

## OFFICIAL STATEMENT

New Issue

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

# \$21,205,000 MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2010, SERIES B

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

## STATE OF WISCONSIN

Acting by and through the Department of Administration

Dated: Delivery Date

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

**Ratings** AA– Fitch Ratings  
Aa3 Moody's Investors Service, Inc.  
AA– Standard & Poor's Ratings Services

**Tax Exemption** Interest on the Certificates is excluded from gross income for federal income tax purposes, not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations.

Interest on the Certificates is not exempt from current State of Wisconsin income and franchise taxes—*See pages 10-11.*

**Redemption** *Optional*—The Certificates are not callable prior to maturity.  
*Mandatory*—The Certificates and master lease certificates of participation of all series are subject to mandatory redemption at par upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule—*See page 4.*

**Security** Certificates are secured by Lease Payments under the State's Master Lease Program. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. All series of master lease certificates of participation issued under the Master Indenture are ratably secured by a common pool of collateral. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation—*See pages 5-8.*

**Purpose** Funding Lease Schedules previously financed through a line of credit and paying costs of issuance for the Certificates—*See pages 2-3.*

**Interest Payment Dates** March 1 and September 1

**First Interest Payment Date** March 1, 2011

**Denominations** \$5,000

**Closing/Delivery/Settlement** On or about August 31, 2010

**Bond Counsel** Foley & Lardner LLP

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

**Issuer Contact** Wisconsin Capital Finance Office  
(608) 266-2305; [DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

**Book-Entry-Only Form** The Depository Trust Company—*See pages 4-5.*

**2009 Annual Report** This Official Statement incorporates by reference **Parts I, II, and IV** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009.

The Certificates were sold at competitive sale on August 10, 2010. The interest rates payable on the Certificates, which are shown on **the inside front cover**, resulted from the award of the Certificates.

August 10, 2010

CUSIP NUMBERS, MATURITIES, PRINCIPAL AMOUNTS, AND INTEREST RATES

**\$21,205,000**

**MASTER LEASE CERTIFICATES OF PARTICIPATION  
OF 2010, SERIES B**

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

**STATE OF WISCONSIN**

**Acting by and through the Department of Administration**

<b>CUSIP</b>	<b>Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>First Optional Redemption Date</b>
977087 EN1	March 1, 2011	\$ 2,600,000	2.00%	Not Callable
977087 EP6	September 1, 2011	2,625,000	2.00	Not Callable
977087 EQ4	March 1, 2012	2,550,000	4.00	Not Callable
977087 ER2	September 1, 2012	2,420,000	4.00	Not Callable
977087 ES0	March 1, 2013	2,400,000	3.00	Not Callable
977087 ET8	September 1, 2013	2,325,000	4.00	Not Callable
977087 EU5	March 1, 2014	2,370,000	4.00	Not Callable
977087 EV3	September 1, 2014	1,185,000	4.00	Not Callable
977087 EW1	March 1, 2015	1,180,000	4.00	Not Callable
977087 EX9	September 1, 2015	970,000	4.00	Not Callable
977087 EY7	March 1, 2016	495,000	3.00	Not Callable
977087 EZ4	September 1, 2016	30,000	3.00	Not Callable
977087 FA8	March 1, 2017	30,000	3.00	Not Callable
977087 FB6	September 1, 2017	25,000	3.00	Not Callable

**Purchase Price: \$22,445,260.35**

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

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

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 Certificates other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the Certificates does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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**PARTICIPANTS IN THE  
ISSUANCE AND SALE OF THE CERTIFICATES**

The Honorable Jim Doyle  
Governor

State of Wisconsin

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Mr. Daniel J. Schooff  
Secretary

Department of Administration

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

Mr. David R. Erdman  
Assistant Capital Finance Director  
Department of Administration  
(608) 267-0374  
[david.erdman@wisconsin.gov](mailto:david.erdman@wisconsin.gov)

Mr. Aaron Heintz  
Capital Finance Officer  
Department of Administration  
(608) 266-0739  
[aaron.heintz@wisconsin.gov](mailto:aaron.heintz@wisconsin.gov)

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**Bond Counsel**  
Foley & Lardner LLP

**Financial Advisor**  
Public Financial Management, Inc.

**Trustee**  
U.S. Bank National Association

## SUMMARY DESCRIPTION OF CERTIFICATES

*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.*

Principal Amount and Description:	\$21,205,000 Master Lease Certificates of Participation of 2010, Series B (State of Wisconsin)
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about August 31, 2010)
Record Date:	February 15 and August 15
Interest Payments:	March 1 and September 1, commencing March 1, 2011.
Maturities:	March 1 and September 1, commencing March 1, 2011 and ending September 1, 2017.
Redemption:	<i>Optional</i> —The Certificates are not callable prior to maturity. <i>Mandatory</i> —The Certificates are subject to mandatory redemption at par upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule— <i>See page 4.</i>
Form:	Book-entry-only— <i>See pages 4-5.</i>
Paying Agent:	All payments of principal and interest on the Certificates will be paid by U.S. Bank National Association, as Paying Agent. All payments initially will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Certificates are secured by Lease Payments under the State's Master Lease Program. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. All series of master lease certificates of participation issued under the Master Indenture are ratably secured by a common pool of collateral. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation. As of July 15, 2010, the principal amount of all outstanding master lease certificates of participation was \$64.2 million— <i>See pages 5-8.</i>
Authority for Issuance:	The State entered into the Master Lease under Section 16.76 of the Wisconsin Statutes.
Purpose:	Funding Lease Schedules previously financed through a line of credit and paying costs of issuance for the Certificates— <i>See pages 2-3.</i>
Additional Certificates:	Additional master lease certificates of participation may be issued.
Tax Exemption:	Interest on the Certificates is excluded from gross income for federal income tax purposes, not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations— <i>See pages 10-11.</i>  Interest on the Certificates is not exempt from current State of Wisconsin income and franchise taxes— <i>See page 11.</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1.</i>

# OFFICIAL STATEMENT

**\$21,205,000**

## MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2010, SERIES B

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

### STATE OF WISCONSIN

Acting by and through the Department of Administration

#### INTRODUCTION

This Official Statement provides information about the \$21,205,000 Master Lease Certificates of Participation of 2010, Series B (**Certificates**) that represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Third Amended and Restated Master Lease, dated April 28, 2000 (**Master Lease**) between Firststar Bank, National Association, as lessor, and the State, acting by and through the State of Wisconsin Department of Administration, as lessee (**Lessee**).

