters relating to the City of Menasha can be found in disclosure filings made by the City of Menasha with MSRB through its EMMA system at www.emma.msrb.org. The disclosure filings from the City of Menasha are not part of this Official Statement, nor are they incorporated by reference as part of this Official Statement.

Security and Source of Payment for Bonds; Subsidy Fund (Part VI; Pages 196-197). Update with information that appears in "**SECURITY; Subsidy Fund**" on page 7 of this Official Statement.

Security and Source of Payment for Bonds; Loan Credit Reserve Fund (Part VI; Pages 198-199). Update with information that appears in "**SECURITY; Loan Credit Reserve Fund**" on pages 7-8 of this Official Statement.

Security and Source of Payment for Bonds; State Financial Participation (Part VI; Page 200). Update with information that appears in "**SECURITY; The State**" on page 8 of this Official Statement.

Security and Source of Payment for Bonds; Milwaukee Metropolitan Sewerage District (Part VI; Pages 200-201). Update with information that appears in "**SECURITY; Milwaukee Metropolitan Sewerage District**" on pages 8-9 of this Official Statement, which incorporates by reference the MMSD Comprehensive Annual Financial Report for the year ended December 31, 2009.

Deposits In Loan Credit Reserve Fund (Part VI; Pages 202-205). Update with information that appears in "**APPENDIX D**" to this Official Statement.

State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
October 19, 2010
(Amount in Thousands)

Municipality ^(a)	FAA Loan Amount ^(b)	Total FAA Loan Disbursed	Pledged Loan Balance ^(c)	Non-Pledged Loan Balance	Total Outstanding Balance ^(c)	FAA Loan Remaining to Fund ^(d)	% of Bond Payment ^(e)
<i>Pledged Loans</i>							
Milwaukee Metropolitan Sewerage District	\$ 1,148,527	\$ 967,307	\$ 261,168	\$ 349,470	\$ 610,638	\$ 156,565	26.04%
Madison Metropolitan Sewerage District	118,569	112,067	54,147	12,043	66,190	2,900	5.29%
City of Fond du Lac	93,295	91,634	52,811	29,702	82,513	756	5.20%
Heart of the Valley Metropolitan Sewerage District	40,884	39,262	27,230	6,569	33,799	976	2.68%
Green Bay Metropolitan Sewerage District	97,689	82,822	25,343	13,811	39,154	9,860	2.59%
City of Janesville	36,259	21,350	14,307	3,902	18,209	14,760	1.43%
City of Reedsburg	14,856	14,293	11,880	19	11,899	366	1.18%
City of Manitowoc	23,018	22,512	11,394	1,000	12,394	-	1.08%
Village of East Troy	10,102	9,624	8,827	-	8,827	478	0.90%
Walworth County Metropolitan Sewerage District	45,161	44,066	8,556	20,195	28,751	188	0.89%
Village of Sussex	18,842	18,238	7,411	-	7,411	-	0.75%
City of Racine	126,626	125,642	7,400	79,441	86,841	133	0.71%
Delafield - Hartland Pollution Control Commission	10,000	10,000	7,385	-	7,385	-	0.73%
Village of New Glarus	10,885	10,540	7,186	-	7,186	-	0.72%
Town of Salem	17,146	16,706	6,866	5,336	12,202	248	0.69%
Village of Belleville	9,252	9,101	6,776	-	6,776	-	0.67%
City of Two Rivers	14,177	12,318	6,339	3,512	9,851	1,608	0.64%
City of Menomonie	13,749	11,092	6,209	-	6,209	2,578	0.61%
Village of Cross Plains	8,287	7,782	6,114	-	6,114	-	0.60%
Village of Saukville	11,332	10,692	5,998	-	5,998	-	0.58%
Village of Cottage Grove	7,188	6,304	5,869	-	5,869	738	0.61%
Village of Cambridge	6,880	6,505	5,290	171	5,461	375	0.52%
Village of Union Grove	11,460	10,715	5,141	1,666	6,807	620	0.50%
City of Stevens Point	17,998	16,749	4,774	875	5,649	806	0.46%
City of Stoughton - Utilities	11,876	11,098	4,749	599	5,348	61	0.46%
City of Brookfield	31,416	29,881	4,703	9,379	14,082	233	0.46%
City of Waupun	6,249	6,062	4,365	-	4,365	-	0.44%
City of Waupaca	13,251	12,745	4,334	726	5,060	-	0.40%
Town of Oakland Sanitary District #1	5,768	5,211	4,327	-	4,327	373	0.43%
City of Mineral Point	6,884	6,244	4,308	-	4,308	-	0.42%
City of Milwaukee - Comptroller's Office	111,174	94,283	4,228	76,319	80,547	14,264	0.45%
Village of Hortonville	5,533	4,193	4,193	-	4,193	1,340	0.42%
City of Ripon	6,337	5,773	3,983	-	3,983	-	0.39%
City of South Milwaukee	15,689	15,518	3,917	7,396	11,313	-	0.38%
Village of Whitefish Bay	8,329	6,372	3,850	2,275	6,125	1,915	0.41%
City of Sheboygan	16,464	15,154	3,349	5,220	8,569	850	0.33%
Village of Marshall	7,744	7,507	3,340	-	3,340	-	0.31%
Village of Twin Lakes	6,481	6,462	3,294	441	3,735	-	0.32%
Village of Hammond	4,101	3,873	3,243	-	3,243	228	0.32%
Village of Deerfield	5,611	4,667	3,138	125	3,263	415	0.31%
Village of Cedar Grove	4,400	4,253	3,045	367	3,412	-	0.30%
Village of Jackson	6,130	6,130	2,970	-	2,970	-	0.27%
City of Bloomer	6,694	6,690	2,914	-	2,914	-	0.27%
City of Baraboo	3,902	3,802	2,899	-	2,899	-	0.29%
City of Milton	4,328	4,091	2,826	-	2,826	-	0.28%
City of Omro	3,510	3,354	2,821	-	2,821	-	0.28%
City of Brodhead	6,549	6,284	2,806	-	2,806	-	0.26%
Rib Mountain Metro Sewerage District	3,766	3,439	2,719	-	2,719	133	0.27%
City of Edgerton	5,612	4,966	2,693	-	2,693	-	0.26%
City of Oshkosh	64,698	63,167	2,551	29,161	31,712	219	0.25%
City of Dodgeville	4,995	4,995	2,528	-	2,528	-	0.23%
Village of Lomira	5,495	4,660	2,513	501	3,014	505	0.26%
Village of Bristol	6,364	6,077	2,486	-	2,486	-	0.24%
Village of Lake Delton	22,133	21,823	2,411	14,224	16,635	-	0.23%
Norway Sanitary District #1	5,547	4,424	2,404	-	2,404	-	0.23%
Village of Caledonia	4,465	4,411	2,345	638	2,983	-	0.23%
City of Oconomowoc	5,449	5,414	2,340	-	2,340	-	0.21%
Village of Black Creek	5,324	5,012	2,338	-	2,338	312	0.22%
Village of West Salem	8,049	7,510	2,068	2,763	4,831	183	0.19%
City of Hudson	6,165	5,823	2,065	-	2,065	-	0.19%
City of Richland Center	8,643	7,707	2,061	1,000	3,061	597	0.20%
Village of Dousman	3,268	1,938	1,938	-	1,938	1,329	0.21%
City of Chippewa Falls	9,063	8,523	1,907	2,565	4,472	198	0.17%
Green Lake Sanitary District	8,674	8,388	1,891	-	1,891	-	0.16%
City of Chilton	6,264	6,153	1,831	2,523	4,354	-	0.17%
City of Mauston	2,905	2,759	1,678	-	1,678	-	0.17%
Village of Plover	12,754	9,524	1,673	4,863	6,536	3,230	0.16%
Village of Luxemburg	3,178	2,945	1,621	-	1,621	-	0.15%
Village of Somersset	2,981	2,744	1,583	-	1,583	-	0.15%
City of Antigo	4,317	4,286	1,549	-	1,549	-	0.14%
City of Lodi	4,050	3,907	1,499	-	1,499	-	0.14%
Town of Menasha	3,486	2,702	1,478	-	1,478	767	0.15%
Village of Slinger	7,008	6,562	1,425	4,091	5,516	-	0.14%
City of Marshfield	24,170	22,996	1,421	9,976	11,397	-	0.13%
City of New Richmond	4,124	4,006	1,421	721	2,142	-	0.13%
Village of Silver Lake	2,318	2,318	1,357	-	1,357	-	0.13%
City of Cuba City	2,562	2,316	1,345	-	1,345	-	0.13%
Village of North Fond du Lac	2,592	2,590	1,335	-	1,335	-	0.13%
Village of Random Lake	1,919	1,740	1,287	-	1,287	-	0.13%

State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
October 19, 2010—Continued
(Amount in Thousands)

Municipality ^(a)	FAA Loan Amount ^(b)	Total FAA Loan Disbursed	Pledged Loan Balance ^(c)	Non-Pledged Loan Balance	Total Outstanding Balance ^(c)	FAA Loan Remaining to Fund ^(d)	% of Bond Payment ^(e)
Village of Howards Grove	2,102	1,905	1,270	-	1,270	-	0.12%
City of Neillsville	3,238	3,210	1,228	-	1,228	-	0.11%
City of Ashland	6,001	5,531	1,216	1,992	3,208	72	0.11%
City of Viroqua	2,728	2,727	1,183	739	1,922	-	0.12%
Village of Allouez	3,072	3,062	1,168	-	1,168	-	0.11%
City of Monroe	3,470	2,956	1,158	-	1,158	-	0.11%
City of Fort Atkinson	14,594	14,266	1,101	-	1,101	-	0.09%
City of Portage	5,630	5,536	1,060	2,156	3,216	-	0.11%
Village of Reedsville	2,768	2,755	1,024	-	1,024	-	0.09%
Freedom Sanitary District #1	2,748	2,645	1,005	-	1,005	-	0.09%
City of Delafield	1,556	1,556	1,005	-	1,005	-	0.10%
City of Juneau	1,365	1,302	982	99	1,081	-	0.10%
City of Tomahawk	3,026	2,864	959	-	959	-	0.09%
Village of Footville	2,131	2,097	956	304	1,260	-	0.09%
City of Mayville	1,483	1,481	936	-	936	-	0.09%
Village of Bangor	1,587	1,584	910	-	910	-	0.09%
City of Wautoma	6,848	6,847	896	1,308	2,204	-	0.08%
Ixonia Sanitary District #1	1,340	1,308	875	-	875	-	0.09%
City of Amery	3,060	2,909	789	245	1,034	-	0.07%
City of Jefferson	7,534	6,958	779	3,809	4,588	-	0.07%
City of Neenah	27,506	26,554	775	20,668	21,443	342	0.08%
City of Lake Mills	1,246	1,165	727	-	727	-	0.07%
City of Sparta	16,956	15,731	724	3,755	4,479	27	0.06%
Village of Pewaukee	8,191	7,695	719	2,423	3,142	-	0.07%
Chain O'Lakes Sanitary District #1	2,082	2,063	713	-	713	-	0.07%
Village of Iron Ridge	1,441	1,254	706	-	706	-	0.07%
Western Racine County Sewerage District	11,459	10,617	704	7,598	8,302	-	0.07%
City of Colby	3,074	2,780	703	122	825	104	0.06%
City of Kewaunee	1,684	1,684	698	-	698	-	0.07%
Village of Fremont	1,867	1,815	697	-	697	-	0.06%
Village of Shorewood	2,512	2,298	693	-	693	-	0.06%
Village of Poynette	2,288	2,112	681	-	681	-	0.06%
Village of Coleman	1,224	1,156	677	-	677	-	0.07%
City of Whitewater	4,344	1,614	646	-	646	2,730	0.06%
Village of Wrightstown	6,226	6,112	623	4,511	5,134	114	0.06%
Village of Lake Nebagamon	1,539	1,456	616	-	616	-	0.06%
City of Brillion	1,064	1,061	613	-	613	-	0.06%
Village of Newburg	1,549	1,430	602	-	602	-	0.06%
City of Oconto Falls	2,275	1,198	590	317	907	911	0.06%
Village of Dane	1,228	1,228	578	-	578	-	0.05%
Village of Trempealeau	2,976	2,548	576	1,004	1,580	414	0.05%
City of New Holstein	1,100	990	569	-	569	-	0.05%
City of Crandon	1,537	1,454	552	-	552	-	0.05%
City of Tomah	20,454	19,284	515	9,666	10,181	-	0.05%
O'Dell's Bay Sanitary District #1	475	475	475	-	475	-	0.05%
Village of Monticello	2,345	2,319	470	-	470	-	0.04%
City of Watertown	30,535	29,384	463	19,630	20,093	-	0.04%
City of Manawa	1,408	1,391	456	-	456	-	0.04%
Village of Mishicot	4,106	3,966	451	3,011	3,462	-	0.04%
Village of Fontana	4,751	3,417	435	1,583	2,018	1,261	0.04%
City of Lancaster	1,688	1,601	431	-	431	-	0.04%
City of Darlington	4,328	4,305	410	2,494	2,904	23	0.04%
Village of Blue Mounds	1,152	1,064	406	-	406	-	0.04%
City of Columbus	4,044	4,044	397	2,475	2,872	-	0.04%
City of Cumberland	2,128	858	389	50	439	1,151	0.04%
City of Kenosha	33,144	29,370	388	5,001	5,389	-	0.03%
Village of Muscoda	898	777	375	-	375	-	0.03%
City of Boscobel	1,337	1,182	375	-	375	-	0.03%
Village of Valders	1,538	1,538	373	33	406	-	0.03%
Village of Brokaw	772	718	373	-	373	-	0.03%
Village of Rockland	1,311	1,210	365	302	667	-	0.03%
City of Rhinelander	18,968	7,535	364	2,319	2,683	11,319	0.03%
City of Mosinee	1,383	1,297	340	-	340	-	0.03%
Village of Spring Green	950	920	338	-	338	-	0.03%
Village of Highland	1,147	1,104	330	306	636	-	0.03%
City of River Falls	4,766	4,351	328	2,681	3,009	-	0.03%
Wisconsin Dells - Lake Delton Sewerage Commission	1,935	1,892	318	-	318	-	0.03%
Brazeau Sanitary District #1	793	758	318	-	318	-	0.03%
Potosi/Tennyson Sewerage Commission	1,543	1,543	311	-	311	-	0.03%
Village of Mount Calvary	1,430	1,430	308	-	308	-	0.03%
Village of Bay City	1,224	1,200	300	-	300	-	0.03%
Village of Knapp	669	669	296	-	296	-	0.03%
City of Shullsburg	687	626	291	-	291	-	0.03%
City of Merrill	4,044	4,033	285	-	285	-	0.02%
Village of Rosholt	662	649	284	-	284	-	0.03%
Wrightstown Sanitary District #1	1,081	1,036	274	-	274	-	0.02%
Village of Cambria	302	253	253	-	253	49	0.03%

**State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
October 19, 2010—Continued
(Amount in Thousands)**

Municipality ^(a)	FAA Loan Amount ^(b)	Total FAA Loan Disbursed	Pledged Loan Balance ^(c)	Non-Pledged Loan Balance	Total Outstanding Balance ^(c)	FAA Loan Remaining to Fund ^(d)	% of Bond Payment ^(e)
Village of Lena	343	284	250	-	250	-	0.03%
Village of Brownsville	1,017	917	248	272	520	-	0.02%
City of Abbotsford	1,403	1,302	246	566	812	-	0.02%
Village of Montfort	779	756	244	-	244	-	0.02%
Village of Hewitt	1,467	1,298	244	-	244	-	0.02%
Sextonville Sanitary District	589	564	239	-	239	-	0.02%
City of Chetek	528	512	238	-	238	-	0.02%
Iron River Sanitary District #1	717	710	227	-	227	-	0.02%
City of Marinette	17,284	7,106	217	5,119	5,336	9,227	0.02%
Village of Kohler	401	367	200	-	200	-	0.02%
Village of Campbellsport	405	359	189	-	189	-	0.02%
City of Westby	417	395	183	-	183	-	0.02%
Black Wolf Sanitary District #1	4,327	4,065	171	-	171	-	0.01%
Village of Mattoon	628	586	168	104	272	-	0.02%
City of Cudahy	886	839	168	-	168	-	0.01%
Mercer Sanitary District #1	787	787	167	-	167	-	0.02%
Village of Prentice	544	447	164	-	164	-	0.01%
Silver Lake Sanitary District-Waushara Cty.	722	722	160	-	160	-	0.01%
City of Prescott	5,349	4,956	160	1,175	1,335	-	0.01%
Village of Wyoceana	389	298	154	-	154	-	0.01%
City of Galesville	1,143	1,111	153	-	153	-	0.01%
Village of Mount Horeb	3,436	3,338	149	151	300	-	0.01%
City of Montello	260	256	135	-	135	-	0.01%
Village of Watworth	584	438	134	133	267	119	0.01%
Village of Linden	224	216	133	-	133	-	0.01%
Village of Little Chute	427	132	132	-	132	295	0.01%
Village of Belmont	458	416	129	-	129	-	0.01%
Village of Almond	530	504	127	-	127	-	0.01%
Silver Lake Sanitary District	1,063	1,063	124	-	124	-	0.01%
Village of Ellsworth	373	373	121	-	121	-	0.01%
Village of North Freedom	498	473	121	-	121	-	0.01%
City of Plymouth	5,848	5,427	121	1,182	1,303	-	0.01%
Village of Pepin	363	281	119	-	119	-	0.01%
Village of Redgranite	2,303	2,303	118	817	935	-	0.01%
City of Shawano	2,361	1,929	116	1,635	1,751	405	0.01%
City of Black River Falls	4,228	4,067	112	1,929	2,041	-	0.01%
City of Beaver Dam	11,136	6,255	111	5,457	5,568	4,860	0.01%
Village of Potosi	291	260	110	-	110	-	0.01%
Village of Osceola	6,570	6,399	97	4,880	4,977	15	0.01%
Village of Pulaski	483	483	96	-	96	-	0.01%
City of New Lisbon	5,845	5,434	88	3,590	3,678	-	0.01%
Village of Argyle	1,467	1,380	88	-	88	-	0.01%
Wolf Treatment Plant Commission	12,847	12,377	86	5,980	6,066	-	0.01%
Village of Baldwin	262	262	86	-	86	-	0.01%
Village of Cassville	442	401	81	-	81	-	0.01%
Village of Prairie du Sac	205	183	77	-	77	-	0.01%
Village of Hancock	151	131	76	-	76	-	0.01%
Goodman Sanitary District #1	1,074	1,074	74	332	406	-	0.01%
Village of Gays Mills	180	173	73	-	73	-	0.01%
Iowa County	486	486	67	-	67	-	0.01%
Village of Plum City	1,685	1,685	64	1,313	1,377	-	0.01%
City of Hillsboro	1,978	1,736	55	1,545	1,600	212	0.01%
Neenah Sanitary District #2	1,057	1,057	54	-	54	-	0.00%
Laona Sanitary District #1	746	746	54	-	54	-	0.00%
City of Superior	3,398	50	50	-	50	3,348	0.01%
Village of Spring Valley	120	120	39	-	39	-	0.00%
Village of Blue River	508	476	39	204	243	23	0.00%
City of Prairie du Chien	7,928	7,703	31	3,912	3,943	-	0.00%
Village of Roberts	3,194	3,194	27	2,607	2,634	-	0.00%
Little Elkhart Lake Rehabilitation District	217	217	22	-	22	-	0.00%
Grand Chute - Menasha West Sewerage Commission	27,776	12,248	21	1,536	1,557	14,878	0.00%
City of Altoona	355	18	18	-	18	337	0.00%
Village of Webster	204	194	14	-	14	-	0.00%
Village of Bowler	794	729	7	444	451	-	0.00%
Village of Combined Locks	117	6	6	-	6	111	0.00%
Subtotal	\$ 2,967,184	\$ 2,613,580	\$ 765,743	\$ 849,069	\$ 1,614,812	\$ 273,454	

