

OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 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.

\$293,070,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2012, SERIES B

Dated: Date of Delivery

Due: May 1, as shown below

Ratings	AA Fitch Ratings Aa2 Moody's Investors Service, Inc. AA Standard & Poor's Ratings Services
Tax Exemption	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— <i>See pages 7-9.</i> Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes— <i>See page 8.</i>
Redemption	The Bonds are callable at par on May 1, 2021 or any date thereafter— <i>See page 2.</i>
Security	General obligations of the State of Wisconsin— <i>See page 2.</i>
Purpose	Bond proceeds are being used for various governmental purposes— <i>See page 3.</i>
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	May 1, 2013
Denominations	Multiples of \$5,000
Closing/Settlement	On or about November 1, 2012
Bond Counsel	Foley & Lardner LLP
Registrar/Paying Agent	Secretary of Administration
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company— <i>See pages 3-4.</i>
2011 Annual Report	This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2011.

The Bonds were sold at competitive sale on October 17, 2012. The interest rates payable by the State are shown below, resulted from the award of the Bonds.

<u>CUSIP</u>	<u>Year (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>First Optional Call Date (May 1)</u>	<u>Call Price</u>
97705L Y27	2022	\$ 22,425,000	5.00%	2021	100%
97705L Y35	2023	23,680,000	5.00	2021	100
97705L Y43	2024	17,445,000	2.55	2021	100
97705L Y50	2025	18,320,000	2.70	2021	100
97705L Y68	2026	18,965,000	3.00	2021	100
97705L Y76	2027	19,985,000	3.00	2021	100
97705L Y84	2028	21,060,000	3.00	2021	100
97705L Y92	2029	22,195,000	3.00	2021	100
97705L Z26	2030	23,380,000	3.00	2021	100
97705L Z34	2031	24,545,000	3.00	2021	100
97705L Z42	2032	25,775,000	3.10	2021	100
97705L Z59	2033	55,295,000	3.00	2021	100

Purchase Price: \$303,199,180.15

October 17, 2012

This document is called the Official Statement because it is the only document that the State has authorized for providing information about the Bonds. This document is not an offer or solicitation for the 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 Bonds, or anything else related to the offering of the Bonds.

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 responsible for the accuracy and completeness of this document. The Underwriter is not; however, in accordance with its responsibilities under federal securities laws, the Underwriter is required to review the information in this document and must have a reasonable basis for its belief in the accuracy and completeness of its key representations.

Certain statements in this document are forward-looking statements that are based on expectations, estimates, projections, or assumptions. Forward-looking statements contained in this document are made as of the date hereof, and the State undertakes no obligation to update such statements to reflect subsequent events or circumstances. Actual results could differ materially from the anticipated results.

Some of the people who prepared, compiled, or reviewed the information in this document had specific functions that covered some of its aspects but not others. For example, financial staff may have been asked to assist with quantitative financial information, and legal counsel, with specific documents or legal issues.

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

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE BONDS

BUILDING COMMISSION MEMBERS*

Voting Members

	Term of Office Expires
Governor Scott Walker, Chairperson	January 5, 2015
Representative Dean Kaufert, Vice-Chairperson	January 7, 2013
Senator Julie Lassa	January 7, 2013
Senator Fred Risser	January 7, 2013
Senator Dale Schultz	January 5, 2015
Representative Joan Ballweg	January 7, 2013
Representative Gordon Hintz	January 7, 2013
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Mr. Gil Funk, State Chief Engineer Department of Administration	_____
Mr. Daniel J. Stephans, State Chief Architect Department of Administration	_____

Building Commission Secretary

Ms. Summer R. Shannon-Bradley, Administrator Division of Facilities Development 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 5, 2015
Mr. Mike Huebsch, Secretary Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
DOACapitalFinanceOffice@wisconsin.gov

Mr. Frank R. Hoadley
Capital Finance Director
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

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

* The Building Commission is composed of eight members. The Governor serves as the chairperson. Each house of the Wisconsin State Legislature appoints three members. One citizen member is appointed by the Governor and serves at the Governor's pleasure. State law provides for the two major political parties to be represented in the membership from each house.

SUMMARY DESCRIPTION OF BONDS

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

Description:	State of Wisconsin General Obligation Bonds of 2012, Series B
Principal Amount:	\$293,070,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about November 1, 2012)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning May 1, 2013
Maturities:	May 1, 2022-2033— <i>See front cover</i>
Redemption:	<i>Optional</i> —The Bonds are callable at par on May 1, 2021 or any date thereafter— <i>See page 2</i>
Form:	Book-entry-only— <i>See pages 3-4</i>
Paying Agent:	All payments of principal of, and interest on, the Bonds will be paid by the Secretary of Administration. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of October 1, 2012, general obligations of the State were outstanding in the principal amount of \$7,766,580,337.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Authority for Issuance:	The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes.
Legality of Investment:	State law provides that the Bonds are legal investments for all 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; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the 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— <i>See pages 7-9</i> Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes— <i>See page 8</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1</i>

OFFICIAL STATEMENT
\$293,070,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2012, SERIES B

INTRODUCTION

This Official Statement provides information about the \$293,070,000 General Obligation Bonds of 2012, Series B (**Bonds**), which are being issued by the State of Wisconsin (**State**). This Official Statement incorporates by reference, and includes updated information or makes changes or additions to, **Parts I, II, and III** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2011 (**2011 Annual Report**).

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, and are being issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on September 26, 2012.

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

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

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 25th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State, its financial condition, and its general obligation debt is included as **APPENDIX A**, which incorporates by reference Parts II and III of the 2011 Annual Report. **APPENDIX A** also updates, or makes changes or additions to, Part II of the 2011 Annual Report, including, but not limited to;

- Annual Fiscal Report (budgetary basis), dated October 15, 2012, for the 2011-12 fiscal year, including summary of actual General Fund tax collections for the 2011-12 fiscal year.
- Updated projections of General Fund tax collections for the 2011-13 biennium, as provided by the State's Department of Revenue to the State's Department of Administration and referenced in a memorandum provided by the Department of Administration on May 10, 2012 (**May 10, 2012 DOA Memorandum**).
- General Fund information for the 2011-12 fiscal year through June 30, 2012, which is presented on either a cash basis or an agency-recorded basis, and General Fund information for the 2012-13 fiscal year through August 31, 2012, which is presented on a cash basis.

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

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

THE BONDS

General

The **front cover of this Official Statement** sets forth the maturity dates, amounts, and interest rates for the Bonds. The Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the Bonds, The Depository Trust Company, New York, New York (**DTC**). See **“THE BONDS; Book-Entry-Only Form”**.

The Bonds will be dated their date of delivery (expected to be November 1, 2012) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on May 1, 2013.

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

The Bonds are being issued as fully registered certificated bonds in principal denominations of \$5,000 or multiples of \$5,000.

Security

The Bonds are direct and general obligations of the State. The full faith, credit, and taxing power of the State are irrevocably pledged to make principal and interest payments on the Bonds. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient to make principal and interest payments on the Bonds as the payments become due. The Bonds are secured equally with all other outstanding general obligations issued by the State.

Redemption Provisions

Optional Redemption

The Bonds may be redeemed on May 1, 2021 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 Bonds, and the Capital Finance Director may direct the amounts and maturities of any Bonds to be redeemed.

Notice of Redemption

So long as the Bonds are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 60 days before the redemption date. A redemption notice may be revoked by sending notice to the securities depository at least 15 days before the proposed redemption date.

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

Selection of Bonds

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

Registration and Payment of Bonds

So long as the Bonds are in book-entry-only form, payment of the principal of, and interest on, the Bonds on the payment date will be made by wire transfer to the securities depository or its nominee by the **Paying Agent**—which is the Secretary of Administration.

Ratings

The following ratings have been assigned to the Bonds:

<u>Rating</u>	<u>Rating Organization</u>
AA	Fitch Ratings
Aa2	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 organization giving the rating. No one can offer any assurance that a rating given to the Bonds will be maintained for any period of time; a rating organization 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 Bonds.

Application of Bond Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. **APPENDIX B** presents a summary of the borrowing purposes and the amounts both authorized for, and previously attributed to, each borrowing purpose from the proceeds of general obligations (including in some cases purchase premium and interest earnings). **APPENDIX B** also presents the borrowing purposes and amounts for which the Bonds are being issued.

Bond proceeds will be deposited in the State's Capital Improvement Fund and will be spent as the State incurs costs for the various borrowing or issuance purposes; until spent, the money will be invested by the State of Wisconsin Investment Board.

Book-Entry-Only Form

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

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

Payment

The State will make all payments of principal of, and premium (if any) and interest on, the Bonds to DTC. Owners of the Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

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

Redemption

If less than all the Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 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 no successor securities depository was appointed, bond certificates would be executed and delivered to DTC Participants.

Further Information

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

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

Redemption and Payment if Bonds Are Not in Book-Entry-Only Form

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

Bonds would be selected for redemption by lot. Any redemption notice would be published between 30 and 60 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice would also be mailed, postage prepaid, between 30 and 60 days before the redemption date, to the registered owners of any Bonds to be redeemed. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the Bonds would still be effective even if the notice were not mailed. A redemption notice could be revoked by publication of a notice at least 15 days before the proposed redemption date in a financial newspaper published or circulated in New York, New York. Any revocation notice would also be mailed, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any Bonds to have been redeemed. The mailing, however, would not be a condition to the revocation; the revocation would still be effective even if the notice were not mailed. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the Bond was paid or money was provided for its payment.

Payment of principal would be made by check or draft issued upon the presentation and surrender of the Bonds at the principal office of the Paying Agent, as designated by the Commission. Payment of interest due on the Bonds would be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the record date—which is the 15th day (whether or not a business day) of the calendar month before the interest payment date.

OTHER INFORMATION

Limitations on Issuance of General Obligations

General obligations issued by the State are subject to debt limits set forth in the Wisconsin Constitution and the Wisconsin Statutes. There is an annual debt limit of three-quarters of one percent, and a cumulative debt limit of five percent, of the aggregate value of all taxable property in the State. Currently, the annual debt limit is \$3,533,193,969, and the cumulative debt limit is \$23,554,626,460. Funding or refunding obligations are not subject to the annual limit but are accounted for in applying the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations.