This Official Statement includes by reference **Parts I, II, and IV** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 (**2009 Annual Report**).

The Certificates are issued and secured by the **Master Indenture**, dated July 1, 1996, among Firststar Bank Milwaukee, N.A., Firststar Trust Company, and the Lessee, and a **Supplemental Indenture**, dated August 31, 2010, among U.S. Bank National Association, as successor to Firststar Bank, National Association (**Lessor**), U.S. Bank National Association, as successor to Firststar Trust Company (**Trustee**) and the Lessee. The Master Indenture established a trust (**Trust**) that consists of lease schedules to the Master Lease (**Lease Schedules**), rent, being the amount payable to the Lessor on each payment date during the term of the Master Lease, as shown in the related Lease Schedule, including interim rent and any additional rent, and any other amount payable under a Lease Schedule (**Lease Payments**), Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted by the Master Lease. *The Trust serves as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture and for the State's Master Lease Program (**Program**).*

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

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

#### THE STATE

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

Information concerning the State and its financial condition is included as **APPENDIX A**, which includes by reference Part II of the 2009 Annual Report. **APPENDIX A** also includes changes or additions to Part II of the 2009 Annual Report, including but not limited to, the estimated General Fund condition statement from the July 9, 2010 memorandum of the Legislative Fiscal Bureau (**LFB**) and the estimated General Fund tax revenue collections from the January 27, 2010 LFB memorandum.

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](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
*Web site:* [www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

## **THE MASTER LEASE PROGRAM**

The Department of Administration created the Program in 1992 by entering into the Master Lease. The Program permits the State to acquire tangible property and, in certain situations, intangible property or prepaid service items (**Leased Items**), for all State agencies through installment purchase contracts. As of July 15, 2010, the total amount of originations completed through the Program was \$524.0 million, and the principal amount of outstanding master lease certificates of participation was \$64.2 million. The State is scheduled to make a semiannual Lease Payment of \$9.1 million on September 1, 2010, of which approximately \$7.4 million will be applied to reduce the principal balance of the outstanding master lease certificates of participation.

Information concerning the Program, the Master Lease, Events of Default under the Master Lease, the Master Indenture, Lease Schedules, and master lease certificates of participation is included as **APPENDIX B**, which includes by reference Part IV of the 2009 Annual Report. **APPENDIX B** also includes changes or additions to Part IV of the 2009 Annual Report.

Requests for additional information about the Program 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](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
*Web site:* [www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

## **PLAN OF FINANCE**

### **General**

The Certificates are being issued to provide funding with interest based on a tax-exempt fixed interest rate for Lease Schedules previously financed through a revolving credit facility in which the State paid interest based on a taxable variable interest rate, and to pay costs of issuance for the Certificates.

### **Sources and Uses**

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

Sources:	
Principal Amount of Certificates .....	\$ 21,205,000.00
Original Issue Premium .....	<u>1,308,250.15</u>
Total Sources .....	<u>\$ 22,513,250.15</u>
Uses:	
Funding of Lease Schedules .....	\$ 22,307,369.18
Cost of Issuance .....	137,891.17
Underwriter's Discount.....	<u>67,989.80</u>
Total Uses .....	<u>\$ 22,513,250.15</u>

## THE CERTIFICATES

### General

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

The Certificates will be dated their date of delivery and will bear interest from that date payable on March 1 and September 1 of each year, beginning on March 1, 2011.

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

The Certificates are issued in principal denominations of \$5,000 or multiples of \$5,000.

### Ratings

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

<u>Rating</u>	<u>Rating Agency</u>
AA-	Fitch Ratings <sup>(a)</sup>
Aa3	Moody's Investors Service, Inc. <sup>(b)</sup>
AA-	Standard and Poor's Ratings Services

<sup>(a)</sup> On April 5, 2010, Fitch Ratings changed its rating on State master lease certificates of participation from “A+” to “AA-”, reflecting a recalibration by Fitch Ratings of certain U.S. public finance credit ratings. According to Fitch Ratings, the recalibration should not be interpreted as an improvement in the credit quality of the State master lease certificates of participation or other securities; rather, the intent of the recalibration is to ensure a greater degree of comparability across Fitch Ratings' global portfolio of credit ratings.

<sup>(b)</sup> On April 16, 2010, Moody's Investors Service changed its rating on State master lease certificates of participation from “A1” to “Aa3”, reflecting a recalibration by Moody's Investors Service of its long-term U.S. municipal ratings to its global rating scale. According to Moody's Investors Service, the recalibration does not reflect an improvement in credit quality or a change in credit opinion; instead, the recalibration will align municipal ratings with its global scale equivalent. In addition to the rating change, the rating outlook on State master lease certificates of participation was also changed from “negative” to “stable”.

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

### Redemption Provisions

#### *Optional Redemption*

The Certificates are not subject to optional redemption prior to maturity.



### *Mandatory Redemption*

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

### *Selection of Certificates*

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

### *Notice of Redemption*

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

### **Registration and Payment of Certificates**

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

### **Book-Entry-Only Form**

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

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

### *Payment*

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

### *Notices and Voting Rights*

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

### *Redemption*

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

### *Discontinued Service*

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

### *Further Information*

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

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

### **Redemption and Payment if Book-Entry-Only System is Discontinued**

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

Payment of principal would be made by check or draft issued upon the presentation and surrender of the Certificates at the principal office of the Paying Agent, as designated by the State and the Trustee. Payment of interest due on the Certificates 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.

Certificates 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 Certificates to be redeemed. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the Certificates 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 Certificates 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 Certificate called for redemption would cease to accrue on the redemption date so long as the Certificate was paid or money was provided for its payment.