Direct Loans, Proprietary Loans, and Safe Drinking Water Loans

City of Adams	\$ 450	\$ 326	\$ -	\$ 326	\$ 326	\$ 125
Village of Adell - Onion River	721	721	-	74	74	-
Village of Adell	566	566	-	58	58	-
Village of Albany	536	472	-	250	250	-
Algoma Sanitary District #1	12,872	11,820	-	8,983	8,983	-
City of Algoma	5,547	5,432	-	389	389	-
Village of Amherst	578	520	-	520	520	58
City of Appleton	16,474	13,989	-	1,934	1,934	-
City of Arcadia	3,599	3,430	-	2,902	2,902	-
Village of Arena	1,627	1,587	-	846	846	-
Village of Arlington	2,132	2,060	-	1,283	1,283	-

**State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
October 19, 2010—Continued
(Amount in Thousands)**

Municipality ^(a)	FAA Loan Amount ^(b)	Total FAA Loan Disbursed	Pledged Loan Balance ^(c)	Non-Pledged Loan Balance	Total Outstanding Balance ^(c)	FAA Loan Remaining to Fund ^(d)
Ashippun Sanitary District	4,489	4,236	-	4,056	4,056	253
Village of Athens	2,429	961	-	961	961	1,468
City of Augusta	1,700	1,700	-	1,399	1,399	-
Village of Avoca	359	344	-	111	111	-
Village of Bagley	229	218	-	113	113	-
City of Bayfield	2,364	2,300	-	1,669	1,669	-
Village of Bayside	1,612	1,399	-	1,047	1,047	-
Village of Bear Creek	432	387	-	142	142	-
Village of Belgium	3,855	3,838	-	2,461	2,461	-
Town of Beloit	956	904	-	646	646	-
Village of Benton	1,702	1,702	-	1,079	1,079	-
Village of Black Earth	4,278	4,125	-	2,186	2,186	-
City of Blair	2,566	2,350	-	2,235	2,235	-
Village of Boaz	106	106	-	11	11	-
Bohner's Lake Sanitary District #1	2,859	2,859	-	735	735	-
Brookfield Sanitary District #4	5,750	5,608	-	2,335	2,335	-
Village of Brooklyn	2,928	2,902	-	2,627	2,627	-
Town of Buchanan	-	-	-	-	-	-
City of Burlington	23,977	23,281	-	6,228	6,228	-
Butte des Morts Consolidated Sanitary District #1	2,144	2,144	-	40	40	-
Village of Butternut	733	106	-	106	106	627
Village of Cameron	365	365	-	244	244	-
Village of Camp Douglas	526	483	-	463	463	-
Caroline Sanitary District	83	83	-	8	8	-
Village of Cascade	1,000	187	-	187	187	813
Village of Cazenovia	329	307	-	296	296	-
Chelsea Sanitary District	-	-	-	-	-	-
Christmas Mountain Sanitary District	1,659	1,614	-	932	932	-
Village of Cleveland	3,610	3,452	-	1,112	1,112	-
Village of Clinton	4,962	4,877	-	2,909	2,909	-
City of Clintonville	4,750	4,501	-	3,935	3,935	-
Village of Cochrane	454	441	-	240	240	-
Consolidated S.D. No. 1	155	155	-	10	10	-
Village of Crivitz	1,725	1,725	-	278	278	-
Crystal Lake Sanitary District #1	-	-	-	-	-	-
Village of Curtiss	353	342	-	251	251	-
Cushing Sanitary District #1	116	116	-	38	38	-
Danbury Sanitary District	-	-	-	-	-	-
City of Delavan	3,842	3,599	-	3,294	3,294	-
Village of Denmark	2,959	2,942	-	1,011	1,011	-
Village of Dickeyville	1,078	1,017	-	675	675	-
Town of Dover	1,787	1,606	-	1,146	1,146	-
Dyckesville Sanitary District	1,476	1,476	-	105	105	-
City of Eagle River	3,563	3,401	-	934	934	-
Village of Eagle	2,161	2,132	-	1,519	1,519	-
Village of Eastman	323	323	-	32	32	-
Village of Edgar	555	527	-	527	527	28
Edgewood-Shangri La Sanitary District	1,011	996	-	113	113	-
Village of Egg Harbor	508	504	-	235	235	-
Elcho Sanitary District #1	956	956	-	371	371	-
Village of Elk Mound	350	349	-	109	109	-
Village of Ephraim	1,629	1,457	-	1,154	1,154	-
City of Evansville	5,250	4,153	-	3,820	3,820	900
Village of Fairchild	740	719	-	339	339	-
Village of Fairwater	1,554	1,481	-	1,097	1,097	-
Forest Junction Sanitary District	1,255	1,180	-	997	997	-
Village of Forestville	585	552	-	289	289	-
City of Fountain City	451	451	-	331	331	-
Fulton Sanitary District No. 2	211	211	-	133	133	-
Garners Creek Storm Water Utility	-	-	-	-	-	-
Village of Genoa City	4,227	4,015	-	2,669	2,669	-
Germantown Sanitary District	34	34	-	3	3	-
Village of Germantown	971	711	-	711	711	260
Gibbsville Sanitary District	1,518	1,383	-	1,077	1,077	-
City of Gillett	1,625	1,625	-	1,447	1,447	-
Glidden Sanitary District	88	88	-	85	85	-
Gordon Sanitary District #1	395	395	-	42	42	-
Village of Gratiot	724	723	-	499	499	-
City of Green Lake	3,507	3,507	-	3,221	3,221	-
Green Valley Sanitary District #1	188	188	-	61	61	-
Greenville Sanitary District No. 1	5,952	4,725	-	3,839	3,839	1,059
City of Greenwood	847	786	-	669	669	-
Harmony Grove - Okee Sewerage Commission	2,327	2,155	-	1,488	1,488	-
City of Hartford	13,168	13,081	-	5,641	5,641	-
Village of Haugen	285	285	-	154	154	-

State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
October 19, 2010—Continued
(Amount in Thousands)

Municipality ^(a)	FAA Loan Amount ^(b)	Total FAA Loan Disbursed	Pledged Loan Balance ^(c)	Non-Pledged Loan Balance	Total Outstanding Balance ^(c)	FAA Loan Remaining to Fund ^(d)
Village of Hilbert	2,502	2,496	-	806	806	-
Village of Hingham - Onion River	227	227	-	25	25	-
Holland Sanitary District #1	1,497	1,485	-	1,020	1,020	12
Village of Holmen	1,365	1,365	-	1,177	1,177	-
City of Horicon	683	34	-	34	34	649
Hub-Rock Sanitary District No. 1	494	494	-	183	183	-
City of Hurley	-	-	-	-	-	-
Village of Hustisford	1,057	1,045	-	770	770	-
City of Independence	1,592	1,556	-	1,211	1,211	-
Island View Sanitary District	2,764	2,480	-	470	470	-
Ithaca Sanitary District #1	412	412	-	151	151	-
City of Kaukauna	-	-	-	-	-	-
Kelly Lake Sanitary District #1	2,439	2,413	-	1,338	1,338	-
Village of Kewaskum	9,423	9,204	-	8,614	8,614	-
City of Kiel	2,470	2,470	-	1,062	1,062	-
Krakow Sanitary District No. 1	625	625	-	497	497	-
Lake Como Sanitary District #1	4,459	4,459	-	1,783	1,783	-
Lake Tomahawk Sanitary Dist #1	1,317	1,313	-	697	697	-
Village of Lannon	2,982	2,982	-	495	495	-
Lebanon Sanitary District #1	606	587	-	512	512	-
Little Green Lake Protection & Rehab District	1,898	1,734	-	1,090	1,090	-
Little Suamico Sanitary District #1	1,791	1,682	-	1,090	1,090	-
City of Loyal	1,138	810	-	399	399	41
Village of Lyndon Station	1,223	999	-	722	722	193
Lyons Sanitary District #2	2,614	470	-	470	470	2,145
Madeline Sanitary District	591	525	-	525	525	66
Village of Marathon City	1,890	1,853	-	973	973	-
Village of Mazomanie	4,753	4,553	-	2,412	2,412	-
Village of Melvina	-	-	-	-	-	-
City of Menasha ^(f)	17,330	16,622	-	14,441	14,441	385
Village of Menomonee Falls	887	869	-	362	362	-
City of Middleton	-	-	-	-	-	-
Village of Milltown	337	302	-	128	128	-
Mindoro Sanitary District #1	1,114	1,090	-	867	867	-
Morrisonville Sanitary District #1	278	278	-	108	108	-
Village of Mount Hope	386	386	-	286	286	-
Village of Mukwonago	2,514	2,271	-	1,221	1,221	-
City of Muskego	454	318	-	317	317	136
Village of Necedah	3,911	3,906	-	2,768	2,768	6
Town of Neenah	-	-	-	-	-	-
City of Nekoosa	6,709	6,564	-	3,824	3,824	-
Village of Nelson	640	640	-	192	192	-
Village of New Auburn	1,144	1,130	-	925	925	-
City of Niagara	181	181	-	11	11	-
City of Oak Creek	880	341	-	341	341	539
Village of Oakfield	2,200	2,200	-	1,521	1,521	-
Town of Oconomowoc	6,819	6,169	-	3,602	3,602	-
City of Oconto	3,844	3,725	-	984	984	-
Ogema Sanitary District #1	190	181	-	26	26	-
Village of Oliver	588	588	-	228	228	-
Omro Sanitary District #1	992	992	-	269	269	-
Town of Omro	-	-	-	-	-	-
City of Onalaska	-	-	-	-	-	-
Oneida Tribe of Indians	1,210	1,210	-	64	64	-
Village of Oregon	7,217	7,073	-	2,229	2,229	-
Orihula Sanitary District	2,522	2,485	-	533	533	-
City of Osseo	1,575	1,575	-	977	977	-
City of Owen	418	418	-	315	315	-
Packwaukee Sanitary Dist No. 1	242	242	-	107	107	-
City of Park Falls	4,672	4,334	-	3,509	3,509	338
Pell Lake Sanitary District #1	5,917	5,917	-	2,543	2,543	-
Pensaukee Sanitary District #1	1,279	1,279	-	404	404	-
City of Peshigo	5,388	5,216	-	4,548	4,548	-
City of Pewaukee	8,049	7,831	-	3,260	3,260	-
City of Phillips	2,233	2,233	-	1,389	1,389	-
Pikes Bay Sanitary District	1,621	666	-	527	527	-
City of Pittsville	3,756	3,488	-	2,775	2,775	267
City of Platteville	6,559	6,438	-	6,255	6,255	66
Pleasant Springs Sanitary District #1	1,029	934	-	305	305	-
Village of Port Edwards	3,368	3,291	-	2,584	2,584	-
City of Port Washington	3,404	3,404	-	2,116	2,116	-
Portland Sanitary District #1	295	287	-	209	209	-
Poy Sippi Sanitary District	223	223	-	137	137	-
Village of Rewey	124	123	-	111	111	-
Village of Rib Lake	636	267	-	267	267	369
Village of Rio	210	11	-	11	11	200
Village of Rockdale	877	859	-	790	790	18
Rockland Sanitary District #1	222	222	-	11	11	-
Town of Rome	4,481	4,433	-	4,056	4,056	-
Roxbury Sanitary District #1	940	914	-	471	471	-
Village of Saint Cloud	935	875	-	764	764	-

**State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
October 19, 2010—Continued
(Amount in Thousands)**

Municipality ^(a)	FAA Loan Amount ^(b)	Total FAA Loan Disbursed	Pledged Loan Balance ^(c)	Non-Pledged Loan Balance	Total Outstanding Balance ^(c)	FAA Loan Remaining to Fund ^(d)
Village of Saint Nazianz	-	-	-	-	-	-
City of Seymour	708	654	-	543	543	-
Village of Sharon	635	633	-	393	393	-
Village of Sheldon	292	292	-	208	208	-
Village of Sherwood	1,900	1,793	-	603	603	107
Village of South Wayne	1,388	1,266	-	420	420	-
St. Croix Chippewa Indians of WI	-	-	-	-	-	-
St. Joseph's Sanitary District No. 1	1,562	1,555	-	1,306	1,306	-
City of Stanley	905	625	-	625	625	280
Village of Stetsonville	1,141	1,141	-	654	654	-
Village of Stoddard	556	532	-	439	439	-
Village of Stratford	1,401	1,362	-	1,245	1,245	-
Village of Suamico	9,940	9,283	-	7,228	7,228	-
Village of Summit	7,832	7,695	-	5,053	5,053	-
City of Sun Prairie	16,114	15,844	-	13,085	13,085	-
Village of Suring	1,121	811	-	661	661	310
City of Thorp	1,198	1,177	-	897	897	-
Village of Turtle Lake	1,739	1,564	-	1,522	1,522	155
Village of Union Center	299	299	-	157	157	-
Valley Ridge Clean Water Commission	749	749	-	76	76	-
Village of Vesper	1,724	1,680	-	950	950	-
Village of Viola	399	327	-	298	298	-
Village of Warrens ^(f)	4,769	4,769	-	3,874	3,874	-
Village of Waterford	1,135	298	-	298	298	837
City of Waukesha	42,072	40,531	-	3,129	3,129	-
Village of Wausaukee	1,662	1,662	-	279	279	-
Village of Wauzeka	128	107	-	39	39	-
City of West Allis	1,647	1,402	-	1,194	1,194	245
Village of West Baraboo	711	249	-	249	249	463
Westboro Sanitary District #1	51	51	-	16	16	-
City of Whitehall	1,726	1,250	-	1,250	1,250	476
Village of Whitelaw	1,494	1,491	-	922	922	-
Village of Whiting	259	187	-	184	184	72
Village of Williams Bay	885	836	-	391	391	-
Winneconne Sanitary District #3	2,079	1,985	-	429	429	-
Village of Winneconne	1,644	1,494	-	729	729	-
City of Wisconsin Dells	2,856	2,617	-	2,197	2,197	163
City of Wisconsin Rapids	38,636	34,729	-	24,230	24,230	3,586
Village of Withee	1,112	883	-	849	849	229
Subtotal	\$ 526,838	\$ 491,871	\$ -	\$ 277,328	\$ 277,328	\$ 17,944
Totals	\$ 3,494,022	\$ 3,105,451	\$ 765,743	\$ 1,126,397	\$ 1,892,140	\$ 291,398

- (a) For Municipalities that have received a Financial Assistance Agreement that is funded with both Pledged Loans and Direct Loans or Proprietary Loans, or for Municipalities that received more than one Financial Assistance Agreement that is funded, in part, with Pledged Loans, the entire amount of all Financial Assistance Agreements is included within the group of Pledged Loans.
- (b) The amount of financial assistance depicts only loans. Grants and other awards pursuant to the American Recovery and Reinvestment Act of 2009, which have been awarded in the aggregate amount of approximately \$265 million, are not included.
- (c) The principal balance may be less than the total amount disbursed due to repayment of loans.
- (d) "FAA Loan Remaining to Fund" is the "FAA Loan Amount" less "Total FAA Loan Disbursed", except for loans that have been closed out or paid off, in which case the "FAA Loan Remaining to Fund" is zero. Since the entire amount of all Financial Assistance Agreements is shown in aggregate, specific loans that have been closed out (and for which the FAA Loan Remaining to Fund is zero) may result in deviations in the above formula.
- (e) Total remaining Pledged Loan Repayments (excluding amounts payable after the retirement of the previously issued and Outstanding Bonds) are shown as a percentage of total debt service remaining on the Outstanding Bonds, less those Bonds that are defeased. Pledged Loans with amortization periods of shorter duration than the Bonds will reflect a lower comparative percentage of the Bonds' debt service. Other revenues expected to be available for payment of the Bonds consist of Subsidy Fund transfers and repayments on Pledged Loans to be originated in the future from the remaining undisbursed Bond proceeds.
- (f) Additional information about these specific Municipalities is included on pages A-2 and A-3 of this Official Statement.

Appendix A; Audited Financial Statements (Part VI; Starting on page 232). Update with the following information.

This Appendix to the Official Statement includes by reference the independent auditor's report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2010 and 2009, along with supplemental information as of June 30, 2010, and the independent auditor's report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2010, which have all been filed with, and are currently available from, the MSRB through its EMMA system at www.emma.msrb.org.

Financial statements present the financial position, results of operations and cash flows of the Environmental Improvement Fund for the fiscal years ended June 30, 2010 and 2009. These financial statements are not intended to predict future cash flows that will be available for the benefit of bondholders pursuant to the bond resolutions.

Baker Tilly Virchow Krause, LLP, the independent auditors of the Environmental Improvement Fund, has not been engaged to perform and has not performed, since the date of their reports included on the following pages, any procedures on the financial statements addressed in those reports. Baker Tilly Virchow Krause, LLP also has not performed any procedures related to this Official Statement.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) and its general obligations, contained in [Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 \(2009 Annual Report\)](#), which can be obtained as described below. This Appendix also includes changes or additions to the information presented in Parts II and III of the 2009 Annual Report, including, but not limited to, information from the State's Annual Fiscal Report (budgetary basis) for the fiscal year ended June 30, 2010 and the estimated General Fund tax revenue collections from the January 27, 2010 memorandum from the Legislative Fiscal Bureau (**LFB**).