As of October 1, 2012, general obligations of the State were outstanding in the principal amount of \$7,766,580,337. The issuance of the Bonds will not cause the State to exceed its annual debt limit.

Borrowing Plans for Calendar Year 2012

General Obligations

The Bonds are the seventh series of general obligations to be issued in calendar year 2012. The State previously issued:

- \$231 million in two series of general obligation extendible municipal commercial paper for general governmental purposes.
- \$364 million in two series of general obligation refunding bonds for the refunding of previously issued and outstanding general obligations.

- \$12 million of general obligation subsidy bonds in one series purchased by the Environmental Improvement Fund for the Clean Water Fund Program.
- \$199 million in one series of general obligation bonds for general governmental purposes.

In addition, the Commission has authorized the issuance of the following general obligations:

- Up to \$173 million of general obligations for general governmental purposes. The State expects to issue these general obligations in the form of variable-rate extendible municipal commercial paper notes in the first quarter of calendar year 2013.
- Up to \$38 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of any issuance of general obligation subsidy bonds for this purpose depend on various factors, including the amount and timing of loan disbursements from the Clean Water Fund Program.
- Up to \$102 million of general obligations for the veterans housing loan program, which may be in the form of bonds, commercial paper notes, or extendible municipal commercial paper. The amount and timing of any issuance of general obligations for this purpose depend on originations of veterans housing loans and market conditions.
- Up to \$79 million of general obligation refunding bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions and other factors relating to the veterans housing loan program.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper, which were outstanding in the amount of \$810 million as of October 1, 2012. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

Other Obligations

In this calendar year, the State has issued \$460 million of transportation revenue bonds to finance certain State transportation facilities and highway projects and to refund certain outstanding transportation revenue bonds. In addition, the Commission has authorized up to \$25 million of additional transportation revenue bonds and up to \$134 million of additional transportation revenue refunding bonds. The amount and timing of any additional issuance of transportation revenue bonds depend on disbursements for highway projects and transportation facilities, and any additional issuance of transportation revenue refunding bonds depends on market conditions.

The State has issued \$55 million of clean water revenue bonds to fund loans in the Clean Water Fund Program and \$92 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. In addition, the Commission has authorized up to \$95 million of additional clean water revenue bonds and up to \$58 million of additional clean water revenue refunding bonds. The amount and timing of any additional issuance of clean water revenue bonds depend on loan activity in the State's Clean Water Fund Program, and any additional issuance of clean water revenue refunding bonds depends on market conditions.

The State Department of Administration issued approximately \$27 million of master lease certificates of participation for its master lease program on February 29, 2012.

The State Department of Administration intends to issue in the fourth quarter approximately \$250 million of general fund annual appropriation refunding bonds (taxable) to refund the May 1, 2013 maturity of the State's General Fund Annual Appropriation Bonds of 2003, Series A (Taxable Fixed Rate). These bonds were previously issued for payment of the State's unfunded accrued prior service (pension) liability and unfunded accrued liability for sick leave conversion credits.

At this time, the State does not anticipate issuing operating notes for the 2012-2013 fiscal year.

Underwriting

The Bonds were purchased through competitive bidding on October 17, 2012 by Wells Fargo Bank, National Association (**Underwriter**). The Underwriter paid \$303,199,180.15, and its bid resulted in a true-interest-cost rate to the State of 2.914379%.

Reference Information About Bonds

Information about the Bonds is provided for reference in both the following table and the [table on the front cover](#). The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriter has provided the reoffering yields and prices with respect to Bonds. The yield shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

\$293,070,000
State of Wisconsin
General Obligation Bonds of 2012, Series B

Dated Date: Date of Delivery

First Interest Date: May 1, 2013

Delivery/Settlement Date: On or about November 1, 2012

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional	Call Price
						Call Date (May 1)	
97705L Y27	2022	\$ 22,425,000	5.00%	1.850%	124.670 ^(a)	2021	100%
97705L Y35	2023	23,680,000	5.00	1.950	123.783 ^(a)	2021	100
97705L Y43	2024	17,445,000	2.55	2.550	100.000	2021	100
97705L Y50	2025	18,320,000	2.70	2.700	100.000	2021	100
97705L Y68	2026	18,965,000	3.00	2.770	101.731 ^(a)	2021	100
97705L Y76	2027	19,985,000	3.00	2.830	101.276 ^(a)	2021	100
97705L Y84	2028	21,060,000	3.00	2.890	100.823 ^(a)	2021	100
97705L Y92	2029	22,195,000	3.00	2.950	100.373 ^(a)	2021	100
97705L Z26	2030	23,380,000	3.00	3.010	99.864	2021	100
97705L Z34	2031	24,545,000	3.00	3.070	99.017	2021	100
97705L Z42	2032	25,775,000	3.10	3.130	99.564	2021	100
97705L Z59	2033	55,295,000	3.00	3.099	98.500	2021	100

^(a) These Bonds are priced to the May 1, 2021 first optional call date.

Legal Investment

State law provides that the 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.

Legal Opinions

Bond Opinion

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

Attorney General

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state 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 Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, 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 Bonds, (2) the validity of the Bonds or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Bonds, or (3) the pledge or application of any moneys or security provided for the payment of the Bonds.

If certificated Bonds were issued, then a certificate of the Attorney General would be printed on the reverse side of each Bond.

Tax Exemption

Federal Income Tax

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

Certain requirements and procedures contained or referred to in the authorizing resolutions 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 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.

Current and future legislative proposals, if enacted into law, may cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Bonds from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration previously announced a legislative proposal that, for tax years beginning on or after January 1, 2013, would to some extent limit the exclusion from gross income of interest on obligations like the Bonds (regardless of when they were issued) for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other legislative proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any current or future federal legislative proposals.

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

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

State of Wisconsin Income and Franchise Taxes

Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

Original Issue Discount Bonds

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond maturing in the years 2030 through 2033 (**Original Issue Discount Bond**), to the extent properly allocable to the owner of an Original Issue Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Original Issue Discount Bond is, or would be, excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of an Original Issue Discount Bond over the issue price of that Bond. The issue price of a maturity of Bonds generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of Bonds were first sold (**Issue Price**).

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

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

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner's tax basis in the Original Issue Discount Bond. The adjusted tax basis in an Original Issue Discount 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 Original Issue Discount Bond.

Owners of Original Issue Discount Bonds that do not purchase their Original Issue Discount Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the federal tax consequences of owning such Original Issue Discount Bonds.

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

Premium Bonds

Each Bond maturing in the years 2022, 2023, and 2026 through 2029 (**Premium Bond**) has an Issue Price that is greater than the amount payable at the maturity of the 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 that 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 Bonds. Owners of Premium Bonds should also 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 Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will send the Annual 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 2011 Annual Report](#), which contains information on the undertaking, is included by reference as part of this Official Statement.

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

State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director
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.

Dated: October 17, 2012

STATE OF WISCONSIN

/S/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ MIKE HUEBSCH

Mike Huebsch, Secretary
State of Wisconsin Department of Administration

/S/ SUMMER R. SHANNON-BRADLEY

Summer R. Shannon-Bradley, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) and its general obligations, contained in [Part II](#) and [Part III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2011 \(2011 Annual Report\)](#), which can be obtained as described below. This Appendix also updates, or makes changes or additions to, the information presented in Parts II and III of the 2011 Annual Report, including, but not limited to:

- Annual Fiscal Report (budgetary basis), dated October 15, 2012, for the 2011-12 fiscal year, including summary of actual General Fund tax collections for the 2011-12 fiscal year.
- Updated projections of General Fund tax collections for the 2011-13 biennium, as provided by DOR to the State's Department of Administration and referenced in a memorandum provided by the Department of Administration on May 10, 2012 (**May 10, 2012 DOA Memorandum**).
- General Fund information for the 2011-12 fiscal year through June 30, 2012, which is presented on either a cash basis or an agency-recorded basis, and General Fund information for the 2012-13 fiscal year through August 31, 2012, which is presented on a cash basis.

[Part II of the 2011 Annual Report](#) contains general information about the State. More specifically, that part presents information about the following matters:

- State's revenue and expenditures
- State's operations, financial procedures, accounting, and financial reporting
- Organization of, and services provided by, the State
- Budget process and fiscal controls
- State budget (including results of fiscal year 2010-11 and State budget for 2011-13 Biennium)
- Potential effects of litigation
- State obligations
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

[Part III of the 2011 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.

Included as APPENDIX A to [Part II of the 2011 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2011, 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.

The 2011 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system, 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 2011 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director
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 were filed as informational notices with each nationally recognized municipal securities information repository (prior to July, 2009) or as additional voluntary information with the MSRB through its EMMA system; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2011 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2011 Annual Report, certain changes or events have occurred that affect items discussed in the 2011 Annual Report. Listed below, by reference to particular sections of Part II of the 2011 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.

This Official Statement includes changes or additions that were released after the date of the Preliminary Official Statement (October 8, 2012). Changes or additions to this Appendix are identified accordingly.

Budgeting Process and Fiscal Controls; Budget Stabilization Fund (Part II; Page 29). Update with the following information; this information became available after the date of the Preliminary Official Statement (dated October 8, 2012).

The General Fund tax revenues for the 2011-12 fiscal year exceeded tax collections estimated at the time of publication of the 2011-13 biennial budget. As a result, Wisconsin Statutes require a transfer of \$109 million from the General Fund to the Budget Stabilization Fund. This transfer has been made and is reflected in the ending statutory and undesignated balance for the 2011-12 fiscal year.

State Budget; Budget for the 2011-13 Biennium (Part II; Pages 31-33). Update with the following information; this information has been updated from that provided in the Preliminary Official Statement (dated October 8, 2012).

Results of 2011-12 Fiscal Year

The 2011-12 fiscal year ended June 30, 2012 and the Annual Fiscal Report (budgetary basis) for the 2011-12 fiscal year was published on October 15, 2012. It reports the State ended the 2011-12 fiscal year on a statutory and unaudited basis with an undesignated balance of \$342 million. This amount is \$334 million more than the projected ending balance for that fiscal year in the 2011-13 biennial budget bill (2011 Wisconsin Act 32) and \$112 million more than the projected ending balance for that fiscal year as included in the May 10, 2012 DOA Memorandum. The State issued \$800 million of operating notes during the 2011-12 fiscal year. The Annual Fiscal Report (budgetary basis) is available from the MSRB through its EMMA system and from the State as provided on [pages A-1 and A-2](#).