## **SECURITY FOR CERTIFICATES**

### **General**

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

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

### **Common Pool of Collateral**

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

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

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

In the opinion of Bond Counsel, the transfer of Lease Schedules by the Lessor to the Trustee constitutes a true sale and not a secured transaction. The State's obligation to make Lease Payments does not depend upon any service provided by the Lessor, and thus the transfer of Lease Schedules would be unaffected by any insolvency of the Lessor.

### **Reserve Fund**

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

### **Governmental Use**

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

### **Centralized Control and Review**

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

### **Two-Phase Financing Structure**

The State generally uses a two-phase financing structure for the Program. In the first (or acquisition) phase, all Leased Items are initially financed with proceeds from a revolving credit facility. The revolving credit facility is a line of credit, and the State, acting on behalf of the Trustee, requests draws from the revolving credit facility to pay for the acquisition of Leased Items. Master lease certificates of participation have been issued to the provider of the revolving credit facility to evidence the State's repayment of balances under the facility. The provider of the facility is currently Dexia Credit Local, acting through its New York Branch, and the scheduled termination date of the facility is September 1, 2013. The State pays interest on funds drawn from the facility based on either a taxable variable interest rate or a tax-exempt variable interest rate, and the repayment term under the facility can extend for up to ten years after the scheduled termination date.

In the second phase, the State, acting on behalf of the Trustee, may sell additional master lease certificates of participation (such as the Certificates) with interest payments based on a fixed (and most likely tax-exempt) interest rate to fund all, or a portion of, the Lease Schedules previously funded with proceeds from the revolving credit facility. Since the proceeds of master lease certificates of participation being

used as part of the second phase are immediately applied to acquire existing Lease Schedules, the proceeds of the Certificates are not subject to nonorigination risk.

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

### **Budget Process**

The central control of the Program provides the State Budget Office with knowledge of all past, current, and pending scheduled Lease Payments due under the Master Lease. Lease Payments due under the Master Lease are not included in the State budget as a separate budget line item. Rather, Lease Payments due under the Master Lease are included with other expenditures in one or more of an agency’s existing budget line items.

State law establishes procedures for establishing and enacting a State budget. The Secretary of the State of Wisconsin Department of Administration (**Secretary of Administration**), under the direction of the Governor and with assistance from the State Budget Office, compiles all budget information and prepares an executive budget. The State budget is the legislative document that sets the level of authorized state expenditures for the two fiscal years in the biennium and the corresponding level of revenues (primarily taxes) projected to be available to finance those expenditures.

See **APPENDIX A** for additional information on the State’s budget process and remedies available when the General Fund is in a negative cash position.

#### *Continuing Authority*

State law provides that in the event a budget is not in effect at the start of a fiscal year, the prior year’s budget serves as the budget until such time a new budget is enacted. The continuing authority of existing appropriations until a new budget is adopted helps to protect against the effect of a delay in the adoption of a budget. The biennial budget for the 2009-10 and 2010-11 fiscal years was enacted on June 29, 2009, which was prior to the start of the 2009-10 fiscal year. Prior to that, the last ten biennial budgets were enacted after the start of the biennium with the 2007-09 biennial budget being enacted on October 26, 2007, which was nearly four months after the start of the 2007-08 fiscal year.

#### *Budgetary Reductions and Priority of Claims*

The Secretary of Administration has statutory power to order reductions in the appropriations of state agencies (which represent less than one-third of the General Fund budget). If needed, the Secretary of Administration may set priorities for payments from the General Fund as well as prorate certain payments. The Wisconsin Statutes provide that all payments shall be in accordance with the following order of preference:

- All direct and indirect payments of the principal of, and interest on, State general obligation debt have first priority and may not be prorated or reduced.
- All direct and indirect payments of the principal of, and interest on, operating notes have second priority and may not be prorated or reduced.
- All State employee payrolls have third priority and may be prorated or reduced.
- All other payments shall be paid in a priority determined by the Secretary of Administration and may be prorated or reduced.

Payments described by the first three statutory priorities must be made before Lease Payments may be made under the Master Lease; however, the Master Lease includes representations that, if an emergency arises that requires the Department of Administration to draw vouchers for payment that will be in excess of available moneys, then the Secretary of Administration will establish a priority schedule for payments that gives Lease Payments due under the Master Lease a high priority. Before the Secretary of Administration may establish a priority schedule for payments, the Secretary of Administration is required to consult with the State Treasurer and to notify the Legislature’s joint committee on finance.

The Secretary of Administration may not proceed with the priority schedule until the Legislature's joint committee on finance either (1) does not schedule a meeting to review the proposal within two working days after notification of the priority schedule, or (2) holds a meeting to review the proposal, which meeting must occur within two working days after notification of the priority schedule.

## **RISK FACTORS**

### **Nonappropriation**

The State's obligation to make Lease Payments is subject to appropriation of the necessary funds by the Legislature. No assurance is given that sufficient funds will be appropriated or otherwise will be available to make the Lease Payments. A failure by the State to make a Lease Payment with respect to any Leased Item would cause the Master Lease to terminate with respect to all Leased Items. The State's obligation to make Lease Payments is not a general obligation of the State, and moreover, the obligation does not involve the State of Wisconsin Building Commission. Rather, the Master Lease is a contract entered into by the Department of Administration under separate statutory authority. The owners of the Certificates could suffer a loss or fail to obtain payment on a timely basis if no appropriation were made or if an insufficient appropriation were made. This could occur either through the direct action of the Legislature or the Governor or through a failure to act.

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

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

### **Essential Use of Leased Items**

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

### **Collateral Value of Leased Items**

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

### **Tax Exemption**

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

## Applicability of Securities Law

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

## OTHER INFORMATION

### Borrowing Plans for 2010

This is the first series of master lease certificates of participation to be publicly sold this calendar year. A series of master lease certificates was privately placed this calendar year in conjunction with the revolving credit facility with Dexia Credit Local, acting through its New York Branch, which the State continues to use for origination of Lease Schedules. See “[SECURITY FOR CERTIFICATES; Two-Phase Financing Structure](#)”.