[Part II of the 2009 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 2008-09
- State budget for the 2009-11 biennium
- 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 2009 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2009, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

[Part III of the 2009 Annual Report](#) contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2009 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) and also 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 2009 Annual Report may also be obtained from:

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

The State has independently provided, since July 2001, monthly reports on general fund financial information. These monthly reports are not required by any of the State's undertakings provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance

Office web site that is listed above and have been filed as informational notices with each nationally recognized municipal securities information repository or the MSRB; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2009 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2009 Annual Report, certain changes or events have occurred that affect items discussed in the 2009 Annual Report. Listed below, by reference to particular sections of Part II of the 2009 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

State Budget; Budget for 2009-11 Biennium (Part II; Pages 29-32). Update with the following information.

November 20, 2010 Revenue Estimates and Projected General Fund Condition Statement

The following is a summary of information that will be available by November 20, 2010. The identification of this information was included in the Preliminary Official Statement, dated October 19, 2010, but not summarized in one location as follows.

The Department of Revenue is required to provide by November 20, 2010 updated projections of General Fund tax revenues for the 2010-11 fiscal year, along with projections of General Fund tax revenues for the 2011-13 biennium. At the same time, the Department of Administration is expected to provide a report that includes an updated projection of the General Fund condition statement for the 2010-11 fiscal year. Copies of this information, when released, will be available from the Capital Finance Office at the addresses shown on page **B-1** of this Official Statement, and will also be available at that time from the MSRB through its EMMA system at www.emma.msrb.org. The information to be made available from the MSRB through its EMMA system is not part of this Official Statement, nor is it incorporated by reference as part of this Official Statement.

Results of 2009-10 Fiscal Year

The State's Annual Fiscal Report (unaudited, budgetary basis) included the ending general fund balance for the 2009-10 fiscal year and was released on October 15, 2010. It reports the State ended the 2009-10 fiscal year on a statutory and unaudited basis with an undesignated balance of \$71 million. This amount is \$265 million less than the projected balance of \$336 million from the budget for the 2009-11 biennium (2009 Wisconsin Act 28) and other legislation, as included in the July 9, 2010 memorandum from LFB. The State issued \$800 million of operating notes during the 2009-10 fiscal year. These operating notes matured June 15, 2010.

The lower ending balance is due primarily to spending above amounts estimated in the biennial budget for the Medical Assistance (MA) program. The higher MA spending was addressed by the Secretary of Administration moving appropriation authority from the 2010-11 fiscal year to the 2009-10 fiscal year. MA is funded from a biennial appropriation which provides flexibility to meet higher than estimated costs in the first year of the biennium. The table on the following page shows the final General Fund condition statement for the 2009-10 fiscal year. This table also includes, for comparison, the estimated General Fund condition statement for this fiscal year from the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The table on the following page also includes the projected General Fund condition statement for the 2010-11 fiscal year, as included in the July 9, 2010 LFB memorandum. At this time, an updated projection of the General Fund condition statement for the 2010-2011 fiscal year is not available.

The State's Annual Fiscal Report (unaudited, budgetary basis) also included final General Fund, or general purpose revenue (GPR), tax revenue collections for the 2009-10 fiscal year. These GPR tax revenue collections, on a budgetary basis, were about \$12.132 billion, which is \$19 million, or 0.1%, above collections in the 2008-09 fiscal year and nearly identical to the previous projections from LFB in

January, 2010. The table on [page B-4](#) of this Official Statement provides a summary of the final GPR tax revenue collections for the 2009-10 fiscal year, and for comparison, other previous projections.

The complete Annual Fiscal Report is available from the addresses shown on [page B-1](#) of this Official Statement.

**Final and Projected General Fund Condition Statements
2009-10 and 2010-11 Fiscal Years**

	(in Millions)			2010-11 Fiscal Year	
	2009-10 Fiscal Year				
	2009 Act 28	July 9, 2010 LFB Memorandum	Final - Annual Fiscal Report	2009 Act 28	July 9, 2010 LFB Memorandum
Revenues					
Opening Balance	\$ 70.4	\$ 89.6	\$ 89.6	\$ 368.9	\$ 335.8 ⁽¹⁾
Prior Year Designation			10.6		
Taxes	12,346.2	12,131.6	12,131.7	12,882.3	12,786.7
Department Revenues					
Tribal Gaming	19.5	19.2	25.1	22.6	22.3
Other	<u>811.8</u>	<u>799.4</u>	<u>716.6</u>	<u>790.4</u>	<u>781.0</u>
Total Available	13,247.9	13,039.8	12,973.5	14,064.2	13,925.9
Appropriations					
Gross Appropriations	13,423.6	12,940.4	12,969.7	14,104.8	14,109.3
Biennial Appropriations Spend-Ahead			242.7		
Compensation Reserves	47.3	47.3	44.6	96.0	96.0
Less: Lapses	<u>(591.8)</u>	<u>(283.7)</u>	<u>(354.5)</u>	<u>(411.8)</u>	<u>(323.8)</u>
Net Appropriations	12,879.0	12,704.0	12,902.5	13,789.0	13,881.4
Balances					
Gross Balance	368.9	335.8	71.0	275.1	44.5
Less: Required Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>	<u>n/a</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 303.9	\$ 270.8	\$ 71.0	\$ 210.1	\$ (20.5)

(1) Does not reflect the ending balance included in the Annual Fiscal Report (budgetary basis) for the fiscal year ended June 30, 2010. An updated projection of the General Fund condition statement for the 2010-11 fiscal year will not be available until November 20, 2010.

Medical Assistance Program Projections

The State expects to receive approximately \$194 million of additional federal MA matching funds in the 2010-11 fiscal year as a result of the six-month extension to June 2011 of the Federal Medical Assistance Percentage (FMAP) for States. After taking into consideration these additional federal matching funds from FMAP, the movement of expenditure authority from the 2010-11 fiscal year to the 2009-10 fiscal year, and other balances available to, and actions taken by, the State, it is projected that the MA program will have a projected General Fund (or GPR) shortfall of approximately \$84 million during the 2009-11 biennium. The shortfall (and higher MA spending in the 2009-10 fiscal year) is due to higher than anticipated enrollment in its MA programs due to the economic recession, but the amount also was partially offset by savings targeted for the MA program by the 2009-11 biennial budget.

Preliminary General Fund Tax Collections; 2009-10 Fiscal Year

On September 3, 2010, the State Department of Revenue (**DOR**) released preliminary GPR tax collections on a budgetary basis for the 2009-10 fiscal year. Final GPR (or General Fund) tax collections and other revenues, along with final GPR expenditures, are reported in the Annual Fiscal Report (budgetary basis) for the fiscal year ended June 30, 2010, which is discussed above.

July 2010 Projected General Fund Condition Statement—LFB

On July 9, 2010, LFB released a memorandum that included a projected General Fund condition statement for the 2009-11 biennium. The projected General Fund condition statement at that time for the 2009-11 biennium showed an ending balance (on a budgetary basis) on June 30, 2010 of \$336 million and on June 30, 2011 of \$45 million; these amounts were approximately \$33 million less and \$230 million less, respectively, than the balances shown in the budget for the 2009-11 biennium (2009 Wisconsin Act 28).

January 2010 Updated General Fund Tax Revenue Collections—LFB

On January 27, 2010, LFB released a memorandum that included both updated General Fund tax revenue collections for the 2009-11 biennium and an estimated General Fund condition statement.

For the 2009-10 fiscal year, the January 27, 2010 LFB memorandum projected a decrease in General Fund tax revenue collections of \$214 million compared to the estimates included in the budget for the 2009-11 biennium (2009 Wisconsin Act 28), and for the 2010-11 fiscal year, a decrease of \$81 million. For the 2009-11 biennium, the aggregate projected decrease is \$295 million, which includes:

- A decrease of \$3 million in estimated individual income tax collections, reflecting a revenue loss of \$92 million due to the State of Minnesota’s termination of the tax reciprocity agreement with the State.
- A decrease of \$160 million in estimated general sale and use tax collections.
- A decrease of \$26 million in estimated corporate income and franchise tax collections.
- A decrease of \$85 million in excise tax collections.

The following table provides a summary of the final GPR tax revenue collections for the 2009-10 fiscal year, as included in the Annual Fiscal Report (budgetary basis), and updated estimates of General Fund tax revenue collections for the 2010-11 fiscal year as shown in the January 27, 2010 LFB memorandum. The following table also provides, for comparison, the prior projections for the 2009-11 biennial budget (2009 Wisconsin Act 28). Additional details can be found in the January 27, 2010 LFB memorandum, which appears on [pages B-6 to B-19](#) of this Official Statement.

**Final and Estimated General Fund Tax Revenue Collections Compared to Previous Projections
2009-10 and 2010-11 Fiscal Years
(in Millions)**

	<u>2009-10 Fiscal Year</u>			<u>2010-11 Fiscal Year</u>	
	<u>2009 Act 28 June 2009</u>	<u>LFB Projections January 2010</u>	<u>Final - Annual Fiscal Report</u>	<u>2009 Act 28 June 2009</u>	<u>LFB Projections January 2010</u>
Individual Income	\$ 6,231.0	\$ 6,155.0	\$ 6,089.2	\$ 6,432.4	\$ 6,505.0
Sales and Use	4,089.2	4,015.0	3,944.2	4,320.7	4,235.0
Corp. Income & Franchise	717.2	700.0	834.5	808.3	800.0
Public Utility	318.2	322.2	319.4	327.4	327.2
Excise					
Cigarettes	687.6	650.0	644.2	684.7	630.0
Liquor & Wine	45.8	43.5	44.2	47.6	44.7
Tobacco Products	52.3	57.8	59.9	55.2	62.6
Beer	10.0	9.6	9.6	10.0	9.7
Insurance Company	148.0	127.0	130.7	148.0	135.0
Miscellaneous Taxes	<u>47.0</u>	<u>52.0</u>	<u>54.9</u>	<u>48.0</u>	<u>52.0</u>
TOTAL	\$12,346.2	\$12,132.1	\$ 12,131.7	\$12,882.3	\$12,801.2

State Budget; Potential Effect of Litigation; Litigation Regarding Transfer from Injured Patients and Family Compensation Fund (Part II; Page 33). Update with information from the following summary.

The 2007-09 biennial budget (2007 Wisconsin Act 20) provided for a \$200 million transfer from the Injured Patients and Families Compensation Fund to the State's Medical Assistance Trust Fund. This transfer was completed in the amounts of \$72 million and \$128 million, respectively, during the 2007-08 and 2008-09 fiscal years.

On October 29, 2007, the Wisconsin Medical Society, Inc. filed a suit in Dane County Circuit Court challenging this transfer as unconstitutional. On December 19, 2008, the Dane County Circuit Court granted the State's motion for summary judgment, thus dismissing this case. On March 17, 2009, the Wisconsin Medical Society, Inc. filed an appeal of the dismissal with a Wisconsin court of appeals. On December 10, 2009, the court of appeals asked the Wisconsin Supreme Court to directly decide the appeal. The Wisconsin Supreme Court accepted the appeal and heard oral arguments on April 15, 2010.

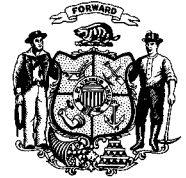
On July 20, 2010, the Wisconsin Supreme Court released its decision on this matter and reversed the order of the circuit court and remanded the case with directions that the circuit court issue (1) an order requiring the Secretary of Administration to replace the money removed from the Fund, together with lost earnings and interest that has been charged to the Fund, and (2) a permanent injunction prohibiting the Secretary of Administration from transferring money out of the Fund pursuant to 2007 Wisconsin Act 20.

The impact of this decision, if any, on the General Fund budget for the 2010-11 fiscal year or General Fund budgets for future fiscal years cannot be determined until the circuit court order is issued.

Legislative Fiscal Bureau

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State of Wisconsin

January 27, 2010

Representative Mark Pocan, Assembly Chair
Senator Mark Miller, Senate Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Representative Pocan and Senator Miller:

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 on our analysis, we project the closing gross general fund balance at the end of this biennium to be \$55.7 million. This is \$219.5 million below the balance that was projected upon enactment of the 2009-11 biennial budget (2009 Act 28). The \$219.5 million is the net result of: (1) an increase of \$19.1 million in the opening balance; (2) a revenue loss of \$91.8 million due to the termination of the Minnesota-Wisconsin income tax reciprocity agreement; (3) an additional \$203.4 million decrease in estimated tax collections; (4) a \$22.0 million decrease in departmental revenues; (5) a \$15.4 million increase in sum certain appropriations due to enactment of the OWI legislation (2009 Act 100); (6) a \$490.0 million decrease in sum sufficient appropriation expenditures; and (7) a \$396.0 million decrease in estimated lapses to the general fund.

Although the gross balance is projected at \$55.7 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, 2011) is projected to be -\$9.3 million.

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

TABLE 1

2009-11 General Fund Condition Statement

	<u>2009-10</u>	<u>2010-11</u>
Revenues		
Opening Balance, July 1	\$89,564,000	\$305,783,700
Taxes	12,132,100,000	12,801,200,000
Departmental Revenues		
Tribal Gaming Revenues	19,476,600	22,580,300
Other	<u>799,412,600</u>	<u>780,836,300</u>
Total Available	\$13,040,553,200	\$13,910,400,300
 Appropriations and Reserves		
Gross Appropriations	\$13,423,591,800	\$14,120,217,600
Compensation Reserves	47,279,100	95,962,700
Sum Sufficient Reestimates	-452,359,200	-37,591,700
Less Lapses	<u>-283,742,200</u>	<u>-323,849,900</u>
Net Appropriations	\$12,734,769,500	\$13,854,738,700
 Balances		
Gross Balance	\$305,783,700	\$55,661,600
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$240,783,700	-\$9,338,400

Significant adjustments are made to the sum sufficient and lapse estimates. There are three primary reasons for this. First, under the income tax reciprocity agreements with Minnesota and Illinois, estimated sum sufficient expenditures have been reduced by \$21.7 million in 2009-10 and by \$37.0 million in 2010-11. This is due to a decline in income tax collections, which reduces Wisconsin's payments to the two states for tax years 2008 and 2009.

Second, on August 4, 2009, the Joint Committee on Finance approved a request to transfer \$76.1 million in federal fiscal stabilization funds in the county and municipal aid program from 2010-11 to 2009-10 and make corresponding general fund appropriation adjustments.

Third, Act 28 deferred principal payments on commercial paper and general obligation bonds that otherwise would have been paid in the 2009-11 biennium. Because information on the specific appropriations that were affected was not available, these debt service reductions were accounted for by increasing lapses by \$309 million in 2009-10 and \$94 million in 2010-11. The

Capital Finance Office has recently prepared estimates by debt service appropriation of the payments that will be made in the 2009-11 biennium. Based on this information, sum sufficient debt service appropriations are reduced by an estimated \$347.3 million in 2009-10 and \$80.5 million in 2010-11, and lapses are reduced by an estimated \$309.0 million in 2009-10 and \$88.3 million in 2010-11. The net effect of these changes is to reduce estimated debt service by \$38.3 million in 2009-10 and increase debt service by \$7.8 million in 2010-11, for a net reduction in debt service of \$30.5 million in the 2009-11 biennium.

The following additional points should be noted about the condition statement of Table 1. First, it incorporates the fiscal effects of all bills enacted to date (through Act 100). It does not, however, reflect the impact of bills that have not yet been signed into law.

Second, it does not reflect the estimated shortfall in the private bar appropriation of the Office of the Public Defender. It is estimated that this appropriation will incur a deficit of \$9.6 million by the end of the 2009-11 biennium.

Third, due to higher than anticipated enrollment in BadgerCare Plus and the BadgerCare Plus Core Plan, it is currently estimated that an additional \$120 million to \$150 million GPR may be needed to support medical assistance (MA) program benefits for these populations in the 2009-11 biennium. The total potential shortfall in the MA program, including MA for elderly, blind, and disabled populations and Family Care enrollees, will depend on future enrollment and expenditure trends, as well as the Department of Health Services' management decisions regarding the program. The potential shortfall will also depend on the Department's success in realizing Act 28 savings targets.

The state could benefit by proposed federal legislation that would extend the period during which the state receives enhanced federal financial participation (FFP) for MA benefits costs under the American Recovery and Reinvestment Act (ARRA) of 2009. For example, the Jobs for Main Street Act passed by the U.S. House of Representatives (H.R. 2847) would extend from January 1, 2011, through June 30, 2011, the period during which the state receives the ARRA-enhanced FFP. While the exact amount of any additional FFP would depend on the state's MA benefit expenditures during the period and the state's unemployment rate, such an extension could increase federal MA matching funds to the state in 2010-11 by approximately \$300 million. Additional one-time FFP would reduce the amount of state dollars otherwise needed to fund MA benefits in the current biennium. However, those federal funds would need to be replaced with other funding sources in the 2011-13 biennium. It should be noted that in her December 17, 2009, presentation to the Joint Committee on Finance, DHS Secretary Timberlake stated that she believed the Act 28 funding levels would be sufficient to support anticipated MA costs (higher caseloads notwithstanding), even if additional FFP is not received. In that event, the Secretary indicated that the current MA savings plan may need to be revised, and legislative action may be required, to realize additional savings in the MA program.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2009-11 biennium, including a discussion of the national economic forecast and general fund tax revenue projections for fiscal years 2009-10 and 2010-11.

National Economic Forecast. This office first prepared revenue estimates for the 2009-11 biennium in January, 2009, based on IHS Global Insight, Inc.'s January, 2009, forecast for the U.S. economy. That forecast, released during what Global Insight described as the worst global recession of the postwar era, called for the economic contraction to continue in the first two quarters of 2009, followed by gradual stabilization and recovery. On balance, Global Insight's January, 2009, forecast predicted that real (inflation-adjusted) GDP would fall by 2.5% in 2009, before rebounding by 2.2% and 3.2% in 2010 and 2011, respectively. The primary risk to this "baseline" forecast was that the financial crisis would prove more severe than expected, triggering even higher rates of unemployment and weaker consumer and business spending.

In May, 2009, this office lowered its revenue estimates for 2008-09 and for the 2009-11 biennium. Those downward revisions were based on two considerations. First, tax collections through April, 2009, particularly individual income tax receipts, were lower than expected. Second, Global Insight's April, 2009, and May, 2009, forecasts, while slightly more optimistic than several of the preceding months' forecasts had been, still called for lower levels of economic activity than had been projected in January, 2009.