The following table includes the final General Fund condition statement for the 2011-12 fiscal year and projected General Fund condition statement for the 2012-13 fiscal year (as included in the May 10, 2012 DOA Memorandum). The following table also includes, for comparison, the estimated General Fund

condition statements from the February 9, 2012 LFB Memorandum and the 2011-13 biennial budget (2011 Wisconsin Act 32).

**ACTUAL AND PROJECTED GENERAL FUND CONDITION STATEMENTS
2011-12 AND 2012-13 FISCAL YEARS
(in Millions)**

	2011-12 Fiscal Year			2012-13 Fiscal Year		
	Annual Fiscal Report <u>Oct. 2012</u>	LFB Memorandum <u>Feb 2012</u>	2011 Wisconsin <u>Act 32</u>	DOA Memorandum <u>May 2012</u>	LFB Memorandum <u>Feb 2012</u>	2011 Wisconsin <u>Act 32</u>
Revenues						
Opening Balance	\$ 85.6	\$ 85.6	\$ 85.6	\$ 229.7 ^(a)	\$ 11.8	\$ 72.8
Prior-Year Designation	8.2	n/a	n/a	n/a	n/a	n/a
Taxes	13,514.6	13,194.6	13,297.2	13,675.2	13,603.5	13,778.2
Department Revenues						
Tribal Gaming	24.3	27.2	26.5	28.6	28.6	28.1
Other	<u>532.8</u>	<u>648.1</u>	<u>647.9</u>	<u>577.0</u>	<u>577.0</u>	<u>584.6</u>
Total Available	\$14,165.5	\$13,955.4	\$14,057.2	\$14,510.6	\$14,220.9	14,463.6
Appropriations						
Gross Appropriations	\$13,867.5	\$13,996.2	\$13,996.2	\$14,765.5	\$14,765.5	14,765.5
Sum Sufficient Reestimates	n/a	(36.5)		(16.4)	(8.0)	
Transfers/Other Funds	370.4	261.2	262.5	137.6	137.6	137.6
Compensation Reserves	19.7	28.7	28.8	61.9	61.9	81.9
Less: Lapses	<u>(434.2)</u>	<u>(306.1)</u>	<u>(303.0)</u>	<u>(593.0)</u>	<u>(593.0)</u>	<u>(594.2)</u>
Net Appropriations	\$13,823.4	\$13,943.6	\$13,984.5	\$14,356.1	\$14,364.1	14,390.9
Balances						
Gross Balance	\$ 342.1	\$ 11.8	\$ 72.8	\$ 154.5	\$ (143.2)	72.7
Transfer/Budget Stab. Fund	n/a	n/a	n/a	n/a	n/a	n/a
Less: Req. Statutory Bal.	<u>n/a</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 342.1	\$ (53.2)	\$ 7.8	\$ 89.5	\$ (208.2)	\$ 7.7

^(a) Does not reflect the ending undesignated balance for the 2011-12 fiscal year, as included in the Annual Fiscal Report 2012 (budgetary basis).

May 10, 2012 DOA Memorandum

In addition to updated General Fund tax collections, the May 10, 2012 DOA Memorandum also included a determination by the Secretary of Administration that the potential shortfall previously discussed by the Legislative Fiscal Bureau (LFB) in its memorandum dated February 9, 2012 (**February 9, 2012 LFB Memorandum**) is no longer projected to occur. With the updated projections of General Fund Tax collections and reduction of debt service costs resulting from completion of structural refundings authorized by the 2011-13 biennial budget (2011 Wisconsin Act 32) and other refunding transactions, the May 10, 2012 DOA Memorandum included a projected positive ending gross balance for the 2011-12 fiscal year of \$230 million and a positive ending net balance (including the statutory required reserve) for the 2012-13 fiscal year of \$89 million.

A complete copy of the May 10, 2012 DOA Memorandum is available from the MSRB through its EMMA system and from the State as provided on [pages A-1 and A-2](#).

February 9, 2012 LFB Memorandum

Though not statutorily required, LFB has typically provided in January of even-numbered years (such as the year 2012) an examination of economic forecasts and tax collection and expenditure data for the first six months of the fiscal year. This typically has also included projections (of tax collections and the General Fund condition statement) for each fiscal year of that biennium. The February 9, 2012 LFB Memorandum included estimated General Fund condition statements for the 2011-12 and 2012-13 fiscal years. Based on those projections, expenditures for the 2012-13 fiscal year were expected to exceed revenues in that fiscal year by more than one-half of one percent. However, as previously summarized in “State Budget; Budget for the 2011-13 Biennium; *May 10, 2012 DOA Memorandum*”, the Secretary of

Administration subsequently made a determination that budgeted expenditures will not exceed revenues. If the Secretary of Administration were to determine that budgeted expenditures would exceed revenues by more than one-half of one percent of general purpose revenues, then the Secretary of Administration would be required to notify the Governor and the Legislature.

A complete copy of the February 9, 2012 LFB Memorandum is included on pages [A-9 through A-21](#) of this Official Statement.

State Budget; Revenue Projections for 2011-13 Biennium (Part II; Page 33). Update with the following information; this information has been updated from that provided in the Preliminary Official Statement (dated October 8, 2012).

Results of 2011-12 Fiscal Year

The State's Annual Fiscal Report included the ending general fund balance for the 2011-12 fiscal year (unaudited, budgetary basis) and was released on October 15, 2012. The Annual Fiscal Report also included final General Fund tax collections for the 2011-12 fiscal year. These General Fund tax revenue collections, on a budgetary basis, were \$13.515 billion, compared to \$12.912 billion for the 2010-11 fiscal year. This is an increase of approximately \$603 million, or 4.7%, more than collections in the 2010-11 fiscal year, and approximately \$127 million more than the projections for the 2011-12 fiscal year previously made in the May 10, 2011 DOA Memorandum.

The following table includes a summary of the final General Fund tax revenue collections for the 2011-12 fiscal year and also provides, for comparison, the final General Fund tax revenue collections for the 2010-11 fiscal year, estimates provided by LFB in February 2012, and estimates included in the 2011-13 biennial budget (2011 Wisconsin Act 32). For the 2012-13 fiscal year, the table includes the General Fund tax revenue estimates included in the May 10, 2012 DOA Memorandum and also provides, for comparison, estimates provided by LFB in February 2012, and estimates included in the 2011-13 biennial budget (2011 Wisconsin Act 32). The difference between the final General Fund tax revenue collections for the 2011-12 fiscal year and estimates included in the May 10, 2012 DOA Memorandum for the 2012-13 fiscal year is \$161 million, or 1.2%.

**GENERAL FUND TAX REVENUE ESTIMATES
2011-12 AND 2012-13 FISCAL YEARS
(in Millions)**

	2010-11 Fiscal Year <u>Final</u>	2011-12 Fiscal Year			2012-13 Fiscal Year		
		Annual Fiscal Report <u>Oct. 2012</u>	LFB Projection <u>Feb. 2012</u>	2011-13 Biennial <u>Budget</u>	DOR Projection <u>May 2012</u>	LFB Projection <u>Feb. 2012</u>	2011-13 Biennial <u>Budget</u>
Individual Income	\$ 6,700.7	\$ 7,041.7	\$ 6,825.0	\$ 6,868.2	\$ 7,153.9	\$ 7,120.0	\$ 7,222.0
Sales and Use	4,109.0	4,288.7	4,250.0	4,269.8	4,420.1	4,365.0	4,387.1
Corp. Income & Franchise	852.9	906.6	860.0	880.8	852.3	855.0	877.1
Public Utility	341.3	365.9	361.0	344.6	357.7	363.0	352.6
Excise							
Cigarettes	604.8	587.8	590.0	615.0	578.6	580.0	610.0
Liquor & Wine	45.8	47.0	47.4	47.1	47.3	48.4	48.2
Tobacco Products	60.9	65.5	64.1	63.6	64.1	66.2	65.7
Beer	9.3	9.2	9.1	9.5	9.4	9.0	9.5
Insurance Company	140.0	148.1	140.0	147.0	143.1	145.0	150.0
Miscellaneous Taxes	<u>47.3</u>	<u>54.1</u>	<u>48.0</u>	<u>51.6</u>	<u>48.7</u>	<u>51.9</u>	<u>57.0</u>
TOTAL	\$12,911.9	\$13,514.6	\$13,194.6	\$13,297.2	\$13,675.2	\$13,603.5	\$13,779.2

Preliminary 2011-12 Fiscal Year General Fund Tax Collections

On September 5, 2012, DOR released preliminary general purpose revenue tax collections for the 2011-12 fiscal year, which on a budgetary basis were about \$13.515 billion, or \$630 million more than collections in the 2010-11 fiscal year (or up 4.7%) and approximately \$127 million more than the projected tax revenue estimates from DOR that were included in the May 10, 2012 DOA Memorandum.

May 10, 2012 DOA Memorandum

The May 10, 2012 DOA Memorandum included DOR's projections of General Fund tax collections for the 2011-12 and 2012-13 fiscal years, which reflect actual General Fund tax collections through April 2012, federal Bureau of Economic Analysis data revisions, and updated economic forecast as presented by IHS Global Insight. For the 2011-12 fiscal year, the estimated General Fund tax collections are \$13.388 billion, or an increase of \$194 million from the projections included in the February 9, 2012 LFB Memorandum, and an increase of \$476 million (or 3.7%) from collections in the 2010-11 fiscal year. For the 2012-13 fiscal year, the estimates are \$13.675 billion, or an increase of \$72 million from projections included in the February 9, 2012 LFB Memorandum.

A complete copy of the May 10, 2012 DOA Memorandum is available from the MSRB through its EMMA system and from the State as provided on [pages A-1 and A-2](#).