### Underwriting

The Certificates were purchased at competitive bidding on August 10, 2010 by the following account (**Underwriters**): J.P. Morgan Securities, Inc., book-running manager, Alamo Capital, Janney Montgomery Scott LLC, and Nollenberger Capital Partners, Inc.

The Underwriters paid \$22,445,260.35, and their bid resulted in a true interest cost rate of 1.232478%.

### Reference Information About the Certificates

The following table—as well as the table on [the inside front cover](#)—includes information about the Certificates and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices.

**\$21,205,000**

### Master Lease Certificates of Participation of 2010, Series B (State of Wisconsin)

**Dated and Delivery Date:** August 31, 2010

**First Interest Date:** March 1, 2011

CUSIP	Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date
977087 EN1	March 1, 2011	\$ 2,600,000	2.00%	0.35%	100.823%	Not Callable
977087 EP6	September 1, 2011	2,625,000	2.00	0.40	101.595	Not Callable
977087 EQ4	March 1, 2012	2,550,000	4.00	0.62	105.038	Not Callable
977087 ER2	September 1, 2012	2,420,000	4.00	0.68	106.583	Not Callable
977087 ES0	March 1, 2013	2,400,000	3.00	0.92	105.129	Not Callable
977087 ET8	September 1, 2013	2,325,000	4.00	1.00	108.844	Not Callable
977087 EU5	March 1, 2014	2,370,000	4.00	1.10	109.930	Not Callable
977087 EV3	September 1, 2014	1,185,000	4.00	1.20	110.903	Not Callable
977087 EW1	March 1, 2015	1,180,000	4.00	1.51	110.793	Not Callable
977087 EX9	September 1, 2015	970,000	4.00	1.67	111.132	Not Callable
977087 EY7	March 1, 2016	495,000	3.00	2.02	105.077	Not Callable
977087 EZ4	September 1, 2016	30,000	3.00	2.15	104.760	Not Callable
977087 FA8	March 1, 2017	30,000	3.00	2.35	103.896	Not Callable
977087 FB6	September 1, 2017	25,000	3.00	2.45	103.518	Not Callable

## **Financial Advisor**

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

## **Legal Opinions**

### *Bond Opinion*

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

### *Attorney General*

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

## **Tax Exemption**

### *Federal Income Tax*

In the opinion of Bond Counsel, under existing law, interest on the Certificates is excluded from gross income for federal income tax purposes, not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and not 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 without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Code that must be satisfied after the Certificates are issued for interest on the Certificates to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Certificates to be included in gross income for federal income tax purposes, perhaps even starting from the date the Certificates were issued. The proceedings authorizing the Certificates do not provide for an increase in interest rates or a redemption of the Certificates in the event interest on the Certificates ceases to be excluded from gross income.

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

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

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the

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

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

#### *State of Wisconsin Income and Franchise Taxes*

Interest on the Certificates is not 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 Certificate.

#### *Premium Certificates*

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

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

Owners of Premium Certificates that do not purchase their Premium Certificates in the initial offering at the Issue Price should consult their own tax advisors with respect to the federal tax consequences of owning Premium Certificates. Owners of Premium Certificates should also consult their own tax advisors with respect to the state and local tax consequences of owning Premium Certificates.

## **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 2009 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](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
[www.doa.wi.gov/capitalfinance](http://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: August 10, 2010

**STATE OF WISCONSIN,**  
Acting by and through the  
DEPARTMENT OF ADMINISTRATION

/s/ DANIEL J. SCHOOFF

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

## APPENDIX A

### INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) contained in [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 \(2009 Annual Report\)](#), which can be obtained as described below. This Appendix also includes changes or additions to the information presented in Part II of the 2009 Annual Report, including, but not limited to, the estimated General Fund condition statement from the July 9, 2010 memorandum of the Legislative Fiscal Bureau (**LFB**) and the estimated General Fund tax revenue collections from the January 27, 2010 LFB memorandum.

[Part II of the 2009 Annual Report](#) contains general information about the State. More specifically, that part presents information about the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 2008-09
- State budget for the 2009-11 biennium
- Potential effects of litigation
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

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

The 2009 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) and is also 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](http://www.doa.wi.gov/capitalfinance)

Copies of the 2009 Annual Report may also be obtained from:

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

The State has independently provided, since July 2001, monthly reports on general fund financial information. These monthly reports are not required by any of the State's undertakings provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance Office web site that is listed above and have been filed as informational notices with each nationally recognized municipal securities information repository or the MSRB; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2009 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2009 Annual Report, certain changes or events have occurred that affect items discussed in the 2009 Annual Report. Listed below, by reference to particular sections of

Part II of the 2009 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

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

*Results of 2009-10 Fiscal Year*

The 2009-10 fiscal year ended June 30, 2010. The Annual Fiscal Report (budgetary basis) for the 2009-10 fiscal year will be published by October 15, 2010. This report will include the ending budgetary undesignated balance for the 2009-10 fiscal year.

*July 2010 Projected General Fund Condition Statement—LFB*

On July 9, 2010, LFB released a memorandum that included a projected General Fund condition statement for the 2009-11 biennium. This projected General Fund condition statement for the 2009-11 biennium shows an ending balance (on a budgetary basis) on June 30, 2010 of \$336 million and an ending balance on June 30, 2011 of \$45 million; these amounts are approximately \$33 million less and \$230 million less, respectively, than the balances shown in the budget for the 2009-11 biennium (2009 Wisconsin Act 28), and are \$30 million more and \$11 million less, respectively, than the balances in the projected General Fund condition statement included in the January 27, 2010 LFB memorandum.

The table on the following page includes the projected General Fund condition statement for the 2009-10 and 2010-11 fiscal years, which served as the basis for the table included in the July 9, 2010 LFB memorandum. The following table also provides, for comparison, the estimated General Fund condition statement for the 2009-11 biennial budget (2009 Wisconsin Act 28).