According to the U.S. Department of Commerce's Bureau of Economic Analysis, real GDP fell at annual rates of 6.4% and 0.7% in the first two quarters of 2009, respectively. Coming on the heels of worse-than-expected performance in late 2008, the first quarter's results signaled that the recession was deeper than Global Insight first thought.

The circumstances that gave rise to the recession of 2008-2009 were outlined in this office's January, 2009, revenue estimate letter. Briefly, beginning in 2007 and accelerating through 2008, banks and other financial companies realized large losses on their holdings of mortgage-backed securities and related assets as the underlying mortgage loans experienced high rates of delinquency and default. Those losses impaired financial company balance sheets, and reduced their ability and willingness to lend money. As credit markets froze, and large financial institutions failed or required government assistance, already-leveraged consumers felt the negative wealth effects caused by declining real estate values and falling equity markets. With similar developments also occurring in other parts of the world, exports, personal consumption, and industrial output all fell dramatically.

These events are reflected in economic data from the period. For instance, in the last quarter of 2008, industrial production fell at an annual rate of 13.0% and nominal (current dollar) consumer spending fell by more than 8.0%. Most measures of the economy's health continued to deteriorate in the first quarter of 2009, when industrial production fell at an annual rate of 19.0%. The recession's greatest impact, however, may have been on U.S. employment conditions. From

December, 2007, to December, 2009, the nation's seasonally adjusted unemployment rate increased from 5.0% to 10.0%, and the number of unemployed persons increased by 7.7 million. During that same period, the number of "involuntary part-time workers" (defined as individuals who were working part time because their hours had been cut back or because they were unable to find full-time employment) rose from 4.6 million to 9.2 million.

Beginning in late 2008, the federal government took a series of actions designed to address the crisis. In October, 2008, Congress passed the Emergency Economic Stabilization Act of 2008, which among other things established the troubled asset relief program (TARP). Under TARP, the U.S. Treasury initiated a "Capital Purchase Program" through which it made direct capital infusions totaling hundreds of billions of dollars into financial institutions in exchange for preferred shares and warrants. The program was intended to strengthen these companies' balance sheets, to restore confidence in the financial system following the September, 2008, collapse of Lehman Brothers, and to encourage lending activity. (By year-end 2009, many of the largest recipients of those infusions, including Bank of America, Goldman Sachs, JPMorgan Chase, Morgan Stanley, Wells Fargo and Citigroup, had repaid some or all of the investments.) TARP funds were also used to assist the domestic auto industry in the form of loans and direct equity investments, and to fund the Federal Reserve's "Term Asset-Backed Securities Loan Facility", which is intended to make credit available to consumers and businesses on more favorable terms by facilitating the issuance of asset-backed securities and improving the market conditions for asset-backed securities more generally. Other government actions during the crisis included placing Fannie Mae and Freddie Mac into conservatorship, and guaranteeing billions of dollars of financial company assets.

In February, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. Global Insight estimates that through a combination of individual and corporate tax cuts, transfer payments to individuals, increased support for states, and spending on infrastructure, ARRA will inject \$561 billion into the U.S. economy during its first two calendar years, and add approximately 0.8 percentage point to GDP in 2009 and 1.3 percentage points to GDP in 2010. In addition to TARP and ARRA, Congress also passed more targeted pieces of legislation (such as the "cash for clunkers" program and extensions of the home buyer tax credit) that were intended to promote activity in sectors of the economy particularly impacted by the recession.

As for monetary policy, the U.S. Federal Reserve maintained an extremely accommodative stance throughout 2009, leaving its target range for the federal funds rate and its target discount rate at all-time lows. In addition to keeping these short-term interest rates at or near 0%, the Federal Reserve used several other strategies to confront the financial crisis. Initially, those efforts focused primarily on providing short-term liquidity to the system through a series of "facilities" such as the Term Auction Facility, the Commercial Paper Facility, the Money Market Investor Funding Facility, and the Primary Dealer Credit Facility. Later, as concerns regarding the system's liquidity eased, the Federal Reserve shifted its strategy towards the purchase of long-term securities. Specifically, the Federal Reserve announced plans to purchase up to \$1.75 trillion in a combination of U.S. Treasury securities, securities issued by government-sponsored

entities (GSEs), and mortgage-backed securities. The purpose of these purchases was to support the functioning of credit markets, in particular the mortgage lending market. By the end of 2009, the Federal Reserve had completed its purchases of GSE and Treasury debt, and was scheduled to complete its mortgage-backed security purchases by the end of March, 2010.

In addition to the fiscal and monetary policies described above, Global Insight believed a turn in the inventory cycle would also contribute to a recovery in the second half of 2009. During the last two quarters of 2008, the "inventory to sales ratio" spiked as excess inventories accumulated in the face of declining final sales. Businesses reacted by reducing inventories. Global Insight estimates that this inventory de-accumulation process reduced real GDP by annual rates of 2.3 percentage points and 1.4 percentage points in the first two quarters of 2009, respectively. As that process eventually unwound, Global Insight believed the resulting turn in the inventory cycle would become the main near-term driver of economic recovery.

In the third quarter of 2009, real GDP grew at an estimated annual rate of 2.2%, the first such increase since the second quarter of 2008. The U.S. financial markets also showed signs of recovery, with credit spreads returning to their pre-crisis levels, and the U.S. stock market (like most equity markets around the world) rebounding substantially from its March, 2009, lows.

Global Insight's latest forecast (January, 2010) expresses the view that the U.S. economy finished 2009 on a strong note, with real GDP growing at an annual rate of 5.1% in the fourth quarter. That would be substantially better growth than what was anticipated in the May, 2009, forecast, which expected real GDP to rise by only 0.7% in the fourth quarter. Global Insight does not believe the fourth quarter's pace will be sustainable, however, given that more than 3% is attributable to the aforementioned swing in the inventory cycle. Rather, the January, 2010, forecast anticipates that a number of positive factors (such as modest recoveries in single-family housing activity and industrial production) will be moderated by a weak consumer, who continues to deal with high unemployment, tight credit, reduced net worth, and the prospect of higher federal income taxes beginning in 2011. Real GDP is now expected to grow by 2.6% in 2010. That is higher than the 1.5% increase Global Insight projected in May, 2009. For 2011, the updated forecast calls for real GDP to grow by 2.7%. This rate of growth is slightly less than the May, 2009, forecast expected (3.4%), but still envisions a higher level of economic activity than did the earlier forecast.

Global Insight identified the following key assumptions behind its January, 2010, forecast. First, it continues to believe that ARRA will inject \$561 billion of fiscal stimulus into the U.S. economy in 2009 and 2010, and that the government will not allow the Act's emergency unemployment benefits program to expire in 2010. Second, top marginal income tax rates, including the top rates on capital gains and dividends, will increase in January, 2011, and the individual income tax cuts that were part of ARRA will expire at that time, or be replaced by other tax increases. Furthermore, taxes will gradually increase beyond 2011, and those increases will not be confined to the top brackets. Third, Global Insight assumes that a healthcare reform bill, largely along the lines of that already passed by the U.S. Senate, will be enacted in early 2010. While this is not expected to have a significant economic impact before 2014, it is

assumed that the measure will eventually lead to an increase in federal taxes. Fourth, oil prices will average \$68 a barrel in 2010 then rise to \$77 a barrel in 2011 in response to stronger worldwide demand. Fifth, the Federal Reserve will not raise the federal funds rate (currently set in a range of 0.0% to 0.25%) until late in the third quarter of 2010. Sixth, the U.S. dollar will appreciate slightly relative to most other major currencies in 2010, but will depreciate by 2.9% against the Chinese renminbi. Seventh, real GDP in the United States' major-currency trading partners will grow by 1.6% in 2010, but real GDP will grow more rapidly (4.5%) among other important trading partners, led by China. Finally, real defense purchases will increase by 3.3% in 2010, followed by a 3.1% decline in 2011 as overseas contingency operations begin to wind down.

These assumptions are embedded in the following economic indicators taken from Global Insight's January, 2010, forecast.

GDP. Although growth appears to have resumed in the third quarter, real GDP is believed to have fallen by 2.5% in 2009, the largest annual decline since 1946. Going forward, real GDP is expected to increase by 2.6% in 2010 and by 2.7% in 2011. Nominal (current dollar) GDP is now forecast to grow by 3.7% and 4.3%, respectively, during those years. Overall, Global Insight's January, 2010, forecast calls for greater levels of U.S. economic activity in 2010 and 2011 than did the May, 2009, forecast.

Consumer Prices. Consumer prices, as measured by the consumer price index (CPI), are believed to have fallen by 0.3% in 2009. While this would be the CPI's first decline in over 50 years, it is less than the 1.2% decline Global Insight expected in its May, 2009, forecast (and significantly less than the 2.2% decline forecast in January, 2009). Oil prices, and by extension, gasoline prices, are one reason the CPI fell less than expected. In May, 2009, Global Insight estimated that oil prices would average \$46 a barrel in 2009, and that the retail price of gasoline would average \$2.06 a gallon. The actual prices averaged closer to \$62 a barrel and \$2.40 a gallon, respectively. By early January, 2010, oil prices had once again risen to over \$80 a barrel. Global Insight's latest forecast expects oil prices to average \$68 a barrel in 2010 and \$77 a barrel in 2011.

The federal government's expansive fiscal and monetary policies have raised some concerns about re-inflated asset bubbles and a debasement of the U.S. dollar. Acknowledging those concerns, Global Insight nevertheless believes inflation will stay relatively low during the next several years. That forecast is based on the assumption that high unemployment will restrain consumer demand and keep wage inflation in check. Combined with high rates of excess productive capacity, those factors are expected to limit increases in the CPI to 1.7% and 2.0% in 2010 and 2011, respectively. Core inflation (which excludes the typically more volatile food and energy costs), is expected to rise by 1.5% and 1.7%, respectively, during that same two-year period. These estimates are comparable to the May, 2009, forecast, which expected the CPI to increase by 1.5% and 2.3% in 2010 and 2011, respectively, and core inflation to increase by 1.4% and 1.7%.

Personal Consumption Expenditures. High unemployment, reduced net worth, and higher rates of saving all contributed to weak consumer spending in 2009. In nominal (current dollar) terms, personal consumption expenditures are estimated to have fallen by 0.4% during the year. That was slightly better than the 0.7% decline Global Insight had expected in its May, 2009, forecast. Expenditures for consumer durables, which are typically subject to the state sales tax, fell by an estimated 5.6%. Sales of new cars and light trucks, though aided by the government's "cash for clunkers" program, registered a 12.2% decline. Conversely, consumer purchases in several major expenditure categories not subject to state sales tax (such as food for home consumption and services) increased in 2009.

Global Insight's latest forecast expects nominal consumer spending to increase by 3.6% in 2010 and by 4.0% in 2011. The May, 2009, forecast had called for increases of 2.9% and 4.0%. The most recent forecast also expects purchases of consumer durables to increase by approximately 3.9% in 2010 and 6.0% in 2011, with much of that increase coming in new motor vehicles (+14.4% and +23.6%, respectively). These updated estimates are higher than May's, which predicted that purchases of consumer durables would rise by just 0.5% in 2010 and by 5.2% in 2011.

Employment. During the first quarter of 2009, the U.S. economy shed jobs at the rate of 691,000 per month. By the fourth quarter, that rate had declined to an average of 69,000 jobs per month. Although Global Insight believes the jobs situation will gradually improve over the next two years, it expects that improvement to be slow and uneven. That was demonstrated in the Bureau of Labor Statistics December, 2009, jobs report, which revised the November figures to show a monthly increase of 4,000 jobs, while reporting that 85,000 jobs were lost in December. Global Insight's January, 2010, forecast expects the national unemployment rate to average 10.1% in 2010 and 9.5% in 2011. Those estimates are unchanged from the May, 2009, forecast.

Housing Starts and Housing Prices. The U.S. housing market suffered another difficult year in 2009, with housing starts down 38.2% (to a postwar low of 556,000 units). Against this negative backdrop, however, Global Insight sees positive signs beginning to emerge. Sales of existing homes, spurred by the \$8,000 homebuyer tax credit and improved affordability, rose 5.6% in 2009. Global Insight believes existing home sales will decline by 1.1% in 2010, but increase by 4.9% in 2011. More importantly, housing starts are expected to total 792,000 units in 2010 and 1,243,000 units in 2011, which would represent year-over-year increases (albeit from very depressed levels) of 42.3% and 57.0%, respectively. The revised estimates for housing starts are slightly lower than Global Insight projected in its May, 2009, forecast, which predicted that housing starts would total 884,000 units in 2010 and 1,294,000 units in 2011. The anticipated recovery in residential housing activity is expected to contribute modestly to GDP growth in 2010, but more significantly in 2011 and 2012.

Personal Income. Rising unemployment contributed to an estimated 1.4% decline in personal income during 2009. This was worse than Global Insight expected in May, 2009, when its forecast called for a 0.2% fall. In 2010 and 2011, personal income is expected to increase by 3.8% and 3.9%, respectively, consistent with a modest economic recovery and a gradually

improving employment outlook. The 3.8% increase projected for 2010 is better than the 1.8% increase predicted in the May, 2009, forecast (the estimated rate of increase for 2011 remains unchanged), but is relatively moderate compared to the 2004-2007 period, when personal income increased at annual rates between 5.5% and 7.5%.

Corporate Profits. Global Insight estimates that corporate pre-tax book profits fell by 2.9% in 2009, which is a significant improvement over the May, 2009, forecast, which expected a 19.0% decline. This better-than-anticipated result may stem from the strong productivity increases that occurred in 2009, the product of aggressive corporate cost-cutting. Global Insight believes these productivity gains, and a generally improving economy, will help drive strong increases in corporate profits in the upcoming quarters. Pre-tax book profits are now expected to increase by 13.1% in 2010 and by 10.6% in 2011. Similarly, economic profits, which are not affected by federal tax law changes, are expected to increase by 11.6% and 6.9%, respectively, in 2010 and 2011. The May, 2009, forecast anticipated that pre-tax book profits would rise by 16.5% in 2010 and by 17.2% in 2011, and that economic profits would climb by 8.7% and 14.4%, respectively.

Business Investment. Business investment spending is estimated to have fallen by more than 18.0% in 2009, with weakness in all of the major investment categories, including equipment and software (-16.6%) and nonresidential structures (-21.1%). These declines are in line with what Global Insight expected in its May, 2009, forecast.

The most recent forecast expects business investment to decline again in 2010 (-2.5%), mainly because very weak activity in the nonresidential structure sector (-21.4%), caused by tight credit and previous overbuilding, is anticipated to more than offset gains in equipment and software investment (+7.6%). Total business investment is expected to rebound in 2011 (+9.8%), driven by a modest gain in nonresidential structures (+1.0%) and continued gains in equipment and software (+13.2%). Even with the small percentage gain in 2011, investment in nonresidential structures will still be at a level that is 37.4% lower than it was in 2008. In addition to depressed levels of new investment in nonresidential structures, concerns also exist about financial conditions in the commercial real estate sector, where high debt levels, combined with high vacancy rates, declining values, and tight credit, are seen as potential threats to a sustained recovery in the financial industry.

The indicators described above, and summarized in Table 2, represent Global Insight's "baseline" forecast. Global Insight's January, 2010 forecast also includes alternative "pessimistic" and "optimistic" forecasts. In the pessimistic alternative, to which Global Insight assigns a 20% probability, credit constraints stemming from the financial crisis limit U.S. economic growth, and as the temporary lifts provided from the turn in the inventory cycle and fiscal stimulus fade, economic growth turns negative again in the second and third quarters of 2010. Consumer spending falls in the face of higher unemployment, as does capital spending as businesses pull back investment plans in the face of the weakening sales outlook. Under this pessimistic scenario, real GDP grows by 0.9% in 2010 (compared to 2.6% in the baseline forecast) and by 0.8% in 2011 (compared to 2.7% in the baseline forecast).

Under the optimistic scenario, to which Global Insight also assigns a 20% probability, the combined impact of aggressive fiscal and monetary policies around the globe, coupled with strong productivity gains and a return to normally functioning credit markets, leads to falling rates of unemployment, and real GDP increases of 4.3% in 2010 and 3.8% in 2011.

TABLE 2

**Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2010
(\$ in Billions)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Nominal Gross Domestic Product	\$14,441.4	\$14,253.2	\$14,778.0	\$15,417.1
Percent Change	2.6%	-1.3%	3.7%	4.3%
Real Gross Domestic Product	\$13,312.2	\$12,984.1	\$13,323.5	\$13,678.3
Percent Change	0.4%	-2.5%	2.6%	2.7%
Consumer Prices (Percent Change)	3.8%	-0.3%	1.7%	2.0%
Personal Income	\$12,238.8	\$12,070.4	\$12,533.2	\$13,018.2
Percent Change	2.9%	-1.4%	3.8%	3.9%
Personal Consumption Expenditures	\$10,129.9	\$10,089.8	\$10,457.0	\$10,877.4
Percent Change	3.1%	-0.4%	3.6%	4.0%
Economic Profits	\$1,360.4	\$1,298.5	\$1,449.6	\$1,549.1
Percent Change	-11.8%	-4.5%	11.6%	6.9%
Unemployment Rate	5.8%	9.3%	10.1%	9.5%
Light Vehicle Sales (Millions of Units)	13.2	10.3	11.5	13.8
Percent Change	-18.0%	-22.1%	11.9%	20.1%
Housing Starts (Millions of Units)	0.900	0.556	0.792	1.243
Percent Change	-32.9%	-38.2%	42.3%	57.0%
Exports	\$1,831.1	\$1,557.5	\$1,749.1	\$1,889.2
Percent Change	10.6%	-14.9%	12.3%	8.0%

General Fund Tax Projections. Table 3 shows our revised general fund tax revenue estimates for the 2009-11 biennium. The estimates are based on Global Insight's January, 2010, forecast of the U.S. economy, and incorporate all of the tax law changes enacted to date. The estimates also reflect the impact of the termination of the Minnesota-Wisconsin individual income tax reciprocity agreement as of January 1, 2010.