February 9, 2012 LFB Memorandum

The February 9, 2012 LFB Memorandum included updated General Fund tax revenue estimates for the 2011-13 biennium. For the 2011-12 fiscal year, these estimates were \$13.195 billion, or an increase of \$283 million (or 2.2%) from collections in the 2010-11 fiscal year but a decrease of \$100 million from the projections included in the 2011-13 biennial budget (2011 Wisconsin Act 32). For the 2012-13 fiscal year, these estimates were \$13.604 billion, or a decrease of \$173 million from the projections included in the 2011-13 biennial budget (2011 Wisconsin Act 32).

A complete copy of the February 9, 2012 LFB Memorandum is included on pages [A-9 through A-21](#) of this Official Statement.

State Budget; Potential Effect of Litigation; 2011 Wisconsin Act 10 (Part II; Page 35). Update with the following information:

2011 Wisconsin Act 10 included provisions that, among others, increased contributions of State employees to their employee health and retirement plans and modified the collective bargaining rights of certain public employees in the State. There was a delay in the effective date of 2011 Wisconsin Act 10 as the Dane County Circuit Court granted relief in a case that was filed by the Dane County District Attorney based on allegations that the State's open meeting laws were violated by a legislative committee that referred the related bill to both houses of the Legislature. However, on June 14, 2011, the Wisconsin Supreme Court vacated and declared void all orders and judgments of the Dane County Circuit Court with respect to the case.

On December 30, 2011, the Dane County District Attorney filed a motion asking the Wisconsin Supreme Court to vacate its June 14, 2011 order in this matter, to reinstate the circuit court's prior orders, and to award various other relief, including recusal or disqualification of one of the Wisconsin Supreme Court justices. The motions for recusal and rehearing have been denied. The 2011-13 biennial budget does not currently assume any settlement of this matter or other means to address the impact of any negative decision.

With respect to the lawsuit filed on June 15, 2011 in the United States District Court for the Western District of Wisconsin, the district court ruled on March 30, 2012 that certain sections of 2011 Wisconsin Act 10 were unconstitutional; those being the sections prohibiting payroll union dues deductions (where public safety employee unions are not prohibited from doing so) and concerning annual elections for certified collective bargaining representation. The district court upheld the remaining provisions of 2011 Wisconsin Act 10, and stayed the order on dues deductions, in part. Both the plaintiff unions and the State filed appeals to the United States Court of Appeals for the Seventh Circuit; the oral arguments were conducted September 24, 2012, and the parties are awaiting a decision.

With respect to another lawsuit challenging 2011 Wisconsin Act 10 that was filed on July 6, 2011 in the same United States District Court, the court informed the parties during a status conference that the defendants' motion for judgment on the pleadings would be granted and the suit would be dismissed; however, a decision is still pending.

With respect to the lawsuit filed August 18, 2011 in Dane County Circuit Court, on September 14, 2012, the circuit court declared unconstitutional amendments made by 2011 Wisconsin Act 10 to the Municipal Employment Relations Act as violative of the rights of free speech, association, and equal protection under the Wisconsin and United States Constitutions. The state statutes that prohibit payroll dues deductions, govern the annual election for certified collective bargaining representation for general municipal employees, and require a local government referendum on any increase in base wages above the consumer price index limit for municipal employees were declared unconstitutional. The circuit court also ruled that the statutes prohibiting the City of Milwaukee from paying the employee share of contributions to the City Employee Retirement System violated the state constitution's "home rule" and prohibition of impairment of contract provisions. The court rejected the plaintiffs' claims that 2011 Wisconsin Act 10 as a whole was unconstitutional because it was not properly enacted under the state constitution's special legislative session article. The circuit court did not enter an injunction against any defendants. The State has filed a motion for a stay of the court's order and the parties are awaiting a decision. The State has also filed an appeal with the Wisconsin Court of Appeals.

State Budget; Potential Effect of Litigation (Part II; Page 35). Update with the following new information:

Litigation Regarding Transfers of State Agency Appropriations

Nonstatutory provisions of 2009 Wisconsin Act 28 provided for the Secretary of the Department of Administration to transfer approximately \$480 million from the balances of executive state agency appropriations. These transfers were completed in June 2011.

On May 11, 2012, the Cities of Milwaukee and Madison, along with three Milwaukee alderpersons, filed a suit against the Secretary of Natural Resources and the Secretary of Administration in Dane County Circuit Court challenging this transfer as unconstitutional. Although the complaint alleges that the entirety of the nonstatutory provision was illegal, it specifically seeks the return of \$19 million to the appropriation for recycling grants to municipalities, formerly held under Section 25.49 of the Wisconsin Statutes (then referred to as the Recycling and Renewable Energy Fund). The defendants have filed a motion to dismiss on grounds of sovereign immunity, mootness, lack of standing, and failure to state a claim. Briefings on this case are ongoing. The 2011-13 biennial budget does not currently assume any settlement of this matter or other means to address the impact of any adverse decision.

Litigation Regarding Family Care Rates Paid to Residential Service Providers

In August 2012, seventeen individuals with developmental disabilities filed a class action lawsuit against the Department of Health Services, the Secretary of the Department of Health Services, and three Managed Care Organizations (MCOs). The lawsuit alleges that reductions in the rates paid to providers of residential care services for persons with developmental disabilities through Wisconsin's Family Care program are discriminatory and violate their rights under the Americans with Disabilities Act and the Rehabilitation Act. Plaintiffs also assert claims against the defendants from the State for violations of their First Amendment right of association and their procedural due process rights. The plaintiffs seek declaratory and injunctive relief, in the form of returning provider rates to January 1, 2012 rates. An answer has been filed on behalf of the defendants from the State, motions to dismiss have been filed by two of the MCOs, and an answer has been filed on behalf of the third MCO. The plaintiffs seek certification of a class of individuals with developmental disabilities and a subclass of nonambulatory individuals with developmental disabilities. No class has been certified. Depending on the size of any class the court might certify and the specific injunctive relief ordered, adverse financial consequences to the state might exceed \$10,000,000. The 2011-13 biennial budget does not currently assume any settlement of this matter or other means to address the impact of any negative decision.

State Budget; Impact of Federal Programs (Part II; Page 41). Update with the following information:

The United States Congress has mandated across-the-board cuts to the Federal budget for the federal fiscal year that started October 1, 2012 and ends September 30, 2013. These cuts, which would be effective January 2, 2013, will be required pursuant to the Budget Control Act of 2011 since, at this time, the congressional Joint Select Committee on Deficit Reduction has failed to reduce the federal deficit by

\$1.2 trillion. Based on information from the federal Office of Management and Budget, the State is aware of federal programs that are subject to this sequestration process and estimated amount of cuts for the federal fiscal year 2012-2013; however, the amounts of such cuts will not be finalized until January 2013.

Most federal aids are not directly accounted for in the State’s General Fund, and reductions in Federal moneys may have a more immediate impact on individuals, local governments, and other service providers than on the State directly. At this time the impact on the State’s General Fund of the mandated across-the-board cuts to the federal budget is not known. The across-the-board cuts to Federal funds could result in budget savings to the State since required matching funds may not be required. Alternatively, the Wisconsin Legislature could decide to appropriate additional funds of the State to address the cuts being made to Federal funds for the various impacted programs. In addition, the United States Congress could enact a bill that would otherwise address the requirements of the Budget Control Act of 2011, which could eliminate the mandated across-the-board cuts to the federal budget.

State Obligations; Employee Pension Funds (Part II; Pages 62-63). Update with the following information:

On September 20, 2012, the Employee Trust Funds Board approved employee and employer contribution rates for calendar year 2013, which are generally increases from rates in calendar year 2012. The rates shown below were determined by an independent actuarial firm. The following rates may not apply for certain employees that have remaining collective bargaining agreements, nor do the following rates reflect any other mandatory employer contributions (for example, special duty disability coverage).

**WISCONSIN RETIREMENT SYSTEM
CONTRIBUTION RATES^(a)**

<u>Employee Classification</u>	<u>Employee Required</u>	<u>Employer Required</u>
General employees (including teachers)	6.65%	6.65%
Elected officials, judges, and state executives	7.00	7.00
Protective occupations with Social Security	6.65	9.75
Protective occupations without Social Security	6.65	12.35

^(a) Approved by Employee Trust Funds Board for effective date of January 1, 2013.

Annual adjustments continue to be made to annuities from the Wisconsin Retirement System based on investment performance. It is currently projected that a reduction will be made in calendar year 2013 to annuity amounts from the Wisconsin Retirement System’s Core Retirement Trust, which has experienced reductions of 2.1%, 1.3%, 1.2%, and 7.0%, respectively, in calendar years 2009, 2010, 2011, and 2012.

State Obligations; Prior Service Pension Liabilities and Other Post Employment Benefits; Implied Subsidy of Group Health Insurance – January 1, 2009 Actuarial Valuation (Part II; Page 64).

Update with the following information:

In May 2012, the State received a report containing the results of an actuarial valuation (as of January 1, 2011) of the State of Wisconsin Retiree Health Program. The report shows a total unfunded liability for other post employment benefits of \$953 million, which results from an implicit rate subsidy (previously referred to as implied subsidy of group health insurance). The liability for this implicit rate subsidy is up from the \$832 million amount reported in May 2010 (as of January 1, 2009). Beginning January 1, 2012, prescription drug coverage for Medicare eligible retirees enrolled in the State group health insurance program is provided through a self-funded Medicare Part D Employer Group Waiver Plan, including a Medicare wrap. As a result, the State no longer receives the Retiree Drug Subsidy, and there is no longer a liability for any Medicare Part D subsidy.

Statistical Information; Table II-28 – State Assessment (Equalized Value) of Taxable Property (Part II; Page 75). 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>
2003	\$360,710,211,300	—
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)
2011	486,864,232,800	(1.8)
2012	471,092,529,200	(3.2)

Source: Department of Revenue

Statistical Information; Table II-39 – Unemployment Rate Comparison (Part II; Page 81). Replace with the following updated table.