*January 2010 Updated General Fund Tax Revenue Collections—LFB*

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

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

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

The table on the following page provides a summary of the updated estimates of General Fund tax revenue collections for the 2009-10 and 2010-11 fiscal years as shown in the January 27, 2010 LFB memorandum. The following table also provides, for comparison, the prior projections for the 2009-11 biennial budget (2009 Wisconsin Act 28). Additional details can be found in the January 27, 2010 LFB memorandum, which appears on [pages A-5 to A-18](#) of this Official Statement.

**Estimated General Fund Condition Statement  
2009-10 and 2010-11 Fiscal Years  
(in Millions)**

	<u>2009-10 Fiscal Year</u>		<u>2010-11 Fiscal Year</u>	
	July 9, 2010		July 9, 2010	
	<u>2009 Act 28</u>	<u>LFB Memorandum</u>	<u>2009 Act 28</u>	<u>LFB Memorandum</u>
Revenues				
Opening Balance	\$ 70.4	\$ 89.6	\$ 368.9	\$ 335.8
Taxes	12,346.2	12,131.6	12,882.3	12,786.7
Department Revenues				
Tribal Gaming	19.5	19.2	22.6	22.3
Other	<u>811.8</u>	<u>799.4</u>	<u>790.4</u>	<u>781.0</u>
Total Available	13,247.9	13,039.8	14,064.2	13,925.9
Appropriations				
Gross Appropriations	13,423.6	12,940.4	14,104.8	14,109.3
Compensation Reserves	47.3	47.3	96.0	96.0
Less: Lapses	<u>(591.8)</u>	<u>(283.7)</u>	<u>(411.8)</u>	<u>(323.8)</u>
Net Appropriations	12,879.0	12,704.0	13,789.0	13,881.4
Balances				
Gross Balance	368.9	335.8	275.1	44.5
Less: Required Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 303.9	\$ 270.8	\$ 210.1	\$ (20.5)

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

	<u>Fiscal Year 2009-10</u>			<u>Fiscal Year 2010-11</u>		
	LFB Projections			LFB Projections		
	<u>2009 Act 28</u>	<u>January 2010</u>	<u>Difference</u>	<u>2009 Act 28</u>	<u>January 2010</u>	<u>Difference</u>
Individual Income	\$ 6,231.0	\$ 6,155.0	\$ (76.0)	\$ 6,432.4	\$ 6,505.0	\$ 72.6
Sales and Use	4,089.2	4,015.0	(74.2)	4,320.7	4,235.0	(85.7)
Corp. Income & Franchise	717.2	700.0	(17.2)	808.3	800.0	(8.3)
Public Utility	318.2	322.2	4.0	327.4	327.2	(0.2)
Excise						
Cigarettes	687.6	650.0	(37.6)	684.7	630.0	(54.7)
Liquor & Wine	45.8	43.5	(2.3)	47.6	44.7	0.1
Tobacco Products	52.3	57.8	5.5	55.2	62.6	7.4
Beer	10.0	9.6	(0.4)	10.0	9.7	(0.3)
Insurance Company	148.0	127.0	(21.0)	148.0	135.0	(13.0)
Estate	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous Taxes	<u>47.0</u>	<u>52.0</u>	<u>5.0</u>	<u>48.0</u>	<u>52.0</u>	<u>4.0</u>
TOTAL	\$12,346.2	\$12,132.1	\$(214.2)	\$12,882.3	\$13,801.2	\$ (81.1)

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

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

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

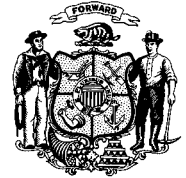
On July 20, 2010, the Wisconsin Supreme Court released its decision on this matter and reversed the order of the circuit court and remanded the case with directions that the circuit court issue (1) an order requiring the Secretary of Administration to replace the money removed from the Fund, together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

The details of the pending order from the circuit court will determine the impact of this decision, if any, on the General Fund budget for the 2010-11 fiscal year or General Fund budgets for future fiscal years.

# Legislative Fiscal Bureau

Robert Wm. Lang, Director

One East Main, Suite 301 • Madison, WI 53703  
Email: Fiscal.Bureau@legis.wisconsin.gov  
Telephone: (608) 266-3847 • Fax: (608) 267-6873



State of Wisconsin

January 27, 2010

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

Dear Representative Pocan and Senator Miller:

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

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

Although the gross balance is projected at \$55.7 million, it should be noted that the required statutory balance is \$65 million. Thus, the net balance at the end of the biennium (June 30, 2011) is projected to be -\$9.3 million.

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

**TABLE 1**

**2009-11 General Fund Condition Statement**

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

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

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

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

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

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

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

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

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



## General Fund Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**TABLE 2**

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Bob". The letters are cursive and somewhat stylized.

Robert Wm. Lang  
Director

RWL/sas  
cc: Members, Wisconsin Legislature

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

**UNEMPLOYMENT RATE COMPARISON<sup>(a)</sup>**

**By Month 2005 to 2010**

**By Quarter 2001 to 2004**

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

<u>2004 Quarters</u>			<u>2003 Quarters</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

<u>2002 Quarters</u>			<u>2001 Quarters</u>		
	<u>Wis.</u>	<u>U.S.</u>		<u>Wis.</u>	<u>U.S.</u>
I .....	6.2	6.2	I .....	4.6	4.6
II .....	5.4	5.7	II .....	4.3	4.3
III .....	4.8	5.7	III .....	4.1	4.8
IV .....	4.7	5.6	IV .....	4.5	5.2

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

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

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

The following tables provide updates and additions to various tables containing General Fund information for the 2009-10 and 2010-11 fiscal years, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through June 30, 2010.

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

The projections and estimates in the following tables for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and Legislature's Joint Committee on Finance, certain federal economic stimulus money in the amount of \$568 million that the State expects to receive in the 2010-11 fiscal year in the General Fund (\$317 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes), \$800 million of operating note receipts and the resulting impoundment payments due in February, March, April, and May 2011, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive in the General Fund.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. For example, due to a processing error, \$32 million in individual income tax receipts that were received on May 28, 2010 were not recorded into the State's accounting system until June 1. Furthermore, due to a combination of a State furlough day on May 28, 2010 and a holiday on May 31, 2010, an additional \$154 million in individual income tax receipts that were forecast to be received on May 28, 2010 were not received until June 1. These situations totaled \$186 million and appeared as a variance as of May 31, 2010, but the receipt on June 1 resulted in reversal of the variance for the period ended June 30, 2010.