TABLE 3**Projected General Fund Tax Collections
(\$ Millions)**

<u>Source</u>	<u>2008-09 Actual</u>	<u>Budget Estimates (Act 28)</u>		<u>Revised Estimates January, 2010</u>	
		<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>
Individual Income	\$6,222.7	\$6,231.0	\$6,432.4	\$6,155.0	\$6,505.0
General Sales and Use	4,084.0	4,089.2	4,320.7	4,015.0	4,235.0
Corporate Income and Franchise	629.5	717.2	808.3	700.0	800.0
Public Utility	320.1	318.2	327.4	322.2	327.2
Excise					
Cigarette	551.3	687.6	684.7	650.0	630.0
Liquor and Wine	44.1	45.8	47.6	43.5	44.7
Tobacco Products	42.2	52.3	55.2	57.8	62.6
Beer	9.9	10.0	10.0	9.6	9.7
Insurance Company	136.3	148.0	148.0	127.0	135.0
Estate	20.9	0.0	0.0	0.0	0.0
Miscellaneous	<u>52.1</u>	<u>47.0</u>	<u>48.0</u>	<u>52.0</u>	<u>52.0</u>
Total	\$12,113.2	\$12,346.2	\$12,882.3	\$12,132.1	\$12,801.2
Change from Prior Year					
Amount		\$233.1	\$536.1	\$18.9	\$669.1
Percent Change		1.9%	4.3%	0.2%	5.5%

As shown in Table 3, general fund tax revenues are estimated to total \$12,132.1 million in 2009-10 and \$12,801.2 million in 2010-11. These amounts are lower than the Act 28 estimates by \$214.1 million in the first year and \$81.1 million in the second year, for a biennial decrease of \$295.2 million. The estimates for most of the tax sources have been revised downward, with the most significant reductions in the general sales and use tax and the cigarette tax.

As described above, the current economic forecast is more positive than the May forecast, particularly in 2010 and 2011. However, to-date, revenues from the sales and use tax, cigarette tax, and insurance company taxes have been significantly below projections. The downward revisions to the revenue estimates primarily reflect the tax collection data, as well as revenue losses resulting from termination of the Minnesota-Wisconsin income tax reciprocity agreement.

Individual Income Tax. State individual income tax revenues were \$6,222.7 million in 2008-09 and are currently estimated at \$6,155.0 million in 2009-10 and \$6,505.0 million in 2010-11. Relative to the Act 28 estimates, the current estimates are lower by \$76.0 million in the first year and higher by \$72.6 million in the second year. On a year-to-year basis, the current estimates reflect a reduction of 1.1% for 2009-10 and an increase of 5.7% for 2010-11. The revised estimates incorporate the effects of a number of law changes, including the Act 28

addition of a new tax bracket and decrease in the capital gains exclusion. In addition, the re-estimates reflect reductions estimated at \$30.1 million in 2009-10 and \$61.7 million in 2010-11 related to the termination of Wisconsin's tax reciprocity agreement with Minnesota, beginning in 2010.

Based on preliminary collection information through December, 2009, individual income tax revenues for the current fiscal year are about 5% lower than such revenues through the same period in 2008-09. These collection amounts are generally consistent with the Act 28 estimate for 2009-10. If the Act 28 estimate for 2009-10 is adjusted to exclude the estimated impact of law changes, the adjusted total would be 5.7% less than actual collections in 2008-09. The re-estimate for 2009-10 is lower than the Act 28 estimate due, in part, to the termination of income tax reciprocity with Minnesota. Also, the May forecast assumed a smaller reduction in personal income in 2009 (-0.2%) than the January forecast (-1.4%). However, for 2010 and 2011, the January forecast of personal income is approximately 1.9% higher than the May forecast. This explains the increase in estimated income tax collections in 2010-11, relative to the Act 28 estimate, even after the estimated reduction in collections due to the termination of the reciprocity agreement. The revised estimates also account for modifications to the withholding tables by the Department of Revenue, which took effect in October, 2009.

General Sales and Use Tax. In 2008-09, state sales and use tax collections were \$4,084.0 million, which was 4.3% lower than the prior year. State sales and use tax revenues are currently estimated at \$4,015.0 million in 2009-10 and \$4,235.0 million in 2010-11, which represents reduced revenue of 1.7% in the first year and increased revenue of 5.5% in the second year. These estimates are \$74.2 million lower in the first year and \$85.7 million lower in the second year than the Act 28 estimates of \$4,089.2 million in 2009-10 and \$4,320.7 million in 2010-11. The reductions in the estimates are based, in part, on reduced year-to-date sales and use tax collections of 7.5% through December, 2009, and in part on the most recent forecast of growth in taxable personal consumption expenditures. These estimates include refund payments associated with the *Menasha Corporation* decision, which reduced sales and use tax collections by \$10.2 million in 2008-09 and are estimated to reduce revenue by \$42.0 million in 2009-10 and \$14.0 million in 2010-11.

Corporate Income and Franchise Tax. Corporate income and franchise taxes were \$629.5 million in 2008-09. Collections are projected to be \$700.0 million in 2009-10 and \$800.0 million in 2010-11. These amounts represent an annual increase of 11.2% in 2009-10 and 14.3% in 2010-11. The new estimates are lower than the Act 28 estimates (by \$17.2 million in 2009-10 and \$8.3 million in 2010-11).

The new estimates reflect year-to-date corporate income and franchise tax collections, which were 6.6% higher through December, 2009, than for the same period of 2008. In addition, corporate estimated tax payments were 18.5% higher for the period. Corporate profits are projected to increase in 2010 and 2011, as industrial production picks up, investment in equipment and software moves higher, and consumer spending responds to the gradually

improving economic circumstances. Economic profits are forecast to increase 11.6% in 2010 and 6.9% in 2011.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including requiring unitary multi-state corporations to use combined reporting, repealing the domestic production activities deduction, requiring throwback sales to be included 100% in the apportionment formula, and providing the super research and development tax credit. In addition, the estimates have been adjusted to reflect enhanced tax law enforcement activities by the Department of Revenue.

Public Utility Taxes. Public utility tax revenues were \$320.1 million in 2008-09, and are currently projected at \$322.2 million in 2009-10 and \$327.2 million in 2010-11. Relative to the Act 28 estimates, these figures are higher than the 2009-10 estimate by \$4.0 million but lower than the 2010-11 estimate by \$0.2 million. Utility tax collections are currently expected to increase by 0.7% in 2009-10 and 1.5% in 2010-11, as opposed to a 0.6% decrease in 2009-10 and an increase of 2.9% in 2010-11, as had been estimated under Act 28. The change to the Act 28 estimates is due primarily to higher than expected payments by pipeline companies, related to construction activity, offset by lower liabilities for private light, heat, and power companies, attributable to mild weather in 2009.

Excise Tax Revenues. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were \$647.5 million in 2008-09. Excise tax revenues are currently estimated at \$760.9 million in 2009-10 and \$747.0 million in 2010-11, which represents growth of 17.5% in 2009-10 and reduced revenue of 1.8% in 2009-10. These estimates are \$34.8 million lower in the first year and \$50.5 million lower in the second year than the Act 28 estimates, which were \$795.7 million in 2009-10 and \$797.5 million in 2010-11. Excise tax revenues have been reduced largely due to a reduction in estimated cigarette tax collections, which represent approximately 85% of total estimated excise tax revenue.

Cigarette tax revenues were \$551.3 million in 2008-09, and are currently estimated at \$650.0 million in 2009-10 and \$630.0 million in 2010-11. These estimates represent growth of 17.9% in 2009-10 and reduced revenue of 3.1% in 2010-11. Anticipated growth in 2009-10 is largely a result of the Act 28 75¢ increase in the cigarette tax rate from \$1.77 to \$2.52 per pack, which became effective September 1, 2009. These estimates are lower than the Act 28 estimates by \$37.6 million in the first year and \$54.7 million in the second year and are based, in part, on lower than expected year-to-date collections, and in part on an anticipated reduction in cigarette tax revenue resulting from the statewide indoor smoking ban, which will become effective July 5, 2010, pursuant to 2009 Act 12.

Insurance Premiums Taxes. Insurance premiums taxes were \$136.3 million in 2008-09. Premiums tax collections are projected to be \$127.0 million in 2009-10 and \$135.0 million in 2010-11. The projected decrease in 2009-10 is primarily based on year-to-date monthly premium tax collections, which are 9.2% lower through December, 2009, and on lower demand for

insurance products due to the economic downturn. The projected increase in 2010-11 reflects an improvement in consumer demand during the forecast period.

Estate Tax. Estate taxes were \$20.9 million in 2008-09. For deaths occurring on or after January 1, 2008, the estate tax is no longer being imposed, but there is still a small amount of collections and refunds each month related to prior years. On balance, it is estimated that estate tax revenue will be minimal in 2009-10 and 2010-11.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were \$52.1 million in 2008-09, and are estimated at \$52.0 million in 2009-10 and 2010-11. These estimates are higher than the Act 28 estimates by \$5.0 million in the first year and \$4.0 million in the second year. The increase in estimated revenue is due, in part, to higher than expected year-to-date RETF collections, and, in part, to the revised forecast for sales of new and existing homes as compared to the Act 28 estimates.

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". The letters are stylized and cursive.

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

Statistical Information; Table II-26 – State Assessment (Equalized Value) of Taxable Property (Part II; Page 73). Replace with the following updated table.

**STATE ASSESSMENT (EQUALIZED VALUE)
OF TAXABLE PROPERTY**

<u>Calendar Year</u>	<u>Value of Taxable Property</u>	<u>Rate of Increase (Decrease)</u>
2001	\$ 312,483,706,600	—
2002	335,326,478,700	7.3%
2003	360,710,211,300	7.6
2004	391,187,814,700	8.4
2005	427,933,562,000	9.4
2006	468,983,199,800	9.6
2007	497,920,348,700	6.2
2008	514,393,963,700	3.3
2009	511,911,983,100	(0.5)
2010	495,904,192,300	(3.1)

Source: Department of Revenue

Statistical Information; Table II-39 – Unemployment Rate Comparison (Part II; Page 77). Replace with the following updated table.

**UNEMPLOYMENT RATE COMPARISON^(a)
By Month 2005 to 2010
By Quarter 2001 to 2004**

	<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>		<u>2006</u>		<u>2005</u>	
	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>
January.....	9.6	10.6	7.7	8.5	5.0	5.4	5.5	5.0	5.1	5.1	5.5	5.7
February.....	9.7	10.4	8.8	8.9	5.2	5.2	5.8	4.9	5.7	5.1	6.0	5.8
March.....	9.8	10.2	9.4	9.0	5.0	5.2	5.5	4.5	5.5	4.8	5.6	5.4
April.....	8.2	9.5	8.8	8.6	4.2	4.8	5.1	4.3	4.8	4.5	4.9	4.9
May.....	7.7	9.3	8.7	9.1	4.2	5.2	4.5	4.3	4.4	4.4	4.6	4.9
June.....	8.1	9.6	9.1	9.7	4.7	5.7	5.0	4.7	4.9	4.8	4.9	5.2
July.....	7.8	9.7	8.8	9.7	4.6	6.0	4.7	4.9	4.7	5.0	4.7	5.2
August.....	7.7	9.5	8.6	9.6	4.7	6.1	4.5	4.6	4.4	4.6	4.3	4.9
September..			8.0	9.5	4.3	6.0	4.2	4.5	4.1	4.4	4.2	4.8
October.....			7.9	9.5	4.5	6.1	3.9	4.4	3.9	4.1	4.0	4.6
November..			8.0	9.4	5.2	6.5	4.1	4.5	4.3	4.3	4.5	4.8
December...			<u>8.3</u>	<u>9.7</u>	<u>5.9</u>	<u>7.1</u>	<u>4.3</u>	<u>4.8</u>	<u>4.5</u>	<u>4.3</u>	<u>4.5</u>	<u>4.6</u>
Annual Average			8.5	9.3	4.8	5.8	4.8	4.6	4.7	4.6	4.8	5.1

<u>2004 Quarters</u>		<u>Wis.</u>	<u>U.S.</u>	<u>2003 Quarters</u>		<u>Wis.</u>	<u>U.S.</u>
I		6.1	6.1	I		6.5	6.3
II		5.1	5.5	II		5.9	6.1
III		4.6	5.4	III		5.3	6.0
IV		4.3	5.1	IV		4.8	5.5
<u>2002 Quarters</u>		<u>Wis.</u>	<u>U.S.</u>	<u>2001 Quarters</u>		<u>Wis.</u>	<u>U.S.</u>
I		6.2	6.2	I		4.6	4.6
II		5.4	5.7	II		4.3	4.3
III		4.8	5.7	III		4.1	4.8
IV		4.7	5.6	IV		4.5	5.2

^(a) Figures show the percentage of labor force that is unemployed and are *not seasonally adjusted*.

Source: Department of Workforce Development and U.S. Bureau of Labor Standards

General Fund Information; General Fund Cash Flow (Part II; Pages 39-47).

The following tables provide updates and additions to various tables containing General Fund information for the 2009-10 and 2010-11 fiscal years, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through September 30, 2010. The Preliminary Official Statement, dated October 19, 2010, had included information through August 31, 2010.

The results, projections, or estimates in the following tables for the 2009-10 fiscal year, unless otherwise noted, reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.188 billion that the State received or expected to receive in the 2009-10 fiscal year in the General Fund (\$792 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenues, and \$83 million for other various purposes), \$800 million of operating note receipts received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.

The results, projections, or estimates in the following tables for the 2010-11 fiscal year, unless otherwise noted, reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and Legislature's Joint Committee on Finance, certain federal economic stimulus money in the amount of \$762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund (\$511 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes), \$800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive in the General Fund.

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.

The following tables may show negative balances on a cash basis. The State can have a negative cash balance at the end of a fiscal year. The Wisconsin Statutes provide certain administrative remedies, such as temporary reallocation, to deal with periods when the balance, on a cash basis, is negative. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-9; Actual and Projected General Fund Cash Flow (Page 42). Replace with the following tables.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2009 TO JUNE 30, 2010^(a)

(Amounts in Thousands)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
BALANCES^{(a)(b)}												
Beginning Balance	\$ (147,352)	\$ (209,782)	\$ 260,309	\$ 497,287	\$ 1,217,274	\$ 1,231,002	\$ 691,046	\$ 1,477,143	\$ 1,437,116	\$ 327,778	\$ 614,420	\$ 816,616
Ending Balance	(209,782)	260,309	497,287	1,217,274	1,231,002	691,046	1,477,143	1,437,116	327,778	614,420	816,616	383,306
Lowest Daily Balance^(c)	(360,039)	(231,168)	207,024	326,671	797,022	629	614,427	1,389,706	327,777	65,274	814,420	(8,164)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 584,331	\$ 510,851	\$ 643,062	\$ 510,233	\$ 614,846	\$ 599,354	\$ 810,569	\$ 463,814	\$ 682,855	\$ 1,049,144	\$ 397,454	\$ 815,511
Sales & Use	384,080	377,755	373,531	364,188	352,567	323,531	382,321	310,028	290,791	344,467	332,808	370,100
Corporate Income	33,814	25,608	140,812	54,329	65,449	176,170	48,401	35,595	190,142	51,078	35,405	167,902
Public Utility	18	13	77	6,378	170,474	1,214	97	282	66	1,422	142,322	1,701
Excise	62,971	58,649	54,576	81,812	67,087	59,501	66,683	61,144	50,625	65,466	60,969	66,063
Insurance	150	1,568	32,229	753	1,685	32,572	640	35	18,812	28,489	930	32,597
Inheritance	236	96	326	164	5,373	160	398	242	109	48	73	-
Subtotal Tax Receipts	\$ 1,065,600	\$ 974,540	\$ 1,244,613	\$ 1,017,857	\$ 1,277,481	\$ 1,192,502	\$ 1,309,109	\$ 871,140	\$ 1,233,400	\$ 1,540,114	\$ 969,961	\$ 1,453,874
NON-TAX RECEIPTS												
Federal	\$ 808,446	\$ 793,084	\$ 680,650	\$ 576,443	\$ 738,467	\$ 749,828	\$ 726,946	\$ 788,120	\$ 783,046	\$ 728,315	\$ 789,356	\$ 978,156
Other & Transfers	586,306	173,702	702,693	792,105	338,944	383,595	528,704	645,266	386,289	374,359	205,501	483,614
Note Proceeds ^(d)	807,585	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 2,202,337	\$ 966,786	\$ 1,383,343	\$ 1,368,548	\$ 1,077,411	\$ 1,133,423	\$ 1,255,650	\$ 1,433,386	\$ 1,169,335	\$ 1,102,674	\$ 994,857	\$ 1,461,770
TOTAL RECEIPTS	\$ 3,267,937	\$ 1,941,326	\$ 2,627,956	\$ 2,386,405	\$ 2,354,892	\$ 2,325,925	\$ 2,564,759	\$ 2,304,526	\$ 2,402,735	\$ 2,642,788	\$ 1,964,818	\$ 2,915,644
DISBURSEMENTS												
Local Aids	\$ 1,231,927	\$ 161,676	\$ 876,945	\$ 124,811	\$ 1,018,143	\$ 1,272,650	\$ 213,872	\$ 273,302	\$ 1,356,950	\$ 140,988	\$ 201,047	\$ 2,025,921
Income Maintenance	877,082	616,363	564,447	622,636	610,394	596,845	582,610	493,884	487,275	650,428	551,995	460,641
Payroll and Related	536,684	280,644	325,623	525,134	290,275	452,740	446,191	384,062	390,787	518,752	309,200	381,726
Tax Refunds	62,484	56,397	72,047	94,976	118,210	192,560	128,851	603,472	561,022	459,464	145,049	77,369
Debt Service	212,413	-	99,930	-	64	-	-	526	139,327	-	0	25,000
Miscellaneous	394,192	356,155	451,986	298,861	304,078	351,086	407,138	400,262	371,998	381,765	350,560	403,272
Note Repayment ^(d)	15,585	-	-	-	-	-	-	189,045	204,714	204,749	204,771	-
TOTAL DISBURSEMENTS	\$ 3,330,367	\$ 1,471,235	\$ 2,390,978	\$ 1,666,418	\$ 2,341,164	\$ 2,865,881	\$ 1,778,662	\$ 2,344,553	\$ 3,512,073	\$ 2,356,146	\$ 1,762,622	\$ 3,348,954

(a) Results in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), actions of the Legislature's Joint Committee on Finance relating to the certain federal economic stimulus money the State received or expected to receive in the 2009-10 fiscal year, and decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. With respect to federal economic stimulus money, this table reflects \$1.188 billion of such money the State received in the 2009-10 fiscal year in the General Fund (\$792 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenues, and \$83 million for other various purposes). This table does not include any temporary reallocations of cash.

(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 \$220 to \$400 million during the 2009-10 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds were expected to average approximately \$5 million during the 2009-10 fiscal year.