**UNEMPLOYMENT RATE COMPARISON^(a)
By Month 2007 to 2012
By Quarter 2003 to 2006**

	<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</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	7.6	8.8	8.5	9.8	10.0	10.6	7.7	8.5	5.0	5.4	5.5	5.0
February	7.9	8.7	8.6	9.5	10.3	10.4	8.8	8.9	5.2	5.2	5.8	4.9
March	7.5	8.4	8.3	9.2	10.1	10.2	9.4	9.0	5.0	5.2	5.5	4.5
April	6.8	7.7	7.5	8.7	8.7	9.5	8.8	8.6	4.2	4.8	5.1	4.3
May.....	6.8	7.9	7.3	8.7	8.2	9.3	8.7	9.1	4.2	5.2	4.5	4.3
June	7.6	8.4	8.0	9.3	8.4	9.6	9.1	9.7	4.7	5.7	5.0	4.7
July	7.4	8.6	7.6	9.3	8.1	9.7	8.8	9.7	4.6	6.0	4.7	4.9
August	7.1	8.2	7.3	9.1	7.8	9.5	8.6	9.6	4.7	6.1	4.5	4.6
September..			6.8	8.8	7.1	9.2	8.0	9.5	4.3	6.0	4.2	4.5
October			6.6	8.5	7.0	9.0	7.9	9.5	4.5	6.1	3.9	4.4
November..			6.5	8.2	7.2	9.3	8.0	9.4	5.2	6.5	4.1	4.5
December ..			<u>6.6</u>	<u>8.3</u>	<u>7.1</u>	<u>9.1</u>	<u>8.3</u>	<u>9.7</u>	<u>5.9</u>	<u>7.1</u>	<u>4.3</u>	<u>4.8</u>
Annual Average			7.5	8.9	8.3	9.6	9.6	9.3	9.3	5.8	5.8	4.8

<u>2006 Quarters</u>				<u>2005 Quarters</u>				
	<u>Wis.</u>	<u>U.S.</u>		<u>Wis.</u>	<u>U.S.</u>		<u>Wis.</u>	<u>U.S.</u>
I	5.4	5.0	I	5.7	5.6			
II	4.7	4.6	II	4.8	5.0			
III	4.4	4.7	III	4.4	5.0			
IV	4.2	4.2	IV	4.3	4.7			

<u>2004 Quarters</u>				<u>2003 Quarters</u>				
	<u>Wis.</u>	<u>U.S.</u>		<u>Wis.</u>	<u>U.S.</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			

(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 41-50). The following tables provide updates and additions to various tables containing General Fund information for the 2011-12 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through June 30, 2012. The following tables also include General Fund information for the 2012-13 fiscal year, which are presented on a cash basis. Unless otherwise noted, these tables contain information through August 31, 2012.

The results, projections, and estimates in the following tables for the 2011-12 fiscal year reflect the General Fund tax revenue collection estimates included in the February 9, 2012 LFB Memorandum and estimated General Fund tax collections included in the May 10, 2012 DOA Memorandum, the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), and \$800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012.

The results, projections, and estimates in the following tables for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32) and the projected General Fund tax collections included in the May 10, 2012 DOA Memorandum.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. 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. The Secretary of Administration currently may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect and may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect. The above reallocation limit of 9% applies to the 2011-13 biennium; assuming no change in State law, the reallocation limit will change to 5% at the start of the 2013-14 fiscal year.

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-10; General Fund Cash Flow (Part II; Page 45). Replace with the following updated tables.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2011 TO JUNE 30, 2012^(a)

(Amounts in Thousands)

	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
BALANCES^{(a)(b)}												
Beginning Balance	\$ 303,777	\$ 68,536	\$ 331,967	\$ 694,160	\$ 1,542,231	\$ 1,364,658	\$ 815,864	\$ 1,845,045	\$ 1,688,805	\$ 478,655	\$ 1,322,678	\$ 1,774,789
Ending Balance^(c)	68,536	331,967	694,160	1,542,231	1,364,658	815,864	1,845,045	1,688,805	478,655	1,322,678	1,774,789	974,952
Lowest Daily Balance^(c)	(106,671)	(193,350)	160,234	694,160	1,082,929	101,074	815,864	1,542,206	478,655	478,655	1,241,106	720,316
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 493,305	\$ 681,394	\$ 712,034	\$ 687,765	\$ 500,417	\$ 555,255	\$ 1,132,633	\$ 529,728	\$ 515,755	\$ 1,447,058	\$ 514,748	\$ 617,328
Sales & Use	409,609	404,000	401,378	392,580	376,919	360,282	434,620	314,420	325,030	374,740	401,068	387,050
Corporate Income	37,126	39,496	174,950	36,185	32,452	155,644	36,997	28,926	209,967	72,167	24,629	187,783
Public Utility	28	43	42	7,675	182,177	2,834	51	1	13	5,006	167,895	705
Excise	67,793	66,226	68,097	58,065	64,017	60,090	57,010	42,922	52,700	56,593	58,879	65,057
Insurance	2	600	12,374	11	602	12,218	5,209	26,990	11,002	14,850	1,158	13,570
Subtotal Tax Receipts	\$ 1,007,863	\$ 1,191,759	\$ 1,368,875	\$ 1,182,281	\$ 1,156,584	\$ 1,146,323	\$ 1,666,520	\$ 942,987	\$ 1,114,467	\$ 1,970,414	\$ 1,168,377	\$ 1,271,493
NON-TAX RECEIPTS												
Federal ^(d)	\$ 492,597	\$ 698,242	\$ 928,719	\$ 658,109	\$ 721,774	\$ 660,512	\$ 961,824	\$ 854,443	\$ 665,024	\$ 702,772	\$ 691,655	\$ 595,743
Other & Transfers	590,592	263,237	583,397	677,134	547,315	497,392	304,514	629,938	489,432	467,722	406,422	532,688
Note Proceeds ^(e)	804,894	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,888,083	\$ 961,479	\$ 1,512,116	\$ 1,335,243	\$ 1,269,089	\$ 1,157,904	\$ 1,266,338	\$ 1,484,381	\$ 1,154,456	\$ 1,170,494	\$ 1,098,077	\$ 1,128,431
TOTAL RECEIPTS	\$ 2,895,946	\$ 2,153,238	\$ 2,880,991	\$ 2,517,524	\$ 2,425,673	\$ 2,304,227	\$ 2,932,858	\$ 2,427,368	\$ 2,268,923	\$ 3,140,908	\$ 2,266,454	\$ 2,399,924
DISBURSEMENTS												
Local Aids	\$ 1,499,562	\$ 171,288	\$ 839,981	\$ 108,662	\$ 970,286	\$ 1,125,174	\$ 194,969	\$ 242,153	\$ 1,162,195	\$ 116,408	\$ 146,132	\$ 1,804,841
Income Maintenance	494,447	641,061	666,896	638,141	683,305	695,917	700,313	669,011	668,952	657,177	539,140	428,534
Payroll and Related	347,575	350,128	402,141	303,497	345,744	461,132	439,962	394,793	476,146	312,280	428,479	444,193
Tax Refunds	119,879	71,956	60,865	104,942	80,146	138,105	118,310	631,696	504,393	433,577	133,598	101,786
Debt Service	230,057	-	-	123,914	21	-	-	-	-	166,060	-	39
Miscellaneous ^(f)	426,773	655,374	548,915	390,297	523,744	432,693	450,123	455,318	463,805	404,785	363,383	420,368
Note Repayment ^(e)	12,894	-	-	-	-	-	-	190,637	203,582	206,598	203,611	-
TOTAL DISBURSEMENTS	\$ 3,131,187	\$ 1,889,807	\$ 2,518,798	\$ 1,669,453	\$ 2,603,246	\$ 2,853,021	\$ 1,903,677	\$ 2,583,608	\$ 3,479,073	\$ 2,296,885	\$ 1,814,343	\$ 3,199,761

- (a) The results, projections, or estimates in this table reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the updated General Fund tax revenue estimates for the 2011-12 fiscal year as included in the February 9, 2012 LFB Memorandum, and the estimated General Fund tax collections included in the May 10, 2012 DOA Memorandum. 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 \$500 million to \$1.2 billion during the 2011-12 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 \$60 million during the 2011-12 fiscal year.
- (c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. For the 2011-12 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2011-12 fiscal year are approximately \$1.260 billion and \$420 million, respectively. 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) The July 2011 Federal receipts estimate was reduced by approximately \$271 million and recategorized as Other & Transfers to be received throughout the fiscal year. These revisions reflect a change in the projected timing and estimated disbursements for the Medicaid program.
- (e) Includes proceeds of \$800 million of operating notes issued on July 19, 2011 and impoundment payments made in February, March, April, and May 2012. The February 2012 impoundment payment reflected the premium received on July 19, 2011 and deposited into the Operating Note Redemption Fund.
- (f) Reflects \$234 million paid to the Injured Patients and Families Compensation Fund on August 2, 2011.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2012 TO AUGUST 31, 2012
PROJECTED GENERAL FUND CASH FLOW; SEPTEMBER 1, 2012 TO JUNE 30, 2013^(a)

(Amounts in Thousands)