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

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

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2009 TO JUNE 30, 2010<sup>(a)</sup>**

(Amounts in Thousands)

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

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

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from \$220 to \$400 million during the 2009-10 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$5 million during the 2009-10 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 7% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The amounts available for temporary reallocation are approximately \$940 million and \$403 million, respectively, for the 2009-10 fiscal year. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

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

**PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2010 TO JUNE 30, 2011<sup>(a)</sup>**

(Amounts in Thousands)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
<b>BALANCES<sup>(a)(b)</sup></b>												
<b>Beginning Balance</b>	\$ 383,306	\$ (68,175)	\$ 622,365	\$ 844,203	\$ 1,333,627	\$ 1,206,775	\$ 443,512	\$ 1,326,759	\$ 1,154,594	\$ (383,129)	\$ (195,366)	\$ 490,444
<b>Ending Balance<sup>(c)</sup></b>	(68,175)	622,365	844,203	1,333,627	1,206,775	443,512	1,326,759	1,154,594	(383,129)	(195,366)	490,444	(299,741)
<b>Lowest Daily Balance<sup>(c)</sup></b>	(137,423)	(68,173)	276,241	558,762	637,131	(261,548)	384,704	877,519	(383,129)	(839,142)	(195,366)	(868,736)
<b>RECEIPTS</b>												
<b>TAX RECEIPTS</b>												
Individual Income	\$ 447,710	\$ 634,176	\$ 703,817	\$ 476,815	\$ 642,892	\$ 625,658	\$ 949,443	\$ 526,967	\$ 570,413	\$ 1,039,144	\$ 648,564	\$ 745,701
Sales & Use	398,600	400,300	395,200	390,600	375,300	345,400	418,400	321,500	309,600	353,100	355,200	392,000
Corporate Income	27,500	21,900	160,900	34,300	28,800	165,100	29,100	20,600	217,600	34,800	22,600	159,700
Public Utility	-	-	500	3,400	163,400	500	800	100	100	1,900	170,500	500
Excise	64,100	53,500	96,400	81,700	77,600	68,900	51,200	59,900	49,700	50,800	53,900	59,200
Insurance	500	1,300	28,400	600	1,200	34,900	2,600	18,300	20,600	25,800	1,200	29,200
<b>Subtotal Tax Receipts</b>	<b>\$ 938,410</b>	<b>\$ 1,111,176</b>	<b>\$ 1,385,217</b>	<b>\$ 987,415</b>	<b>\$ 1,289,192</b>	<b>\$ 1,240,458</b>	<b>\$ 1,451,543</b>	<b>\$ 947,367</b>	<b>\$ 1,168,013</b>	<b>\$ 1,505,544</b>	<b>\$ 1,251,964</b>	<b>\$ 1,386,301</b>
<b>NON-TAX RECEIPTS</b>												
Federal	\$ 645,144	\$ 735,844	\$ 689,258	\$ 666,444	\$ 701,223	\$ 630,068	\$ 771,585	\$ 726,280	\$ 721,744	\$ 622,232	\$ 829,917	\$ 663,601
Other & Transfers	490,154	339,535	592,770	461,633	353,447	294,466	584,679	641,174	352,015	396,803	354,893	483,067
Note Proceeds <sup>(d)</sup>	803,408	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Non-Tax Receipts</b>	<b>\$ 1,938,706</b>	<b>\$ 1,075,379</b>	<b>\$ 1,282,028</b>	<b>\$ 1,128,077</b>	<b>\$ 1,054,670</b>	<b>\$ 924,534</b>	<b>\$ 1,356,264</b>	<b>\$ 1,367,454</b>	<b>\$ 1,073,759</b>	<b>\$ 1,019,035</b>	<b>\$ 1,184,810</b>	<b>\$ 1,146,668</b>
<b>TOTAL RECEIPTS</b>	<b>\$ 2,877,116</b>	<b>\$ 2,186,555</b>	<b>\$ 2,667,245</b>	<b>\$ 2,115,492</b>	<b>\$ 2,343,862</b>	<b>\$ 2,164,992</b>	<b>\$ 2,807,807</b>	<b>\$ 2,314,821</b>	<b>\$ 2,241,772</b>	<b>\$ 2,524,579</b>	<b>\$ 2,436,774</b>	<b>\$ 2,532,969</b>
<b>DISBURSEMENTS</b>												
Local Aids	\$ 1,382,243	\$ 155,595	\$ 912,069	\$ 150,007	\$ 1,015,558	\$ 1,285,577	\$ 216,393	\$ 269,766	\$ 1,300,662	\$ 155,879	\$ 164,904	\$ 1,942,920
Income Maintenance	815,310	597,882	570,110	614,009	611,138	697,602	557,019	554,573	626,648	622,944	443,882	241,581
Payroll and Related	529,115	286,121	344,035	440,810	402,740	471,402	438,945	403,382	398,649	532,213	305,634	401,095
Tax Refunds	50,900	73,700	50,500	60,900	75,200	128,600	167,300	641,000	513,700	470,600	174,800	149,200
Debt Service	215,247	-	161,854	6,936	258	-	6,936	-	376,910	19,838	-	-
Miscellaneous	324,374	382,717	406,839	353,406	365,820	345,073	537,968	425,851	359,104	331,519	457,923	588,357
Note Repayment <sup>(d)</sup>	11,408	-	-	-	-	-	-	192,414	203,822	203,822	203,822	-
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 3,328,597</b>	<b>\$ 1,496,015</b>	<b>\$ 2,445,407</b>	<b>\$ 1,626,068</b>	<b>\$ 2,470,714</b>	<b>\$ 2,928,254</b>	<b>\$ 1,924,561</b>	<b>\$ 2,486,986</b>	<b>\$ 3,779,495</b>	<b>\$ 2,336,815</b>	<b>\$ 1,750,965</b>	<b>\$ 3,323,153</b>

(a) Projections or estimates in this table reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and the Legislature's Joint Committee on Finance, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. With respect to federal economic stimulus money, this table reflects \$568 million of such money the State expects to receive in the 2010-11 fiscal year in the General Fund (\$317 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes). This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from \$200 to \$400 million during the 2010-11 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$10 million during the 2010-11 fiscal year.