(c) The Wisconsin 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 to the General Fund in an amount up to 7% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The amounts available for temporary reallocation were approximately \$940 million and \$403 million, respectively, for the 2009-10 fiscal year. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) Includes proceeds from \$800 million of operating notes issued on July 1, 2009 and impoundment payments made on February 26, 2010, March 31, 2010, April 30, 2010, and May 28, 2010. The February 26, 2010 impoundment payment reflected the premium received on July 1, 2009 and deposited into the Operating Note Redemption Fund.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2010 TO SEPTEMBER 30, 2010
PROJECTED GENERAL FUND CASH FLOW; OCTOBER 1, 2010 TO JUNE 30, 2011^(a)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
BALANCES^{(a)(b)}												
Beginning Balance	\$ 383,306	\$ (84,448)	\$ 497,619	\$ 919,992	\$ 1,409,416	\$ 1,282,564	\$ 519,302	\$ 1,416,207	\$ 1,291,480	\$ (198,805)	\$ 36,397	\$ 743,644
Ending Balance^(c)	(84,448)	497,619	919,992	1,409,416	1,282,564	519,302	1,416,207	1,291,480	(198,805)	36,397	743,644	(29,835)
Lowest Daily Balance^(c)	(122,974)	(90,410)	297,835	634,549	712,918	(185,761)	461,174	991,935	(203,554)	(636,748)	36,395	(581,013)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 483,412	\$ 627,258	\$ 671,124	\$ 476,815	\$ 642,892	\$ 625,658	\$ 949,443	\$ 526,967	\$ 570,413	\$ 1,039,144	\$ 648,564	\$ 745,701
Sales & Use	385,326	387,798	382,658	390,600	375,300	345,400	418,400	321,500	309,600	353,100	355,200	392,000
Corporate Income	43,130	25,350	173,894	34,300	28,800	165,100	29,100	20,600	217,600	34,800	22,600	159,700
Public Utility	-	63	62	3,400	163,400	500	800	100	100	1,900	170,500	500
Excise	70,623	68,097	67,433	81,700	77,600	68,900	51,200	59,900	49,700	50,800	53,900	59,200
Insurance	1,531	1,182	31,965	600	1,200	34,900	2,600	18,300	20,600	25,800	1,200	29,200
Subtotal Tax Receipts	\$ 984,022	\$ 1,109,748	\$ 1,327,136	\$ 987,415	\$ 1,289,192	\$ 1,240,458	\$ 1,451,543	\$ 947,367	\$ 1,168,013	\$ 1,505,544	\$ 1,251,964	\$ 1,386,301
NON-TAX RECEIPTS												
Federal	\$ 809,284	\$ 822,212	\$ 926,039	\$ 666,444	\$ 701,223	\$ 630,068	\$ 785,244	\$ 773,718	\$ 769,182	\$ 669,670	\$ 851,355	\$ 680,306
Other & Transfers	436,955	288,640	608,849	461,633	353,447	294,466	584,679	641,174	352,015	396,803	354,893	483,067
Note Proceeds ^(d)	803,408	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 2,049,647	\$ 1,110,852	\$ 1,534,888	\$ 1,128,077	\$ 1,054,670	\$ 924,534	\$ 1,369,923	\$ 1,414,892	\$ 1,121,197	\$ 1,066,473	\$ 1,206,248	\$ 1,163,373
TOTAL RECEIPTS	\$ 3,033,669	\$ 2,220,600	\$ 2,862,024	\$ 2,115,492	\$ 2,343,862	\$ 2,164,992	\$ 2,821,466	\$ 2,362,259	\$ 2,289,210	\$ 2,572,017	\$ 2,458,212	\$ 2,549,674
DISBURSEMENTS												
Local Aids	\$ 1,429,366	\$ 202,649	\$ 860,448	\$ 150,007	\$ 1,015,558	\$ 1,285,577	\$ 216,393	\$ 269,766	\$ 1,300,662	\$ 155,879	\$ 164,904	\$ 1,942,920
Income Maintenance	795,141	602,501	615,203	614,009	611,138	697,602	557,019	554,573	626,648	622,944	443,882	241,581
Payroll and Related	539,995	304,252	341,331	440,810	402,740	471,402	438,945	403,382	398,649	532,213	305,634	401,095
Tax Refunds	58,790	56,259	53,503	60,900	75,200	128,600	167,300	641,000	513,700	470,600	174,800	149,200
Debt Service	214,486	-	167,832	6,936	258	-	6,936	-	376,910	19,838	-	-
Miscellaneous	452,237	472,872	401,334	353,406	365,820	345,073	537,968	425,851	359,104	331,519	457,923	588,357
Note Repayment ^(d)	11,408	-	-	-	-	-	-	192,414	203,822	203,822	203,822	-
TOTAL DISBURSEMENTS	\$ 3,501,423	\$ 1,638,533	\$ 2,439,651	\$ 1,626,068	\$ 2,470,714	\$ 2,928,254	\$ 1,924,561	\$ 2,486,986	\$ 3,779,495	\$ 2,336,815	\$ 1,750,965	\$ 3,323,153

(a) Results, projections, or estimates in this table reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and the Legislature's Joint Committee on Finance, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. With respect to federal economic stimulus money, this table reflects \$762 million of such money the State expects to receive in the 2010-11 fiscal year in the General Fund (\$511 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes). This table does not include any temporary reallocations of cash.

(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 \$200 to \$400 million during the 2010-11 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$10 million during the 2010-11 fiscal year.

(c) The Wisconsin 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 to the General Fund in an amount up to 7% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The amounts available for temporary reallocation are approximately \$986 million and \$422 million, respectively, for the 2010-11 fiscal year. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) Includes proceeds of \$800 million of operating notes issued on July 1, 2010 and impoundment payments due on February 28, 2011, March 31, 2011, April 29, 2011, and May 31, 2011. The February 28, 2011 impoundment payment reflects the premium received on July 1, 2010 and deposited into the Operating Note Redemption Fund.

Table II-10; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year. (Page 43). Replace with the following updated tables.

**2009-10 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, 2010
(Amounts in Thousands)**

	<u>FY09 through June 2009</u>		<u>FY10 through June 2010</u>			Adjusted Variance ^(c)	Difference FY09 Actual to FY10 Actual
	<u>Actual</u>		<u>Actual^(b)</u>	<u>Estimate^(b)</u>	<u>Variance</u>		
RECEIPTS							
Tax Receipts							
Individual Income	\$ 7,854,660		\$ 7,682,024	\$ 7,773,400	\$ (91,376)	\$ (91,376)	\$ (172,636)
Sales	4,380,376		4,206,167	4,223,200	(17,033)	(17,033)	(174,209)
Corporate Income	843,024		1,024,705	793,700	231,005	231,005	181,681
Public Utility	336,170		324,064	332,900	(8,836)	(8,836)	(12,106)
Excise	661,905		755,546	805,400	(49,854)	(49,854)	93,641
Insurance	175,730		150,460	163,700	(13,240)	(13,240)	(25,270)
Inheritance	37,069		7,225	-	7,225	7,225	(29,844)
Total Tax Receipts	\$ 14,288,934		\$ 14,150,191	\$ 14,092,300	\$ 57,891	\$ 57,891	\$ (138,743)
Non-Tax Receipts							
Federal	\$ 8,418,824		\$ 9,140,857	\$ 8,830,644	\$ 310,213	\$ 310,213	\$ 722,033
Other and Transfers	5,384,573		5,601,078	5,341,077	260,001	260,001	216,505
Note Proceeds	801,840		807,585	807,585	-	-	5,745
Total Non-Tax Receipts	\$ 14,605,237		\$ 15,549,520	\$ 14,979,306	\$ 570,214	\$ 570,214	\$ 944,283
TOTAL RECEIPTS	\$ 28,894,171		\$ 29,699,711	\$ 29,071,606	\$ 628,105	\$ 628,105	\$ 805,540
DISBURSEMENTS							
Local Aids	\$ 9,116,705		\$ 8,898,232	\$ 9,164,854	\$ 266,622	\$ 266,622	\$ (218,473)
Income Maintenance	6,591,766		7,116,933	6,602,590	(514,343)	(514,343)	525,167
Payroll & Related	4,833,492		4,841,818	4,963,343	121,525	121,525	8,326
Tax Refunds	2,519,960		2,571,901	2,623,800	51,899	51,899	51,941
Debt Service	633,217		452,285	547,286	95,001	95,001	(180,932)
Miscellaneous	4,548,875		4,469,020	4,623,578	154,558	154,558	(79,855)
Note Repayment	822,343		818,864	819,111	247	247	(3,479)
TOTAL DISBURSEMENTS	\$ 29,066,358		\$ 29,169,053	\$ 29,344,562	\$ 175,509	\$ 175,509	\$ 102,695
2009-10 FISCAL YEAR VARIANCE YEAR-TO-DATE					\$ 803,614	\$ 803,614	

- (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) Results, projections, or estimates included in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.188 billion that the State received or expected to receive in the 2009-10 fiscal year in the General Fund (\$792 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenues, and \$83 million for other various purposes), \$800 million of operating note proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.
- (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, which may result in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

2010-11 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of September 30, 2010
(Amounts in Thousands)

	FY10 through September 2009		FY11 through September 2010			Difference FY10 Actual to FY11 Actual	
	Actual		Actual ^(b)	Estimate ^(b)	Variance ^(c)		Adjusted Variance ^(f)
RECEIPTS							
Tax Receipts							
Individual Income	\$ 1,738,244		\$ 1,781,794	\$ 1,785,703	\$ (3,909)	(3,909)	\$ 43,550
Sales	1,135,366		1,155,782	1,194,100	(38,318)	(38,318)	20,416
Corporate Income	200,234		242,374	210,300	32,074	32,074	42,140
Public Utility	108		125	500	(375)	(375)	17
Excise	176,196		206,153	214,000	(7,847)	(7,847)	29,957
Insurance	33,947		34,678	30,200	4,478	4,478	731
Inheritance	658		-	-	-	-	(658)
Total Tax Receipts	\$ 3,284,753		\$ 3,420,906	\$ 3,434,803	\$ (13,897)	\$ (13,897)	\$ 136,153
Non-Tax Receipts							
Federal ^(b)	\$ 2,282,180		\$ 2,557,535	\$ 2,070,246	\$ 487,289	\$ 487,289	\$ 275,355
Other and Transfers	1,462,701		1,334,444	1,422,459	(88,015)	(88,015)	(128,257)
Note Proceeds ^(e)	807,585		803,408	803,408	-	-	(4,177)
Total Non-Tax Receipts	\$ 4,552,466		\$ 4,695,387	\$ 4,296,113	\$ 399,274	\$ 399,274	\$ 142,921
TOTAL RECEIPTS	\$ 7,837,219		\$ 8,116,293	\$ 7,730,916	\$ 385,377	\$ 385,377	\$ 279,074
DISBURSEMENTS							
Local Aids	\$ 2,270,548		\$ 2,492,463	\$ 2,449,907	\$ (42,556)	\$ (42,556)	\$ 221,915
Income Maintenance	2,060,225		2,012,845	1,983,301	(29,544)	(29,544)	(47,380)
Payroll & Related	1,142,951		1,185,578	1,159,271	(26,307)	(26,307)	42,627
Tax Refunds	190,928		168,552	175,100	6,548	6,548	(22,376)
Debt Service	312,343		382,318	377,101	(5,217)	(5,217)	69,975
Miscellaneous	1,200,000		1,326,443	1,113,930	(212,513)	(212,513)	126,443
Note Repayment ^(e)	15,585		11,408	11,408	-	-	(4,177)
TOTAL DISBURSEMENTS	\$ 7,192,580		\$ 7,579,607	\$ 7,270,018	\$ (309,589)	\$ (309,589)	\$ 387,027

FY11 VARIANCE YEAR-TO-DATE

\$ 75,788 \$ 75,788

- (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) Results, projections, or estimates included in this table reflect budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and Legislature's Joint Committee on Finance, certain federal economic stimulus money in the amount of \$762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund (\$511 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes), \$800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.
- (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, which may result in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-11; General Fund Monthly Cash Position (Page 44). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2008 through September 30, 2010 – Actual
October 1, 2010 through June 30, 2011 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2008	July.....	24,836	3,014,286	2,867,001
	August.....	172,121 ^(d)	1,708,398	1,416,143
	September.....	464,376	2,500,671	2,069,238
	October.....	895,809	2,421,520	1,914,314
	November.....	1,403,015	1,833,481	2,108,957
	December.....	1,127,539 ^(d)	2,026,521	2,743,544
2009	January.....	410,516	2,523,271	1,840,909
	February.....	1,092,878	2,189,572	2,475,831
	March.....	806,619 ^(d)	2,228,792	3,530,714
	April.....	(495,303) ^(d)	3,251,394	2,730,689
	May.....	25,402 ^(d)	2,008,161	1,987,460
	June.....	46,103 ^(d)	3,188,104	3,381,558
	July.....	(147,352) ^(d)	3,267,937	3,330,367
	August.....	(209,782) ^(d)	1,941,326	1,471,235
	September.....	260,309	2,627,956	2,390,978
	October.....	497,287	2,386,405	1,666,418
	November.....	1,217,274	2,354,892	2,341,164
	December.....	1,231,002	2,325,925	2,865,881
2010	January.....	691,046	2,564,759	1,778,662
	February.....	1,477,143	2,304,526	2,344,553
	March.....	1,437,116 ^(d)	2,402,735	3,512,073
	April.....	327,778 ^(d)	2,642,788	2,356,146
	May.....	614,420	1,964,818	1,762,622
	June.....	816,616 ^(d)	2,915,644	3,348,954
	July.....	383,306 ^(d)	3,033,669	3,501,423
	August.....	(84,448) ^(d)	2,220,600	1,638,533
	September.....	497,619	2,862,024	2,439,651
	October.....	919,991	2,115,492	1,626,068
	November.....	1,409,415	2,343,862	2,470,714
	December.....	1,282,563 ^(d)	2,164,992	2,928,254
2011	January.....	519,301	2,821,466	1,924,561
	February.....	1,416,206	2,362,259	2,486,986
	March.....	1,291,479 ^(d)	2,289,210	3,779,495
	April.....	(198,806) ^(d)	2,572,017	2,336,815
	May.....	36,396	2,458,212	1,750,965
	June.....	743,643 ^(d)	2,549,674	3,323,153

- ^(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).
- ^(b) The results in this table for the 2009-10 fiscal year reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.188 billion that the State received in the 2009-10 fiscal year in the General Fund, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The results, projections, or estimates in this table for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and the Legislature's Joint Committee on Finance, certain federal economic stimulus money in the amount of \$762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.
- ^(c) Operating notes were issued for the 2008-09, 2009-10, and 2010-11 fiscal years.
- ^(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin 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 to the General Fund up to 7% of the general purpose revenue appropriations then in effect (approximately \$940 million for the 2009-10 fiscal year and \$986 million for the 2010-11 fiscal year). In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately \$403 million for the 2009-10 fiscal year and \$422 million for the 2010-11 fiscal year) for a period of up to 30 days. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration

Table II-12; Cash Balances in Funds Available for Temporary Reallocation (Page 45). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION^(a)
July 31, 2008 to September 30, 2010 – Actual
October 31, 2010 to June 30, 2011 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (LGIP), and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of \$2.211 billion during November 2005 to a high of \$4.347 billion in August 2008. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

<u>Month (Last Day)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January		\$ 1,045	\$ 1,042	\$ 1,042
February		1,180	955	955
March		1,124	935	935
April		1,020	1,209	1,209
May		1,191	1,289	1,289
June		1,167	1,427	1,427
July	\$ 910	981	1,188	
August	944	1,064	1,246	
September	1,081	1,233	1,336	
October	906	1,035	1,035	
November	1,011	1,118	1,118	
December	1,072	1,073	1,073	

Available Balances; Includes Balances in the LGIP

<u>Month (Last Day)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January		\$ 5,372	\$ 4,100	\$ 4,100
February		5,543	4,133	4,133
March		5,440	4,130	4,130
April		4,852	4,089	4,089
May		4,632	3,842	3,842
June		4,474	4,035	4,035
July	\$ 5,422	5,102	4,469	
August	4,589	4,189	3,883	
September	4,479	4,076	3,833	
October	3,900	3,438	3,438	
November	3,936	3,500	3,500	
December	4,461	3,666	3,666	

^(a) The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund had a negative balance and temporary reallocations were made from such fund.

Source: Wisconsin Department of Administration

Table II-13; General Fund Recorded Revenues (Page 46). Replace with the following updated tables.

GENERAL FUND RECORDED REVENUES^(a)
(Agency-Recorded Basis)
July 1, 2009 to June 30, 2010 Compared With Previous Year (Final)

	Annual Fiscal Report Revenues <u>2008-09 FY^(b)</u>	Projected Revenues <u>2009-10 FY^(c)</u>	Recorded Revenues July 1, 2008 to June 30, 2009 ^(d)	Recorded Revenues July 1, 2009 to June 30, 2010 ^(e)
Individual Income Tax	\$ 6,222,735,000	\$ 6,230,973,000	\$ 6,230,723,064	\$ 6,089,371,577
General Sales and Use Tax	4,083,959,000	4,089,220,000	4,087,332,217	3,944,260,371
Corporate Franchise and Income Tax	629,523,000	717,150,000	626,114,318	834,983,402
Public Utility Taxes	320,110,000	318,200,000	320,109,613	319,376,774
Excise Taxes	647,621,000	795,680,000	647,621,004	757,947,035
Inheritance Taxes	20,853,000	-	20,853,110	871,188
Insurance Company Taxes	136,291,000	148,000,000	136,291,544	130,718,048
Miscellaneous Taxes	52,059,000	47,000,000	77,726,403	79,311,536
SUBTOTAL.....	<u>12,113,151,000</u>	<u>12,346,223,000</u>	<u>12,146,771,273</u>	<u>12,156,839,930</u>
Federal and Other Inter- Governmental Revenues ^(f)	8,411,740,000	8,451,323,200	8,411,952,270	10,144,346,382
Dedicated and Other Revenues ^(g)	<u>4,553,355,000</u>	<u>5,082,068,100</u>	<u>4,786,075,067</u>	<u>5,111,677,664</u>
TOTAL.....	<u>\$ 25,078,246,000</u>	<u>\$ 25,879,614,300</u>	<u>\$ 25,344,798,610</u>	<u>\$ 27,412,863,976</u>

(a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. 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 2008-09 fiscal year, dated October 15, 2009.