	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013
BALANCES^{(a)(b)}												
Beginning Balance	\$ 974,952	\$ 171,004	\$ 464,971	\$ 862,823	\$ 1,539,534	\$ 1,178,395	\$ 703,333	\$ 1,586,019	\$ 1,543,219	\$ 422,756	\$ 790,994	\$ 1,120,499
Ending Balance^(c)	171,004	464,971	862,823	1,539,534	1,178,395	703,333	1,586,019	1,543,219	422,756	790,994	1,120,499	581,747
Lowest Daily Balance^(c)	(81,178)	(77,183)	136,440	862,824	1,177,675	(118,075)	703,334	1,106,660	370,120	307,161	365,170	12,819
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 779,833	\$ 526,215	\$ 602,134	\$ 837,586	\$ 539,858	\$ 693,815	\$ 1,025,413	\$ 561,626	\$ 481,224	\$ 1,419,161	\$ 564,401	\$ 641,597
Sales & Use	434,120	409,901	413,517	405,859	394,090	366,505	439,639	336,322	327,008	369,246	366,723	407,674
Corporate Income	33,593	27,182	162,219	40,868	37,474	159,580	38,279	25,605	199,674	48,952	29,379	156,238
Public Utility	33	3	41	7,607	180,566	2,809	50	1	-	4,924	173,336	537
Excise	64,041	65,601	60,036	63,919	58,650	59,342	59,759	47,349	47,488	61,006	52,203	58,928
Insurance	1,911	1,267	24,248	285	1,037	25,287	711	24,567	15,020	14,784	861	11,357
Subtotal Tax Receipts	\$ 1,313,531	\$ 1,030,169	\$ 1,262,195	\$ 1,356,124	\$ 1,211,675	\$ 1,307,338	\$ 1,563,851	\$ 995,470	\$ 1,070,414	\$ 1,918,073	\$ 1,186,903	\$ 1,276,331
NON-TAX RECEIPTS												
Federal	\$ 797,195	\$ 685,720	\$ 744,888	\$ 682,029	\$ 707,725	\$ 675,770	\$ 874,754	\$ 759,071	\$ 724,647	\$ 692,566	\$ 820,526	\$ 840,114
Other & Transfers	409,758	346,512	615,803	562,117	372,567	341,630	514,003	649,618	396,418	402,233	329,505	500,168
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,206,953	\$ 1,032,232	\$ 1,360,691	\$ 1,244,146	\$ 1,080,292	\$ 1,017,400	\$ 1,388,757	\$ 1,408,689	\$ 1,121,065	\$ 1,094,799	\$ 1,150,031	\$ 1,340,282
TOTAL RECEIPTS	\$ 2,520,484	\$ 2,062,401	\$ 2,622,886	\$ 2,600,270	\$ 2,291,967	\$ 2,324,738	\$ 2,952,608	\$ 2,404,159	\$ 2,191,479	\$ 3,012,872	\$ 2,336,934	\$ 2,616,613
DISBURSEMENTS												
Local Aids	\$ 1,458,204	\$ 172,452	\$ 759,846	\$ 138,134	\$ 884,926	\$ 1,279,495	\$ 220,521	\$ 234,388	\$ 1,201,384	\$ 133,860	\$ 153,579	\$ 1,830,167
Income Maintenance	919,127	675,752	622,619	624,421	690,344	670,727	724,285	634,742	626,704	645,581	548,033	285,766
Payroll and Related	268,154	397,278	267,941	421,143	544,199	285,668	424,716	384,191	378,386	412,348	542,285	349,966
Tax Refunds	60,615	89,758	62,630	106,743	95,851	141,053	129,344	643,453	620,579	497,498	153,307	104,564
Debt Service	229,209	467	-	180,479	8,178	258	-	8,178	-	516,306	132,531	-
Miscellaneous	389,123	432,727	511,998	452,639	429,608	422,599	571,056	542,007	484,889	439,041	477,693	584,902
Note Repayment	-	-	-	-	-	-	-	0	0	0	0	-
TOTAL DISBURSEMENTS	\$ 3,324,432	\$ 1,768,434	\$ 2,225,034	\$ 1,923,559	\$ 2,653,106	\$ 2,799,800	\$ 2,069,922	\$ 2,446,959	\$ 3,311,942	\$ 2,644,634	\$ 2,007,428	\$ 3,155,365

(a) The results, projections, or estimates in this table reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32) and the projected General Fund tax collections for the 2012-13 fiscal year as included in the May 10, 2012 DOA Memorandum. 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 \$600 million to \$1.2 billion during the 2012-13 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 \$30 million during the 2012-13 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. For the 2012-13 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2012-13 fiscal year are approximately \$1.329 billion and \$443 million, respectively. 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.

Table II-11; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year (Part II; Page 46). Replace with the following updated table.

**2011-12 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of June 30, 2012
(Amounts in Thousands)**

	FY11 through June 2011		FY12 through June 2012			Adjusted Variance ^(c)	Difference FY11 Actual to FY12 Actual
	Actual	Actual ^(b)	Estimate ^(b)	Variance	Variance ^(c)		
RECEIPTS							
Tax Receipts							
Individual Income	\$ 8,150,863	\$ 8,387,420	\$ 8,470,702	\$ (83,282)	\$ (83,282)	\$ 236,557	
Sales	4,334,049	4,581,696	4,333,478	248,218	248,218	247,647	
Corporate Income	1,036,477	1,036,322	881,965	154,357	154,357	(155)	
Public Utility	346,443	366,470	351,471	14,999	14,999	20,027	
Excise	730,363	717,449	717,766	(317)	(317)	(12,914)	
Insurance	158,476	98,586	143,126	(44,540)	(44,540)	(59,890)	
Total Tax Receipts	\$ 14,756,671	\$ 15,187,943	\$ 14,898,508	\$ 289,435	\$ 289,435	\$ 431,272	
Non-Tax Receipts							
Federal	\$ 9,508,127	\$ 8,631,414	\$ 8,387,258	\$ 244,156	\$ 244,156	\$ (876,713)	
Other and Transfers	5,303,259	5,989,783	5,433,747	556,036	556,036	686,524	
Note Proceeds	803,408	804,894	804,894	-	-	1,486	
Total Non-Tax Receipts	\$ 15,614,794	\$ 15,426,091	\$ 14,625,899	\$ 800,192	\$ 800,192	\$ (188,703)	
TOTAL RECEIPTS	\$ 30,371,465	\$ 30,614,034	\$ 29,524,407	\$ 1,089,627	\$ 1,089,627	\$ 242,569	
DISBURSEMENTS							
Local Aids	\$ 8,984,772	\$ 8,381,651	\$ 8,507,297	\$ 125,646	\$ 125,646	\$ (603,121)	
Income Maintenance	7,680,323	7,482,894	6,773,451	(709,443)	(709,443)	(197,429)	
Payroll & Related	5,108,098	4,706,070	4,775,622	69,552	69,552	(402,028)	
Tax Refunds	2,402,649	2,499,253	2,631,619	132,366	132,366	96,604	
Debt Service	546,455	520,091	613,511	93,420	93,420	(26,364)	
Miscellaneous	4,916,788	5,535,578	5,707,898	172,320	172,320	618,790	
Note Repayment	811,909	817,322	814,488	(2,834)	(2,834)	5,413	
TOTAL DISBURSEMENTS	\$ 30,450,994	\$ 29,942,859	\$ 29,823,886	\$ (118,973)	\$ (118,973)	\$ (508,135)	
2011-12 FISCAL YEAR VARIANCE YEAR-TO-DATE				\$ 970,654	\$ 970,654		

- (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) The results, projections, and estimates in this table for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the General Fund tax revenue collection estimates included in the February 9, 2012 LFB Memorandum and the estimated General Fund tax collections included in the May 10, 2012 DOA Memorandum, and \$800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012.
- (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, if any, to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-11; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year (Part II; Page 46). Updated with the following additional table.

**2012-13 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of August 31, 2012
(Amounts in Thousands)**

	FY12 through August 2011		FY13 through August 2012			Adjusted Variance ^(c)	Difference FY12 Actual to FY13 Actual
	Actual		Actual ^(b)	Estimate ^(b)	Variance		
RECEIPTS							
Tax Receipts							
Individual Income	\$ 1,174,699		\$ 1,306,048	\$ 1,336,772	\$ (30,724)	\$ (30,724)	\$ 131,349
Sales	813,609		844,021	843,406	615	615	30,412
Corporate Income	76,622		60,775	60,900	(125)	(125)	(15,847)
Public Utility	71		36	70	(34)	(34)	(35)
Excise	134,019		129,642	124,579	5,063	5,063	(4,377)
Insurance	602		3,178	2,059	1,119	1,119	2,576
Total Tax Receipts	\$ 2,199,622		\$ 2,343,700	\$ 2,367,786	\$ (24,086)	\$ (24,086)	\$ 144,078
Non-Tax Receipts							
Federal	\$ 1,190,839		\$ 1,482,915	\$ 1,422,842	\$ 60,073	\$ 60,073	\$ 292,076
Other and Transfers	853,829		756,270	790,855	(34,585)	(34,585)	(97,559)
Note Proceeds	804,894		-	-	-	-	(804,894)
Total Non-Tax Receipts	\$ 2,849,562		\$ 2,239,185	\$ 2,213,697	\$ 25,488	\$ 25,488	\$ (610,377)
TOTAL RECEIPTS	\$ 5,049,184		\$ 4,582,885	\$ 4,581,483	\$ 1,402	\$ 1,402	\$ (466,299)
DISBURSEMENTS							
Local Aids	\$ 1,670,850		\$ 1,630,656	\$ 1,597,944	\$ (32,712)	\$ (32,712)	\$ (40,194)
Income Maintenance	1,135,508		1,594,879	1,524,428	(70,451)	(70,451)	459,371
Payroll & Related	697,703		665,432	731,098	65,666	65,666	(32,271)
Tax Refunds	191,835		150,373	168,011	17,638	17,638	(41,462)
Debt Service	230,057		229,676	238,714	9,038	9,038	(381)
Miscellaneous	1,082,147		821,850	1,004,870	183,020	183,020	(260,297)
Note Repayment	12,894		-	-	-	-	(12,894)
TOTAL DISBURSEMENTS	\$ 5,020,994		\$ 5,092,866	\$ 5,265,065	\$ 172,199	\$ 172,199	\$ 71,872
2012-13 FISCAL YEAR VARIANCE YEAR-TO-DATE					\$ 173,601	\$ 173,601	

- (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) The results, projections, and estimates in this table for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the General Fund tax revenue collection estimates included in the May 10, 2012 DOA 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, if any, to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-12; General Fund Monthly Cash Position (Part II; Page 47). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2010 through August 31, 2012 – Actual
September 1, 2012 through June 30, 2013 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>	
2010	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.....	919,992	2,127,540	1,607,624	
	November.....	1,439,908	2,475,495	2,489,150	
	December.....	1,426,253 ^(d)	2,113,524	3,648,753	
	2011	January.....	(108,976) ^(d)	3,455,330	1,595,375
		February.....	1,750,979	2,259,769	2,283,655
		March.....	1,727,093	2,339,013	3,451,895
		April.....	614,211	2,518,414	2,161,460
		May.....	971,165	2,216,355	1,734,386
		June.....	1,453,134	2,749,732	3,899,089
July.....		303,777 ^(d)	2,895,946	3,131,187	
August.....		68,536 ^(d)	2,153,238	1,889,807	
September.....		331,967	2,880,991	2,518,798	
October.....		694,160	2,517,524	1,669,453	
November.....		1,542,231	2,425,673	2,603,246	
December.....		1,364,658	2,304,227	2,853,021	
2012	January.....	815,864	2,932,858	1,903,677	
	February.....	1,845,045	2,427,368	2,583,608	
	March.....	1,688,805	2,268,923	3,479,073	
	April.....	478,655	3,140,908	2,296,885	
	May.....	1,322,678	2,266,454	1,814,343	
	June.....	1,774,789	2,399,924	3,199,761	
	July.....	974,952 ^(d)	2,520,484	3,324,432	
	August.....	171,004 ^(d)	2,062,401	1,768,434	
	September.....	464,971	2,622,886	2,225,033	
	October.....	862,824	2,600,270	1,923,559	
	November.....	1,539,535	2,291,967	2,653,106	
	December.....	1,178,396 ^(d)	2,324,738	2,799,800	
2013	January.....	703,334	2,952,608	2,069,922	
	February.....	1,586,019	2,404,159	2,446,959	
	March.....	1,543,219	2,191,479	3,311,942	
	April.....	422,756	3,012,872	2,644,634	
	May.....	790,994	2,336,934	2,007,428	
	June.....	1,120,500 ^(d)	2,616,613	3,155,365	

Source: Wisconsin Department of Administration.