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

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

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

**2009-10 FISCAL YEAR  
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE  
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR<sup>(a)</sup>  
(Cash Basis)  
As of June 30, 2010  
(Amounts in Thousands)**

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

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) Results, projections, or estimates included in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.188 billion that the State received or expected to receive in the 2009-10 fiscal year in the General Fund (\$792 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenue, and \$83 million for other various purposes), \$800 million of operating note proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.

**Source: Wisconsin Department of Administration**



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

**GENERAL FUND MONTHLY CASH POSITION<sup>(a)</sup>**  
**July 1, 2008 through June 30, 2010 – Actual**  
**July 1, 2010 through June 30, 2011 – Estimated<sup>(b)</sup>**  
**(Amounts in Thousands)**

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts<sup>(c)</sup></u>	<u>Disbursements<sup>(c)</sup></u>
2008	July.....	24,836	3,014,286	2,867,001
	August.....	172,121 (d)	1,708,398	1,416,143
	September.....	464,376	2,500,671	2,069,238
	October.....	895,809	2,421,520	1,914,314
	November.....	1,403,015	1,833,481	2,108,957
	December.....	1,127,539 (d)	2,026,521	2,743,544
2009	January.....	410,516	2,523,271	1,840,909
	February.....	1,092,878	2,189,572	2,475,831
	March.....	806,619 (d)	2,228,792	3,530,714
	April.....	(495,303) (d)	3,251,394	2,730,689
	May.....	25,402 (d)	2,008,161	1,987,460
	June.....	46,103 (d)	3,188,104	3,381,558
	July.....	(147,352) (d)	3,267,937	3,330,367
	August.....	(209,782) (d)	1,941,326	1,471,235
	September.....	260,309	2,627,956	2,390,978
	October.....	497,287	2,386,405	1,666,418
	November.....	1,217,274	2,354,892	2,341,164
	December.....	1,231,002	2,325,925	2,865,881
2010	January.....	691,046	2,564,759	1,778,662
	February.....	1,477,143	2,304,526	2,344,553
	March.....	1,437,116 (d)	2,402,735	3,512,073
	April.....	327,778 (d)	2,642,788	2,356,146
	May.....	614,420	1,964,818	1,762,622
	June.....	816,616 (d)	2,915,644	3,348,954
	July.....	383,306 (d)	2,881,379	3,332,860
	August.....	(68,175) (d)	2,186,555	1,496,015
	September.....	622,365	2,667,245	2,445,407
	October.....	844,203	2,115,492	1,626,068
	November.....	1,333,627	2,343,862	2,470,714
	December.....	1,206,775 (d)	2,164,992	2,928,254
2011	January.....	443,512	2,807,807	1,924,561
	February.....	1,326,759	2,314,821	2,486,986
	March.....	1,154,594 (d)	2,241,772	3,779,495
	April.....	(383,129) (d)	2,524,579	2,336,815
	May.....	(195,366) (d)	2,436,774	1,750,965
	June.....	490,444 (d)	2,532,969	3,323,153

- (a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).
- (b) The results in this table for the 2009-10 fiscal year reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.188 billion that the State received in the 2009-10 fiscal year in the General Fund, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The projections or estimates in this tables for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and the Legislature’s Joint Committee on Finance, certain federal economic stimulus money in the amount of \$568 million that the State expects to receive in the 2010-11 fiscal year in the General Fund, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.
- (c) Operating notes were issued for the 2008-09, 2009-10, and 2010-11 fiscal years.
- (d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 7% of the general purpose revenue appropriations then in effect (approximately \$940 million for the 2009-10 fiscal year and \$986 million for the 2010-11 fiscal year). In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately \$403 million for the 2009-10 fiscal year and \$422 million for the 2010-11 fiscal year) for a period of up to 30 days. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

**Source: Wisconsin Department of Administration**

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

**CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION<sup>(a)</sup>**  
**July 31, 2008 to June 30, 2010 – Actual**  
**July 31, 2010 to June 30, 2011 – Estimated**  
**(Amounts in Millions)**

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

**Available Balances; Does Not Include Balances in the LGIP**

<u>Month (Last Day)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January .....		\$ 1,045	\$ 1,042	\$ 1,042
February .....		1,180	955	955
March .....		1,124	935	935
April .....		1,020	1,209	1,209
May .....		1,191	1,289	1,289
June .....		1,167	1,427	1,427
July .....	\$ 910	981	982	
August .....	944	1,064	1,064	
September .....	1,081	1,233	1,234	
October .....	906	1,035	1,035	
November .....	1,011	1,118	1,118	
December .....	1,072	1,073	1,073	