(c) Projections included in this table reflected 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.002 billion that the State expected to receive in the 2009-10 fiscal year in the General Fund (\$606 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenues, and \$83 million for other various purposes), and the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009). Unlike projections in other tables that appear in this APPENDIX B, the projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.

(d) The amounts shown are 2008-09 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

(e) The amounts shown are 2009-10 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

(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

GENERAL FUND RECORDED REVENUES^(a)
(Agency-Recorded Basis)

July 1, 2010 to September 30, 2010 Compared With Previous Year

	Annual Fiscal Report Revenues <u>2009-10 FY^(b)</u>	Projected Revenues <u>2010-11 FY^(c)</u>	Recorded Revenues July 1, 2009 to <u>September 30, 2009^(d)</u>	Recorded Revenues July 1, 2010 to <u>September 30, 2010^(e)</u>
Individual Income Tax	\$ 6,089,170,000	\$ 6,432,371,000	\$ 1,344,800,064	\$ 1,389,164,397
General Sales and Use Tax	3,944,187,000	4,320,730,000	680,057,302	709,849,550
Corporate Franchise and Income Tax	834,479,000	808,300,000	164,734,630	200,221,867
Public Utility Taxes	319,377,000	327,400,000	(230,756)	(4,916,773)
Excise Taxes	757,947,000	797,500,000	112,654,565	134,656,598
Inheritance Taxes	871,000	-	36,597	(159,314)
Insurance Company Taxes	130,718,000	148,000,000	1,556,681	2,473,994
Miscellaneous Taxes	54,910,000	48,000,000	12,039,986	11,001,849
SUBTOTAL.....	<u>12,131,659,000</u>	<u>12,882,301,000</u>	<u>2,315,649,069</u>	<u>2,442,292,169</u>
Federal and Other Inter- Governmental Revenues ^(f)	10,144,453,000	7,650,453,600	2,291,858,204	2,694,778,599
Dedicated and Other Revenues ^(g)	4,641,967,000	5,423,391,300	1,298,834,137	1,405,643,342
TOTAL.....	<u>\$ 26,918,079,000</u>	<u>\$ 25,956,145,900</u>	<u>\$ 5,906,341,410</u>	<u>\$ 6,542,714,110</u>

- (a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. 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 2009-10 fiscal year, dated October 15, 2010.
- (c) Projections included in this table reflect the 2009-11 biennial budget (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$364 million that the State expects to receive in the 2010-11 fiscal year in the General Fund, and the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009). Unlike projections in other tables that appear in this APPENDIX B, the projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.
- (d) The amounts shown are 2009-10 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (e) The amounts shown are 2010-11 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (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.

Table II-14; General Fund Recorded Expenditures by Function (Page 47). Replace with the following updated tables.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2009 to June 30, 2010 Compared With Previous Year (Final)**

	Annual Fiscal Report Expenditures <u>2008-09 FY^(b)</u>	Appropriations <u>2009-10 FY^(c)</u>	Recorded Expenditures July 1, 2008 to <u>June 30, 2009^(d)</u>	Recorded Expenditures July 1, 2009 to <u>June 30, 2010^(e)</u>
Commerce.....	\$ 263,800,000	\$ 307,224,700	\$ 251,999,225	\$ 303,822,382
Education.....	11,130,263,000	11,428,901,400	11,163,614,074	11,217,389,771
Environmental Resources.....	327,566,000	330,460,100	327,208,321	169,044,492
Human Relations & Resources	10,361,591,000	10,195,574,700	10,329,782,031	11,539,869,522
General Executive.....	844,724,000	1,306,939,400	850,544,774	1,030,802,601
Judicial.....	130,541,000	136,201,700	130,982,029	130,341,465
Legislative.....	65,289,000	73,817,900	65,288,990	65,929,776
General Appropriations.....	<u>2,156,962,000</u>	<u>2,346,576,300</u>	<u>2,151,655,694</u>	<u>2,291,776,665</u>
TOTAL.....	<u>\$ 25,280,736,000</u>	<u>\$ 26,125,696,200</u>	<u>\$ 25,271,075,138</u>	<u>\$ 26,748,976,674</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 2008-09 fiscal year, dated October 15, 2009.
- (c) The estimates in this table reflect the 2009 Wisconsin Act 2 and the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The estimates in this table do not reflect the projections included in the January 27, 2010 LFB memorandum.
- (d) The amounts shown are 2008-09 fiscal year expenditures as recorded by all State agencies.
- (e) The amounts shown are 2009-10 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2010 to September 30, 2010 Compared With Previous Year

	Annual Fiscal Report Expenditures 2009-10 FY ^(b)	Appropriations 2010-11 FY ^(c)	Recorded Expenditures July 1, 2009 to September 30, 2009 ^(d)	Recorded Expenditures July 1, 2010 to September 30, 2010 ^(e)
Commerce.....	\$ 377,721,000	\$ 292,866,000	\$ 59,754,834	\$ 83,269,604
Education.....	11,250,162,000	11,558,214,700	2,393,280,612	2,727,930,001
Environmental Resources.....	169,701,000	341,297,800	46,359,052	67,299,572
Human Relations & Resources	11,561,658,000	10,418,320,400	3,139,843,509	3,187,519,143
General Executive.....	1,090,559,000	1,118,318,600	394,809,503	439,726,187
Judicial.....	130,653,000	136,586,600	40,911,076	42,141,533
Legislative.....	65,930,000	73,917,600	11,891,864	12,700,691
General Appropriations.....	2,286,961,000	2,426,149,100	1,102,555,555	1,160,879,045
TOTAL.....	<u>\$ 26,933,345,000</u>	<u>\$ 26,365,670,800</u>	<u>\$ 7,189,406,006</u>	<u>\$ 7,721,465,776</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 2009-10 fiscal year, dated October 15, 2010.
- (c) The estimates in this table reflect the 2009-11 biennial budget (2009 Wisconsin Act 28). The estimates in this table do not reflect the projections included in the January 27, 2010 LFB memorandum.
- (d) The amounts shown are 2009-10 fiscal year expenditures as recorded by all State agencies.
- (e) The amounts shown are 2010-11 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

APPENDIX C

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to capitalized terms used in this Official Statement. All defined terms from the General Resolution are available in the "GLOSSARY" in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009. See [APPENDIX A](#).

2010 Bonds means, collectively, the 2010 Series 4 Bonds and the 2010 Series 5 Bonds.

2010 Series 4 Bonds means the State of Wisconsin Clean Water Revenue Bonds, 2010 Series 4, expected to be issued on November 18, 2010.

2010 Series 5 Bonds means State of Wisconsin Clean Water Revenue Refunding Bonds, 2010 Series 5, expected to be issued on November 18, 2010.

Accreted Value means, with respect to any Capital Appreciation Bond, the initial principal amount at which such Capital Appreciation Bond is sold to the initial purchaser by the State without reduction to reflect underwriter's discount, compounded from the date of delivery of such Bonds semiannually on each interest payment date prior to the date of calculation (and including such date of calculation if such date of calculation shall be an interest payment date) at the original issue yield to maturity less, with respect to Bonds with interest payable on a current basis, interest paid and payable during such period plus, if such date of calculation shall not be an interest payment date, a portion of the difference between the Accreted Value as of the immediately preceding interest payment date and the Accreted Value as of the immediately succeeding interest payment date calculated based upon an assumption that Accreted Value accrues during any semiannual period in equal daily amounts (based on a 360-day year of twelve 30-day months); provided, however, that the calculation of Accreted Value for purposes of determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution shall be based upon the Accreted Value calculated as of the interest payment date immediately preceding such date of calculation (unless such date of calculation shall be an interest payment date, in which case shall be calculated as of the date of calculation).

Act means Sections 281.58 and 281.59 of the Wisconsin Statutes, as amended.

Aggregate Debt Service for any period means, with respect to Bonds, as of any date of calculation, the sum of the amounts of Debt Service for such period.

Authorized Officer means the Capital Finance Director of the State and any other person designated in writing to the Trustee by the Capital Finance Director or by the Commission as an Authorized Officer.

Bond or **Bonds** means any bond or bonds, as the case may be, authenticated and delivered under the General Resolution pursuant to a Series Resolution.

Bondowners or **Owner of Bonds** or **Owner** (when used with reference to Bonds) or any term of similar import means the person or party in whose name the Bond is registered.

Business Day means any day other than a Saturday or Sunday or other day on which commercial banks in the city in which the principal office of the Trustee is located are not open for business, except as may be provided in a Series or Supplemental Resolution.

Capital Appreciation Bond means Bonds that provide for the addition of all or any part of accrued and unpaid interest thereon to the principal due thereon upon such terms and for such periods of time as may be determined by the applicable Series Resolution.

Capitalized Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Clean Water Fund Program means the program established pursuant to the Act and operated and administered as part of the Environmental Improvement Fund.

Code means the Internal Revenue Code of 1986, as amended from time to time, and all regulations promulgated pursuant to it to the extent applicable to any Bonds, Loans or Municipal Obligations, as the case may be.

Commission means the State of Wisconsin Building Commission or any successor body having the power under the Subchapter II of Chapter 18, as amended, of the Wisconsin Statutes to authorize and direct the issuance of Bonds.

Contribution Amount has the meaning set forth in the definition of “Loan Credit Reserve Fund Requirement.”

Costs of Issuance means, except as limited in any Series Resolution, any items of expense directly or indirectly payable by or reimbursable to the State and related to the authorization, sale and issuance of Bonds or Notes and the investment of the proceeds thereof, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of Fiduciaries, legal fees and charges, professional consultants’ fees, costs of credit ratings, premiums for insurance of the payment of Bonds or Notes, or any fees and expenses payable in connection with any entity insuring the State, the Trustee or the owners of the Bonds or Notes against loss on Loans or Municipal Obligations, fees and charges for execution, transportation and safekeeping of Bonds or Notes, costs and expenses of refunding of Bonds or Notes, fees and expenses payable in connection with any Credit Facility, remarketing agreements, tender agent agreements or interest rate indexing agreements, and other costs, charges and fees in connection with the original issuance of Bonds or Notes.

Credit Facility means a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy, guaranty or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution or the federal government or an agency thereof which:

- (1) provides for payment of all or a portion of the principal of, Redemption Price of, or interest on any Series of Bonds,
- (2) provides funds for the purchase of such Bonds or portions thereof,
- (3) provides deposits for a fund or account under the General Resolution, or
- (4) provides for or further secures payment of Loans or Municipal Obligations, provided that with respect to (3) above, the issuer of which Credit Facility is rated, or the effect of which Credit Facility would cause bonds insured or secured thereby to be rated, in a rating category by each Rating Agency no lower than the then current rating on the Bonds (without such Credit Facility).

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

- (1) interest payable during such period on Bonds of such Series,
- (2) that portion of the Principal Installments for such Series which are payable during such period, and
- (3) any “Reimbursement Obligation” or “Parity Reimbursement Obligation” as defined in the General Resolution.

Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Debt Service Fund means the fund of that name established by the General Resolution.

Depository means any bank, trust company, or national banking association, which may be the Trustee, selected by the Commission and approved by the Trustee as a depository of moneys and securities held under the provisions of the General Resolution and its successor or successors.

Direct Loan means loans made primarily from the proceeds of federal capitalization grants, the State match, or repayments of Direct Loans, and excludes any Pledged Loan or Proprietary Loan. This type of loan is not funded with Bond proceeds.

DNR means the State of Wisconsin Department of Natural Resources.

DOA means the State of Wisconsin Department of Administration.

DTC means The Depository Trust Company, New York, New York.

Environmental Improvement Fund means the nonlapsible trust fund of that name created by Section 25.43 of the Wisconsin Statutes.

Fees and Charges means all fees and charges, if any, charged by the State to Municipalities pursuant to the terms and provisions of Loans or Municipal Obligations but do not include principal of and interest on such Municipal Obligations.

Fiduciary or **Fiduciaries** means the Trustee, any Paying Agent, any Depository or any or all of them, as may be appropriate.

Financial Assistance Agreement means any agreement entered into between DNR, DOA, and a Municipality for financial assistance.

Fiscal Year means any 12 consecutive calendar months commencing with the second day of June and ending on the first day of the following June.

Fitch means Fitch Ratings.

General Resolution means the Clean Water Revenue Bond General Resolution adopted by the Commission on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, as the same may be amended and supplemented from time to time.

Information Services means an institution or other service providing information with respect to called bonds, which shall include but not be limited to those identified in the General Resolution and others designated by an Authorized Officer.

Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Leveraged Loan or **Pledged Loan** means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund, including from Bond proceeds.

Loan Credit Reserve Fund means the fund of that name established by the General Resolution.

Loan Credit Reserve Fund Requirement means and is calculated as follows:

(1) Upon the issuance of the initial Series of Bonds, an Authorized Officer delivered to the Trustee, with respect to each Rating Agency, a schedule of credit quality categories and loan credit reserve fund requirements (**Loan Credit Reserve Fund Schedule** or **Schedule**) approved by such Rating Agency. Each Schedule sets forth the percentage of the annual debt service attributable to each Loan disbursement from the Loan Fund to be deposited in the Loan Credit Reserve Fund with respect to each Loan disbursement. A Schedule may be amended from time to time upon the presentation to the Trustee of a certificate of an Authorized Officer, supported by a certificate from the Rating Agency to which such

Schedule applies, confirming that such amendment to the Schedule will not adversely affect the then-outstanding rating assigned to the Bonds by such Rating Agency.

(2) The amount required in the Schedules for each Loan disbursement from the Loan Fund (and if the Schedules provide for different amounts, then the higher amount) is the “**Contribution Amount**”.

(3) The Loan Credit Reserve Fund Requirement shall be, as of any date of calculation, the total Contribution Amount derived from each Schedule (and if the Schedules provide for different total Contribution Amounts, then the highest total Contribution Amount) that would be required were all disbursements from the Loan Fund outstanding to be disbursed on that date, based on the then-current Schedules.

Loan Fund means the fund of that name established by the General Resolution.

Moody’s means Moody’s Investors Service, Inc.

Municipal Obligations means the bonds, notes, or other evidences of debt issued by any Municipality and authorized by law and which have heretofore been or will hereafter be acquired by the State as evidence of indebtedness of a Pledged Loan (also referred to as a Leveraged Loan), Direct Loan, or Proprietary Loan to the Municipality pursuant to the Act. Municipal Obligations may constitute any of a combination of the following: a revenue obligation secured by a covenant to assess user fees and a pledge of the utility’s revenues, a revenue obligation secured by special assessments and other utility revenue and a pledge of the utility’s revenues, or a general obligation secured by a tax levy and a pledge of all available financial resources of the Municipality.

Municipality means a political subdivision of the State constituting a “municipality” within the meaning of the Act, duly organized and existing under the laws of the State and any successor entity or a federally recognized American Indian tribe or band in the State.

Notes mean any bond anticipation notes issued by the State pursuant to the Act.

Outstanding, when used with reference to Bonds, other than Bonds referred to in Section 10.05 of the General Resolution (addressing Bonds owned or held by or for the account of the State), means, as of any date, Bonds theretofore or then being delivered under the provisions of the General Resolution, except:

(1) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date,

(2) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in Trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice,

(3) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Resolution, and

(4) Bonds deemed to have been paid as provided in Article 12 of the General Resolution (concerning defeasance).

In determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution, the principal amount of a Capital Appreciation Bond that shall be deemed Outstanding for such purposes shall be the Accreted Value thereof.

Paying Agent for the Bonds of any Series means the bank, trust company, or national banking association, which may be the Trustee, and its successor or successors, appointed pursuant to the provisions of the General Resolution and a Series Resolution or any other resolution of the Commission

adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Pledged Loan or Leveraged Loan means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund and with Bond proceeds.

Pledged Loan Repayments or Leveraged Loan Repayments means any payment on a Pledged Loan pursuant to a Financial Assistance Agreement, or on the Municipal Obligations evidencing and securing the same, on account of the principal, interest, and premium, if any, due on such Pledged Loan, including without limitation scheduled payments of principal and interest on such Loan or Municipal Obligation, any payment made to cure a default, prepayments of principal or interest, and any additional amounts payable upon prepayment of such Pledged Loan or Municipal Obligations, and any amounts paid with respect to such Pledged Loan or Municipal Obligation on account of (1) acceleration of the due date of such Pledged Loan or such Municipal Obligation, (2) the sale or other disposition of such Pledged Loan or the Municipal Obligations and other collateral securing such Pledged Loan, (3) the receipt of proceeds of any insurance or guaranty of such Pledged Loan or Municipal Obligations or any Credit Facility applicable to such Pledged Loan or Municipal Obligations, and (4) the exercise of any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement upon default on such Pledged Loan or Municipal Obligations, but specifically excluding Fees and Charges.

Pledged Receipts means:

- (1) all Pledged Loan Repayments, including both timely and delinquent payments,
- (2) Fees and Charges held or collected by the State,
- (3) any moneys received by the State under Section 281.59 (11)(b) of the Wisconsin Statutes (that is, State payments intercepted by DOA and taxes collected by county treasurers) upon a default under a Municipal Obligation,
- (4) any moneys made available to the Clean Water Fund Program pursuant to Section 281.59 (13m) of the Wisconsin Statutes (that is, as a result of the designation of an individual Loan as one to which the State's "moral obligation" applies),
- (5) any moneys collected by recourse to collateral and security devices under the Municipal Obligations, and
- (6) any other moneys held or received by the State or the Trustee relating to the Municipal Obligations.

Principal Account means the account of that name established within the Debt Service Fund by the General Resolution.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds Outstanding, (1) the principal amount or Accreted Value of Bonds of such Series due on any payment date for which no Sinking Fund Installments have been established, or (2) the Sinking Fund Installment due on a date for Bonds of such Series, or (3) if such dates coincide, the sum of such principal amount or Accreted Value of Bonds and of such Sinking Fund Installment(s) due on such date; in each case in the amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds; provided, however, that Principal Installments shall not include the principal of Notes.

Proprietary Loan means financial assistance made primarily from the proceeds of State general obligation bonds or repayment of Proprietary Loans, and excludes any Direct Loan or Pledged Loan. This financial assistance or type of loan is not funded with Bond proceeds.

Rating Agency means a credit rating agency which is nationally recognized for skill and expertise in rating the credit of obligations similar to the Bonds and which has assigned and currently maintains a rating on any Outstanding Bonds at the request of the State (which request may be withdrawn by the State so long as following such withdrawal of request, the Bonds are rated by at least two Rating Agencies), and any successor to any such agency by merger, consolidation or otherwise.