- ^(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).
- ^(b) The results, projections, or estimates in this table for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the General Fund tax revenue collection estimates included in the February 9, 2012 LFB Memorandum and the May 10, 2012 DOA Memorandum, and the \$800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012. The projections for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium and the estimated General Fund tax collections included in the May 10, 2012 DOA Memorandum.
- ^(c) Operating notes were issued for the 2010-11 and 2011-12 fiscal years, but it is expected that no operating notes will be issued for the 2012-13 fiscal year.
- ^(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 can temporarily reallocate cash in other funds to the General Fund up to 9% of the general purpose revenue appropriations then in effect. For the 2011-12 fiscal year, this amount was \$1.260 billion and for the 2012-13 fiscal year, this amount is \$1.329 billion. In addition, the Secretary of Administration can also temporarily reallocate an additional amount of up to 3% of general purpose revenue appropriations for period of up to 30 days. For the 2011-12 fiscal year, this amount was \$420 million and for the 2012-13 fiscal year, this amount is \$443 million. If the amount available for temporary reallocation to the General Fund is insufficient, 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-13; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 48).
 Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION^(a)
July 31, 2010 to August 31, 2012 – Actual
September 30, 2012 to June 30, 2013 – 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 \$2.113 billion during November 2011 to a high of \$4.347 billion during February 2009. 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
January		\$ 1,197	\$ 1,428	\$ 1,428
February		1,416	1,478	1,578
March		1,548	1,520	1,520
April		1,654	1,529	1,529
May		1,657	1,500	1,289
June		1,625	1,596	1,427
July	\$ 1,188	1,402	1,460	
August	1,246	1,586	1,498	
September	1,335	1,542	1,542	
October	1,283	1,321	1,321	
November	1,242	1,349	1,349	
December	1,185	1,438	1,438	

Available Balances; Includes Balances in the LGIP

<u>Month (Last Day)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
January		\$ 4,389	\$ 4,645	\$ 4,645
February		4,482	4,658	4,658
March		4,745	4,925	4,925
April		4,511	4,542	4,542
May		4,243	4,086	3,842
June		4,091	4,018	4,035
July	\$ 4,469	4,648	4,620	
August	3,883	4,229	4,176	
September	3,833	3,905	3,905	
October	3,495	3,421	3,420	
November	3,585	3,484	3,484	
December	3,974	4,122	4,122	

^(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-14; General Fund Recorded Revenues (Part II; Page 49). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES^(a)				
(Agency-Recorded Basis)				
July 1, 2011 to June 30, 2012 Compared With Previous Year				
	Annual Fiscal Report Revenues	Projected Revenues	Recorded Revenues July 1, 2010 to June 30, 2011^(d)	Recorded Revenues July 1, 2011 to June 30, 2012^(e)
	<u>2010-11 Fiscal Year^(b)</u>	<u>2011-12 Fiscal Year^(c)</u>	<u>June 30, 2011^(d)</u>	<u>June 30, 2012^(e)</u>
Individual Income Tax	\$ 6,700,647,000	\$ 6,868,230,000	\$ 6,339,518,427	\$ 6,536,435,504
General Sales and Use Tax	4,109,019,000	4,269,805,000	3,701,843,619	3,871,579,925
Corporate Franchise and Income Tax	852,863,000	880,800,000	804,846,422	863,258,352
Public Utility Taxes	341,344,000	344,600,000	341,344,029	365,896,544
Excise Taxes	720,846,000	735,200,000	654,903,727	647,527,146
Inheritance Taxes	(128,000)	-	178,522	309,683
Insurance Company Taxes	139,951,000	147,000,000	98,183,296	134,511,660
Miscellaneous Taxes	47,323,000	51,600,000	68,353,664	76,171,331
SUBTOTAL	12,911,865,000	13,297,235,000	12,009,171,707	12,495,690,144
Federal and Other Inter- Governmental Revenues ^(f)	11,170,454,000	8,635,594,800	10,976,985,186	9,846,668,596
Dedicated and Other Revenues ^(g)	4,844,199,000	5,187,165,700	4,892,839,759	5,086,072,546
TOTAL	\$ 28,926,518,000	\$ 27,119,995,500	\$ 27,878,996,652	\$ 27,428,431,287

- (a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table 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 2010-11 fiscal year, dated October 15, 2011.
- (c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2011-13 biennial budget (2011 Wisconsin Act 32) and the General Fund tax revenue estimates released by LFB on May 11, 2011. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum or the May 10, 2012 DOA Memorandum.
- (d) The amounts shown are 2010-11 fiscal year revenues as recorded by all State agencies. *The amounts shown are as of June 30, 2011 and do not include revenues for the 2010-11 fiscal year that were recorded by State agencies during the months of July and August, 2011.* There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue (DOR) from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.
- (e) The amounts shown are 2011-12 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. *Additional revenues will be recorded by State agencies for the 2011-12 fiscal year for the months of July and August, 2012.* There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.
- (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.

Note: During the months of July and August, State agencies process entries to accrue revenues and expenditures to the previous fiscal year. Because the timing of these entries varies from year-to-year, *the recorded revenues vary greatly between fiscal years and are not suitable for comparison.* For this reason, final recorded revenues for the 2011-12 fiscal year, and recorded revenues for the initial months of the 2012-13 fiscal year, will not be reported until data for the period ended September 30, 2012 is available. See **“State Budget; Budget for the 2011-13 Biennium; Results of 2011-12 Fiscal Year”** in this APPENDIX A.

Source: Wisconsin Department of Administration

Table II-15; General Fund Recorded Expenditures by Function (Part II; Page 50). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2011 to June 30, 2012 Compared With Previous Year

	Annual Fiscal Report Expenditures 2010–11 Fiscal Year^(b)	Appropriations 2011–12 Fiscal Year^(c)	Recorded Expenditures July 1, 2010 to June 30, 2011^(d)	Recorded Expenditures July 1, 2011 to June 30, 2012^(e)
Commerce.....	\$ 375,405,000	\$ 256,405,500	\$ 81,563,237	\$ 79,891,322
Education.....	12,227,699,000	11,618,349,000	2,284,970,899	2,377,332,367
Environmental Resources.....	207,892,000	246,148,500	72,243,788	92,630,744
Human Relations & Resources	12,462,717,000	11,177,683,100	2,875,138,843	2,955,182,344
General Executive.....	1,190,324,000	1,150,243,700	206,894,711	248,239,860
Judicial.....	134,965,000	138,688,000	41,618,988	42,530,564
Legislative.....	66,263,000	75,226,800	15,427,484	16,678,593
General Appropriations.....	2,286,559,000	2,470,053,300	688,753,489	688,755,076
TOTAL.....	\$ 28,951,824,000	\$ 27,132,797,900	\$ 6,266,611,439	\$ 6,501,240,870

(a) The expenditures in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table 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 2010-11 fiscal year, dated October 15, 2011.

(c) The results and estimates included in this table reflect the 2011-13 biennial budget (2011 Wisconsin Act 32). The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum or the May 10, 2012 DOA Memorandum.

(d) The amounts shown are 2010-11 fiscal year expenditures as recorded by all State agencies. *The amounts shown are as of June 30, 2011 and do not include expenditures for the 2010-11 fiscal year that were recorded by State agencies during the months of July and August, 2011.*

(e) The amounts shown are 2011-12 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. *Additional expenditures will be recorded by State agencies for the 2011-12 fiscal year for the months of July and August, 2012.*

Note: During the months of July and August, State agencies process entries to accrue revenues and expenditures to the previous fiscal year. Since the timing of these entries varies from year-to-year, *the recorded expenditures vary greatly between fiscal years and are not suitable for comparison.* For this reason, final recorded expenditures for the 2011-12 fiscal year, and recorded expenditures for the initial months of the 2012-13 fiscal year, will not be reported until data for the period ended September 30, 2012 is available. See **“State Budget; Budget for the 2011-13 Biennium; Results of 2011-12 Fiscal Year”** in this APPENDIX A.