Rebate Fund means the fund of that name established by the General Resolution.

Record Date means, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the 15th day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day. The Series Resolutions for the 2010 Bonds provide that, for the 2010 Bonds, **Record Date** means the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

Redemption Account means the account of that name established within the Debt Service Fund by the General Resolution.

Redemption Price, when used with respect to a Bond other than a Capital Appreciation Bond, or a portion thereof to be redeemed, means the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof, plus interest to the redemption date, pursuant to the General Resolution and the applicable Series Resolution, but, when used with respect to a Capital Appreciation Bond, "Redemption Price" means the Accreted Value on the date of redemption of such Bond or portion thereof plus the applicable premium, if any.

Refunding Bonds means all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance to refund other Bonds.

Revenue Fund means the fund of that name established by the General Resolution.

S&P means Standard & Poor's Ratings Services.

Series of Bonds or **Bonds of a Series** or words of similar meaning mean the series of Bonds authorized by a Series Resolution.

Series Resolution means a resolution of the Commission authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Resolution, adopted by the Commission from time to time. The Series Resolutions for the 2010 Bonds were adopted on January 20, 2010 and August 11, 2010.

Sinking Fund Installment means, as of any particular date of calculation, (i) the amount required by the General Resolution and a Series Resolution to be deposited by the State for the retirement of Bonds which are stated to mature subsequent to such date or (ii) the amount required by the General Resolution and a Series Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

State means the State of Wisconsin.

State Equity Fund means the fund of that name established by the General Resolution.

Subsidy Fund means the fund of that name established by the General Resolution.

Subsidy Fund Requirement means that amount which, when invested as permitted in the General Resolution, is projected by an Authorized Officer to result in an amount being available during each period commencing on an interest payment date and ending on the next interest payment date (**Period**) which is at least equal to the amount by which Aggregate Debt Service payable during the Period exceeds the sum of (1) scheduled disbursements from the Capitalized Interest Account and (2) Loan Repayments scheduled to be received during the Period from sources other than transfers of Loan capitalized interest from the Loan Fund. In making the projections set forth above, the State may treat undisbursed amounts

in the Loan Fund as if (a) such undisbursed amounts are invested at an appropriate rate of interest to the final maturity of Bonds and (b) such undisbursed amounts and the earnings thereon are transferred from time to time to the Revenue Fund to pay debt service, and for purposes of calculating the Subsidy Fund Requirement, such amounts may be treated as if they were Loan Repayments made pursuant to clause (2) above; provided that prior to each Loan disbursement the State recalculates the Subsidy Fund Requirement assuming for purposes of calculation that the disbursement has been made (and the amount is repayable in accordance with the applicable Municipal Obligations), and if such calculation fails to confirm that following the disbursement the Subsidy Fund Requirement is met, the State refrains from making a requisition for the disbursement.

Subsidy Fund Transfer Amount means, with respect to any Interest Payment Date, the amount by which Aggregate Debt Service payable during the Period (as such term is used in the definition of Subsidy Fund Requirement) ending on such Interest Payment Date exceeds the sum of:

(1) Loan Repayments scheduled to be received and delinquent Loan Repayments actually received during the Period,

(2) earnings on the Loan Credit Reserve Fund deposited in the Revenue Fund during the Period,

(3) any moneys on deposit in the Revenue Fund, the Interest Account of the Debt Service Fund, or the Principal Account of the Debt Service Fund at the beginning of the Period,

(4) any amounts in the Loan Fund transferred to the Revenue Fund during the Period as directed in a certificate of an Authorized Officer, and

(5) amounts scheduled to be transferred from the Capitalized Interest Account to the Interest Account during the Period.

Supplemental Resolution means a resolution supplemental to or amendatory of the General Resolution, adopted by the Commission in accordance with the General Resolution.

Trustee means U.S. Bank National Association, as successor to Firststar Trust Company, and its successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the General Resolution.

APPENDIX D

LOAN CREDIT RESERVE FUND SCHEDULES

Introduction

The General Resolution establishes the amount and timing of funds and securities required to be on deposit in the Loan Credit Reserve Fund, based on Schedules reviewed by no fewer than two Rating Agencies. The State, with the consent of a Rating Agency, may from time to time change the Schedule previously approved by such Rating Agency so long as the change does not adversely affect the then-current rating on the Bonds. To the extent the amount required to be available by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. As of September 30, 2010, the total amount available of \$115 million in the Loan Credit Reserve Fund exceeded the amount required on such date, which was approximately \$108 million.

No information is provided in this Official Statement about any rating assigned to an obligor or guarantor of any investment agreement, forward delivery agreement, or other investment held on deposit in the Loan Credit Reserve Fund.

Current Schedules

The Bonds are currently rated AA+ by Fitch Ratings (**Fitch**), Aa1 by Moody's Investors Service, Inc. (**Moody's**), and AA+ by Standard & Poor's Ratings Services (**S&P**). Each of the following is the Schedule approved by the respective Rating Agency.

Fitch Ratings

Based on certain credit characteristics, each Pledged Loan will be assigned to one of six credit categories, which are explained below. Any assignment of a Pledged Loan to a credit category other than "Not Rated; Interceptable State Aid Factor 2.0 or Greater" or "Not Rated; Interceptable State Aid Factor Less Than 2.0" is subject to review by Fitch. The amount required to be on deposit in the Loan Credit Reserve Fund with respect to a particular Pledged Loan and any amounts disbursed under that Pledged Loan differ, depending on the Municipality. The Municipality having the largest total outstanding balance of Pledged Loans in a credit category below that of the Bonds is the "Largest Borrower Below Bond Credit Quality". The required deposit attributable to the Largest Borrower Below Bond Credit Quality shall equal the total of all debt service payments attributable to the Pledged Loan or Pledged Loans to that Borrower over the four-year period in which such debt service payments are the greatest. For any Pledged Loan to a Municipality other than the Largest Borrower Below Bond Credit Quality, the required deposit shall equal the product of the total of all debt service payments attributable to such Pledged Loans over the four-year period in which such debt service payments are the greatest times the factor, described below, assigned to Pledged Loans of the applicable credit category.

Pledged Loans are currently assigned to credit categories based on one or more of the following characteristics: (1) the Fitch rating given to the Municipal Obligation (or its lack of a Fitch rating), (2) the credit quality estimate for the Municipal Obligation based on information available to Fitch from sources it believes to be reliable, or (3) the anticipated amount of annual State payments that can potentially be intercepted by DOA.

If a Municipal Obligation is not rated by Fitch, then the State may request that Fitch assign a credit quality estimate, or "shadow rating", for the Municipal Obligation. The State recognizes that the credit quality estimate, or "shadow rating", is not necessarily the official or public Fitch rating for the Municipal Obligation and is used solely for purposes of analyzing the credit quality of the Bonds. The intercept power is described under "LOANS; Statutory Powers" in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 (**2009 Annual Report**). See **APPENDIX A**.

Credit categories to which Pledged Loans may be assigned by Fitch currently include the following:

“AAA” Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of the highest credit quality, denoting the lowest expectation of credit risk. Assignments to this category are made only in cases of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

“AA” Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of very high credit quality, denoting a very low expectation of credit risk. Assignments to this category are made in cases of very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

“A” Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of high credit quality, denoting a low expectation of credit risk. Assignments to this category are made in cases of strong capacity for timely payment of financial commitments. Nevertheless, this capacity may be more vulnerable to changes in circumstances or in economic conditions than is the case for higher credit quality categories.

“BBB” Credit Quality Category. A Pledged Loan is assigned to this category if its related Municipal Obligation is deemed to be of good credit quality, denoting a currently low expectation of credit risk. Assignments to this category are made in cases of adequate capacity for timely payment of financial commitments. Adverse changes in circumstances and in economic conditions are more likely to impair this capacity than is the case for higher credit quality categories.

Not Rated; Interceptable State Aid Factor 2.0 or Greater. The anticipated amount of annual State payments that can potentially be intercepted by the State is determined by DOA based on the minimum of the five most recent years for which data are available of one source of State payments to the Municipality. A Pledged Loan is currently assigned to this category if (1) its related Municipal Obligation is not rated by Fitch or is categorized as being of speculative grade credit quality by Fitch and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State equals or exceeds twice the maximum annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

Not Rated; Interceptable State Aid Factor Less Than 2.0. A Pledged Loan is currently assigned to this category if (1) its related Municipal Obligation is not rated by Fitch or is categorized as being of speculative grade credit quality and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the maximum annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

The following chart shows the current factor assigned to each of the six credit categories by Fitch.

<u>Category</u>	<u>Factor</u>
“AAA” Credit Quality Category	0%
“AA” Credit Quality Category	0
“A” Credit Quality Category	6
“BBB” Credit Quality Category	12
Not Rated; Interceptable State Aid Factor 2.0 or Greater	6
Not Rated; Interceptable State Aid Factor Less Than 2.0	34

The State recognizes that lower factors may be assigned to Pledged Loans related to Municipal Obligations that are deemed by Fitch to be general obligations secured by the Municipality’s full faith and credit, based on Fitch’s current rating guidelines for leveraged municipal loan pools. However, the State does not currently opt to assign such lower factors to such Pledged Loans, since the above factors result in a more conservative level of funding for the Loan Credit Reserve Fund.

The State recognizes that Fitch’s rating on the Bonds is based only in part upon the level of funding in the Loan Credit Reserve Fund and the credit quality of Municipalities receiving Pledged Loans. Other factors upon which the Bonds’ rating is based currently include, but are not limited to, Fitch’s rating of the State

of Wisconsin’s general obligations, structural and legal characteristics of the Clean Water Fund Program, Clean Water Fund Program management, Clean Water Fund Program loan underwriting practices, Clean Water Fund Program loan monitoring practices, and permitted Clean Water Fund Program investments. Factors upon which the Bonds’ rating is based may change in the future. The State expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by Fitch may be based on the maintenance of amounts greater than the amounts required under this particular Loan Credit Reserve Fund Schedule. The State has further agreed that, if practicable, it will provide Fitch with at least 30 days notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

Moody’s Investors Service, Inc.

As part of the Schedule submitted to Moody’s, the State has indicated that it will maintain the Loan Credit Reserve Fund at a level that corresponds to certain loan portfolio credit characteristics. The amount required to be on deposit in the Loan Credit Reserve Fund is the product of the average annual debt service of the outstanding, disbursed Pledged Loans times a factor of 120%, and is based on an evaluation of the Pledged Loans shown in “SECURITY AND SOURCE OF PAYMENT FOR BONDS; Pledged Loans” in Part VI of 2009 Annual Report. See **APPENDIX A**. A different factor may be applied if loan portfolio credit characteristics change.

Standard & Poor’s Ratings Services

Based on certain credit characteristics, each Pledged Loan will be assigned one of five categories, which are explained below. The amount required to be deposited or on deposit in the Loan Credit Reserve Fund with respect to a particular disbursement from the Loan Fund is the product of the maximum annual debt service payment on the Pledged Loan attributable to the disbursement times the factor assigned to that particular category.

The following chart shows the current factor assigned to each of the five categories by S&P. Following the chart is an explanation of the characteristics of each category.

<u>Category</u>	<u>Factor</u>
Higher Investment Grade Rating	0%
Medium Investment Grade Rating	40
Lower Investment Grade Rating	64
Not Rated; Greater State Aids	40
Not Rated; Lesser State Aids	140

Pledged Loans are categorized based on two characteristics: (1) the rating given to the Municipal Obligation (or its lack of a rating), and (2) the anticipated amount of annual State payments that can potentially be intercepted by DOA.

If the Municipal Obligation is not rated by S&P, then the State may request permission from S&P to assign the Municipal Obligation to a particular category.

The anticipated amount of annual State payments that can potentially be intercepted by DOA is determined by DOA based on the minimum of the five most recent years for which data are available of one source of State payments to the Municipality. The intercept power is described under “LOANS; Statutory Powers” in Part VI of the 2009 Annual Report. See **APPENDIX A**.

Higher Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in either of the two highest rating categories (AAA or AA).

Medium Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in the third highest rating category (A). S&P may also permit a Pledged Loan to be assigned to this category, regardless of whether or not the Municipal Obligation is rated, in the event the State designates the Pledged Loan as one to which the State “moral obligation”

applies. The State “moral obligation” is described in “LOANS; Statutory Powers” in Part VI of the 2009 Annual Report. See [APPENDIX A](#).

Lower Investment Grade Rating. A Pledged Loan is assigned to this category if the Municipal Obligation is rated by S&P in the minimum investment grade rating category (BBB).

Not Rated; Greater State Aids. A Pledged Loan is assigned to this category if (1) the Municipal Obligation either is not rated or is rated below investment grade and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State equals or exceeds twice the average annual debt service payments on the entire amount of the Loan, whether or not the entire amount has been disbursed.

Not Rated; Lesser State Aids. A Pledged Loan is assigned to this category if (1) the Municipal Obligation either is not rated or is rated below investment grade and (2) the anticipated amount of annual State payments that can potentially be intercepted by the State is less than twice the average annual debt service payments on the entire amount of the Pledged Loan, whether or not the entire amount has been disbursed.

The State recognizes that the rating maintained by S&P is based in part upon the level of funds available in the Loan Credit Reserve Fund. The State expects to maintain the Loan Credit Reserve Fund at approximately the same proportional levels as it has since inception of the Clean Water Fund Program, and the State recognizes that the rating maintained by S&P may be based on the maintenance of amounts greater than the amounts required under this Loan Credit Reserve Fund Schedule. The State has further agreed that, if practicable, it will provide S&P with at least 30 days’ notice of significant changes in either the credit quality or amounts maintained in the Loan Credit Reserve Fund.

The State has agreed that if the rating on or ratability of an investment in the Loan Credit Reserve Fund is based on either a credit enhancement policy or financial guaranty, the State will notify S&P not less than 30 days prior to the expiration of such policy and indicate what action, if any, is expected to be taken with respect to the credit quality of the investment.

Ratings on Municipal Obligations

Any further explanation of the significance of a rating with respect to a Municipal Obligation may only be obtained from the Rating Agency furnishing the rating. There is no assurance that the rating given to a Municipal Obligation will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the Rating Agency if in its judgment circumstances warrant.

APPENDIX E

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, Wisconsin 53703

\$153,050,000
State of Wisconsin
\$116,290,000 Clean Water Revenue Bonds, 2010 Series 4
\$36,760,000 Clean Water Revenue Refunding Bonds, 2010 Series 5

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$116,290,000 Clean Water Revenue Bonds, 2010 Series 4, dated the date hereof (**2010 Series 4 Bonds**) and its \$36,760,000 Clean Water Revenue Refunding Bonds, 2010 Series 5, dated the date hereof (**2010 Series 5 Bonds**) (the 2010 Series 4 Bonds and the 2010 Series 5 Bonds are collectively referred to as the **Bonds**). The Bonds are authorized by Sections 281.58 and 281.59, Wisconsin Statutes (**Act**) (and in particular, Section 281.59 (4), Wisconsin Statutes) and Subchapter II of Chapter 18, Wisconsin Statutes, and are being issued pursuant to a resolution (**General Resolution**) adopted by the State of Wisconsin Building Commission (**Commission**) on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, and as supplemented by resolutions (collectively, **Series Resolution**) adopted by the Commission on January 20, 2010 and August 11, 2010.

Under the General Resolution, the Commission has also established various funds and accounts and designated U.S. Bank National Association, as trustee (**Trustee**), to be the custodian of the funds and accounts. The Commission has pledged certain revenues received pursuant to the Act to secure the payment of the principal of, and premium, if any, and interest on, the Bonds, any other bonds heretofore or hereafter issued under the General Resolution, and certain other parity obligations. The Commission has directed the Trustee to deposit the amounts into the funds and accounts in the order and amounts provided in the General Resolution. The Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the General Resolution.

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, 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 this examination, it is our opinion that, under existing law:

1. The General Resolution and the Series Resolution have been duly and lawfully adopted by the Commission, are in full force and effect, and are valid and binding upon the State and enforceable in accordance with their respective terms. The Series Resolution has been adopted in accordance with the provisions of the General Resolution and is authorized or permitted by the General Resolution.
2. The General Resolution creates the valid pledge that it purports to create of the "Pledged Receipts," as defined in the General Resolution, and of the moneys and securities held in the funds and accounts pledged under the General Resolution.

3. The Bonds are legal, valid, and binding special obligations of the State as provided in the General Resolution, payable and enforceable in accordance with their terms and the terms of the General Resolution and entitled to the benefits of the General Resolution and of the Act. The Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of this letter, and in accordance with the General Resolution.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Bonds are issued for interest on the Bonds 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 Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Bonds were issued. This letter expresses no opinion as to other federal tax law consequences concerning the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds 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 Bonds (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).

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. In acting as bond counsel, we have established an attorney-client relationship solely with the State.

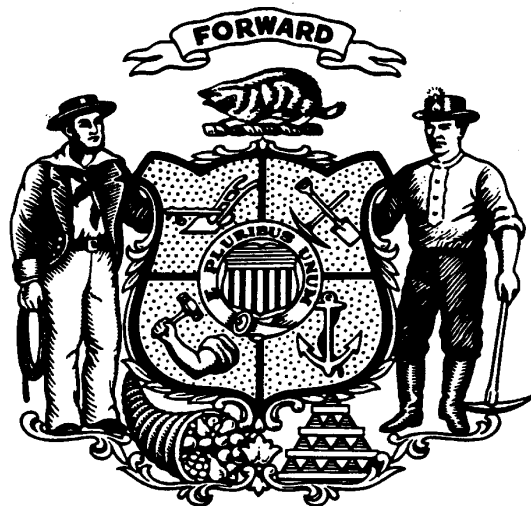
Very truly yours,

FOLEY & LARDNER LLP

APPENDIX F

**OUTSTANDING BONDS
REFUNDED BY 2010 SERIES 5 BONDS**

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP	Redemption Date	Redemption Price
2002 Series 1	5/1/2002	\$ 5,815,000	5.00%	6/1/2018	977092 KZ7	6/1/2012	100%
		6,105,000	5.00	6/1/2019	977092 LA1	6/1/2012	100
		6,405,000	5.00	6/1/2020	977092 LB9	6/1/2012	100
		6,720,000	5.10	6/1/2021	977092 LC7	6/1/2012	100
		7,055,000	5.10	6/1/2022	977092 LD5	6/1/2012	100
		<u>7,410,000</u>	5.10	6/1/2023	977092 LE3	6/1/2012	100
		\$ 39,510,000					



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