Source: Wisconsin Department of Administration

APPENDIX B

GENERAL OBLIGATION ISSUANCE STATUS REPORT

OCTOBER 1, 2012

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Credit to Capital Improvement Fund</u>		<u>G.O. Bonds of 2012, Series B^(b)</u>	<u>Total Authorized Unissued Debt^(b)</u>
			<u>Interest Earnings^(a)</u>	<u>Premium^(a)</u>		
University of Wisconsin; academic facilities.....	\$ 2,059,966,292	\$ 1,620,895,704	\$ 13,072,507	\$ 5,275,712	\$ 28,475,225	\$ 392,247,144
University of Wisconsin; self-amortizing facilities.....	2,342,774,893	1,780,960,161	2,911,822	8,646,136	78,564,359	471,692,415
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	1,195,000,000	657,576,755	405,319	2,850,191	28,364,102	505,803,633
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818			139,438
Clean water fund program.....	783,743,200	607,945,413		512,299	243,081	175,042,407
Safe drinking water loan program.....	54,800,000	52,027,016		162,492	138,904	2,471,588
Natural resources; nonpoint source grants.....	94,310,400	93,044,918	190,043	72,587		1,002,852
Natural resources; nonpoint source	25,000,000	13,655,000	1,454	156,670		11,186,876
Natural resources; environmental repair.....	57,000,000	47,712,102	203,594	34,982		9,049,322
Natural resources; urban nonpoint source cost-sharing.....	41,900,000	31,878,640	30,671	185,248	666,737	9,138,704
Natural resources; contaminated sediment removal.....	27,000,000	14,665,637		133,943	2,274,545	9,925,875
Natural resources; environmental segregated fund supported administrative facilities.....	11,535,200	9,601,818	143	60,968	416,711	1,455,560
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	6,404,819	617	11,046	6,945	176,573
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	145,060,325	145,010,325	50,000			
Natural resources; pollution abatement and sewage collection facilities.....	893,493,400	874,927,239	18,513,077			53,084
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,312,599	6,287,401			
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006			
Natural resources; local parks land acquisition and development.....	2,490,000	2,447,741	42,259			
Natural resources; recreation development.....	23,061,500	22,919,742	141,325	68		365
Natural resources; land acquisition.....	45,608,600	45,116,929	491,671			
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174			37,033
Natural resources; segregated revenue supported facilities.....	90,100,500	65,720,351	93,544	127,647		24,158,958

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
OCTOBER 1, 2012

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Credit to Capital Improvement Fund</u>		<u>G.O. Bonds of 2012, Series B^(b)</u>	<u>Total Authorized Unissued Debt^(b)</u>
			<u>Interest Earnings^(a)</u>	<u>Premium^(a)</u>		
Natural resources; general fund supported administrative facilities.....	\$ 11,410,200	\$ 11,262,807	\$ 21,753	\$ 94		\$ 125,546
Natural resources; ice age trail.....	750,000	750,000				
Natural resources; dam safety projects.....	13,500,000	7,288,131	49,701	42,005	\$ 1,111,228	5,008,935
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,500,000				
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	228,318,547	1,306,849	7,094	62,507	1,305,004
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943			96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800				
Transportation; major interstate bridge construction.....	225,000,000					225,000,000
Transportation; rail passenger route development.....	122,000,000	51,529,513	3,016	584,531		69,882,940
Transportation; accelerated highway improvements.....	185,000,000	185,000,000				
Transportation; connecting highway improvements.....	15,000,000	15,000,000				
Transportation; federally aided highway facilities.....	10,000,000	10,000,000				
Transportation; highway projects.....	41,000,000	41,000,000				
Transportation; major highway and rehabilitation projects.....	565,480,400	565,480,400				
Transportation; Marquette interchange, zoo interchange, southeast megaprojects, and I 94 north-south corridor reconstruction projects.....	704,750,000	493,746,000	3,018,078	1,655,216	38,288,760	168,041,946
Transportation; state highway rehabilitation projects.....	620,063,700	501,257,103	1,182,897	2,267,241	20,781,249	94,575,210
Transportation; major highway projects.....	100,000,000	49,780,000		217,378	34,725,884	15,276,738
Transportation; state highway rehabilitation, certain projects.....	141,000,000	59,770,000		226,777	14,583,333	66,419,890
Transportation; harbor improvements.....	76,800,000	53,243,231	234,581	239,415	256,972	22,825,801
Transportation; rail acquisitions and improvements.....	156,500,000	74,523,090	5,187	276,960	2,027,992	79,666,771
Transportation; local roads for job preservation, state funds.....	2,000,000	2,000,000	-			-
Corrections; correctional facilities.....	840,602,600	805,181,967	11,467,562	300,000	176,886	23,476,185
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99			5,221,463

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
OCTOBER 1, 2012

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Credit to Capital Improvement Fund</u>		<u>G.O. Bonds of 2012, Series B^(b)</u>	<u>Total Authorized Unissued Debt^(b)</u>
			<u>Interest Earnings^(a)</u>	<u>Premium^(a)</u>		
Corrections; juvenile correctional facilities.....	\$ 28,984,500	\$ 28,533,551	\$ 108,861	\$ 326		\$ 341,762
Health services; mental health and secure treatment facilities.....	174,395,800	160,737,203	895,124	338,610	\$ 211,828	12,213,035
Agriculture; soil and water.....	47,075,000	40,760,255	3,025	293,726	652,847	5,365,147
Agriculture; conservation reserve enhancement.....	28,000,000	12,717,181		17,315	118,068	15,147,436
Administration; Black Point Estate.....	1,600,000	1,598,655	445			900
Administration; energy conservation projects; capital improvement fund.....	180,000,000	82,815,634		786,637	6,806,273	89,591,456
Building commission; previous lease rental authority.....	143,071,600	143,068,654				2,946
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530				
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033				
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005.....	250,000,000	250,000,000				
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2011.....	474,000,000	473,651,084				348,916
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2013.....	264,200,000	263,420,000				780,000
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	1,775,000,000	1,769,658,916				5,341,084
Building commission; housing state departments and agencies.....	623,237,800	501,396,994	2,356,097	1,659,532	6,667,370	111,157,807
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479			
Building commission; project contingencies.....	47,961,200	46,412,915	64,761	41,798	59,034	1,382,692
Building commission; capital equipment acquisition.....	126,335,000	121,853,202	740,327	54,987	30,312	3,656,172
Building commission; discount sale of debt.....	90,000,000	72,869,266				17,130,734
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(c)				11,167
Building commission; other public purposes.....	2,298,171,700	1,962,424,293	8,728,268	5,122,720	25,337,803	296,558,615
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities.....	10,000,000	10,000,000				

**GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
OCTOBER 1, 2012**

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund		G.O. Bonds of 2012, Series B ^(b)	Total Authorized Unissued Debt ^(b)
			Interest Earnings ^(a)	Premium ^(a)		
Bond Health Center.....	\$ 1,000,000				\$ 694,518	\$ 305,482
HR Academy, Inc.....	1,500,000	\$ 1,500,000				
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	35,000,000	29,941,626		\$ 273,354	277,807	4,507,213
AIDS Resource Center of Wisconsin, Inc.....	800,000	800,000				
Bradley Center Sports and Entertainment Corporation.....	5,000,000	4,869,333		129,986		681
Lac du Flambeau Indian Tribal Center..	250,000					250,000
Marquette University; dental clinic and education facility.....	23,000,000	14,999,182	\$ 818			8,000,000
Civil War exhibit at the Kenosha Public Museums.....	500,000	500,000				
AIDS Network, Inc.....	300,000	300,000				
Swiss cultural center.....	1,000,000					1,000,000
Hmong cultural centers.....	2,250,000	250,000				2,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000				
Children's research institute.....	10,000,000	10,000,000				
Administration; school educational technology infrastructure financial assistance.....	71,911,300	71,480,216	431,066			18
Myrick Hixon EcoPark, Inc.....	500,000	500,000				
Madison Children's Museum.....	250,000	250,000				
Marshfield Clinic.....	10,000,000					10,000,000
Administration; public library educational technology infrastructure financial assistance.....	269,000	268,918	42			40
Educational communications board; educational communications facilities.....	24,503,200	23,780,816	38,515	3,747	215,300	464,822
Grand Opera House in Oshkosh.....	500,000	500,000				
Aldo Leopold climate change classroom and interactive laboratory.....	500,000	485,000		14,992		8
Historical society; self-amortizing facilities.....	1,157,000	1,029,156	3,896			123,948
Historical society; historic records.....	26,650,000	1,458,952		36,031	277,807	24,877,210
Historical society; historic sites.....	10,067,800	8,826,652	847	262,084		978,217
Historical society; museum facility.....	14,384,400	4,362,469				10,021,931
Historical society; Wisconsin history center.....	20,000,000					20,000,000

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
OCTOBER 1, 2012

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund		G.O. Bonds of 2012, Series B^(b)	Total Authorized Unissued Debt^(b)
			Interest Earnings^(a)	Premium^(a)		
Public instruction; state school, state center and library facilities.....	\$ 12,350,600	\$ 8,079,200	\$ 32,509	\$ 41,409		\$ 4,197,482
Military affairs; armories and military facilities.....	42,667,900	29,154,583	195,308	14,164	\$ 347,259	12,956,586
Veterans affairs; veterans facilities.....	10,090,100	9,405,485	50,593			634,022
Veterans affairs; self-amortizing mortgage loans.....	2,400,840,000	2,122,542,395				278,297,605
Veterans affairs; refunding bonds.....	1,015,000,000	761,594,245				253,405,755
Veterans affairs; self-amortizing facilities.....	43,634,932	20,432,767	1,613	216,514		22,984,038
State fair park board; board facilities.....	14,787,100	14,769,363	1			17,736
State fair park board; housing facilities.....	11,000,000	10,999,985	15			
State fair park board; self-amortizing facilities.....	53,437,100	52,385,915	22,401	6,521	208,355	813,908
Total.....	\$25,214,015,905	\$21,208,324,924	\$73,888,122	\$33,361,153	\$293,070,000	\$3,605,371,806

^(a) Amounts previously credited to the Capital Improvement Fund (which include interest earnings and may include sale proceeds representing purchase premium) reduce issuance authority by the same amount.

^(b) In addition, the amount of \$9,524,180, representing a portion of the purchase premium paid for the G.O. Bonds of 2012, Series B, will also be credited to the Capital Improvement Fund. This amount will further reduce the authorized unissued debt amount by the amount of such credit allocated to each respective borrowing purpose.

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

Source: Department of Administration.

APPENDIX C

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

Subject:

\$293,070,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2012, SERIES B

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$293,070,000 General Obligation Bonds of 2012, Series B, dated the date hereof (**Bonds**). The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes, and are being issued pursuant to a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on September 26, 2012 (**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 Bonds are valid and binding general obligations of the State.
2. The Resolution has been duly adopted by the Commission and is a valid and binding obligation of the State enforceable upon the State as provided in the Resolution.
3. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, and interest on, the Bonds as the Bonds mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
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; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. 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. We express no opinion about other federal tax law consequences regarding 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 dated October 17, 2012 or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion as to those matters (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