**Available Balances; Includes Balances in the LGIP**

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

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

**Source: Wisconsin Department of Administration**

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

<b>GENERAL FUND RECORDED REVENUES<sup>(a)</sup></b>				
<b>(Agency-Recorded Basis)</b>				
<b>July 1, 2009 to June 30, 2010 Compared With Previous Year</b>				
	<b>Annual Fiscal Report Revenues <u>2008-09 FY<sup>(b)</sup></u></b>	<b>Projected Revenues <u>2009-10 FY<sup>(c)</sup></u></b>	<b>Recorded Revenues July 1, 2008 to <u>June 30, 2009<sup>(d)</sup></u></b>	<b>Recorded Revenues July 1, 2009 to <u>June 30, 2010<sup>(e)</sup></u></b>
Individual Income Tax .....	\$ 6,222,735,000	\$ 6,230,973,000	\$ 5,871,723,043	\$ 5,746,909,403
General Sales and Use Tax .....	4,083,959,000	4,089,220,000	\$3,711,209,876	\$3,563,216,169
Corporate Franchise and Income Tax .....	629,523,000	717,150,000	627,552,724	794,642,938
Public Utility Taxes .....	320,110,000	318,200,000	320,109,613	319,407,281
Excise Taxes .....	647,621,000	795,680,000	587,446,868	688,652,756
Inheritance Taxes .....	20,853,000	-	20,910,979	669,533
Insurance Company Taxes .....	136,291,000	148,000,000	105,413,479	98,220,992
Miscellaneous Taxes .....	52,059,000	47,000,000	73,105,341	89,740,684
SUBTOTAL.....	<u>12,113,151,000</u>	<u>12,346,223,000</u>	<u>11,317,471,922</u>	<u>11,301,459,756</u>
Federal and Other Inter- Governmental Revenues <sup>(f)</sup> .....	8,411,740,000	8,451,323,200	8,430,640,470	9,966,586,345
Dedicated and Other Revenues <sup>(g)</sup> .....	<u>4,553,355,000</u>	<u>5,082,068,100</u>	<u>4,624,277,555</u>	<u>5,024,902,500</u>
TOTAL.....	<u>\$ 25,078,246,000</u>	<u>\$ 25,879,614,300</u>	<u>\$ 24,372,389,947</u>	<u>\$ 26,292,948,601</u>

- (a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2008-09 fiscal year, dated October 15, 2009.
- (c) Projections included in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.002 billion that the State expected to receive in the 2009-10 fiscal year in the General Fund (\$606 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenue, and \$83 million for other various purposes), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009), and \$800 million of operating note proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010. Unlike many other tables that appear in this APPENDIX A, the projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.
- (d) The amounts shown are 2008-09 fiscal year revenues as recorded by all State agencies. The amounts shown are as of June 30, 2009 and do not include revenues for the 2008-09 fiscal year that were recorded by State agencies during the months of July and August, 2009. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (e) The amounts shown are 2009-10 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. Additional revenues will be recorded by state agencies for the 2009-10 fiscal year during the months of July and August, 2010. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.
- (g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

**Source: Wisconsin Department of Administration**

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

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

	<b>Annual Fiscal Report Expenditures 2008-09 FY<sup>(b)</sup></b>	<b>Appropriations 2009-10 FY<sup>(c)</sup></b>	<b>Recorded Expenditures July 1, 2008 to June 30, 2009<sup>(d)</sup></b>	<b>Recorded Expenditures July 1, 2009 to June 30, 2010<sup>(e)</sup></b>
Commerce.....	\$ 263,800,000	\$ 307,224,700	\$ 237,155,879	\$ 287,232,029
Education.....	11,130,263,000	11,428,901,400	11,335,930,509	11,240,622,576
Environmental Resources.....	327,566,000	330,460,100	317,186,370	159,509,020
Human Relations & Resources .....	10,361,591,000	10,195,574,700	10,276,369,303	11,278,306,763
General Executive.....	844,724,000	1,306,939,400	893,194,190	1,055,449,600
Judicial.....	130,541,000	136,201,700	126,465,298	125,949,469
Legislative.....	65,289,000	73,817,900	60,960,872	61,114,781
General Appropriations.....	2,156,962,000	2,346,576,300	2,129,090,941	2,259,849,032
<b>TOTAL.....</b>	<b><u>\$ 25,280,736,000</u></b>	<b><u>\$ 26,125,696,200</u></b>	<b><u>\$ 25,376,353,363</u></b>	<b><u>\$ 26,468,033,269</u></b>

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2008-09 fiscal year, dated October 15, 2009.
- (c) The estimates in this table reflect the 2009 Wisconsin Act 2 and the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The estimates in this table do not reflect the projections included in the January 27, 2010 LFB memorandum.
- (d) The amounts shown are 2008-09 fiscal year expenditures as recorded by all State agencies. The amounts shown are as of June 30, 2009 and do not include expenditures for the 2008-09 fiscal year that were recorded by State agencies during the months of July and August, 2009.
- (e) The amounts shown are 2009-10 fiscal year expenditures as recorded by all State agencies. Additional expenditures will be recorded by state agencies for the 2009-10 fiscal year during the months of July and August, 2010.

**Source: Wisconsin Department of Administration**

## APPENDIX B

### INFORMATION ABOUT THE MASTER LEASE PROGRAM

This Appendix includes by reference information concerning the Master Lease Program (**Program**) and master lease certificates of participation, as contained in [Part IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 \(2009 Annual Report\)](#), which can be obtained as described below. This Appendix also includes changes or additions to the information presented in Part IV of the 2009 Annual Report.

Part IV to the 2009 Annual Report contains information about the Program and Master Lease Certificates of Participation. More specifically, this part presents information about the following matters:

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

The 2009 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) and is also 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](http://www.doa.wi.gov/capitalfinance)

Copies of the 2009 Annual Report may also be obtained from:

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

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

**Outstanding Master Lease Schedules; Table IV-2 (Part IV–Pages 129-135).** Update with the following, which is a summary of all outstanding Lease Schedules and not just those funded with proceeds of the Certificates:

**OUTSTANDING MASTER LEASE SCHEDULES  
(As of July 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
00-031	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	\$ 569,400.00	\$ 245,834.92
00-032	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,450,000.00	626,028.51
00-045	5/18/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	74,600.00	32,204.03
00-068	6/30/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	32,594.00	13,616.32
00-073	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	624,000.00	269,001.07
00-074	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,800,000.00	775,964.67
00-081	8/7/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	501,520.00	233,027.00
00-086	8/25/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	102,562.00	43,151.82
00-095	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	312,000.00	130,641.01
00-096	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	750,000.00	313,339.85
00-097	9/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	364,820.00	159,790.81
00-108	10/16/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	413,798.00	181,513.84
00-120	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	276,714.00	121,538.02
00-121	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	292,169.21	128,328.23
00-128	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	364,307.50	160,317.83
00-129	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	131,710.25	55,078.45
00-130	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	450,000.00	188,180.57
00-131	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,200,000.00	501,814.86
00-132	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	78,880.00	34,712.08
00-135	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	182,598.00	80,520.34
00-142	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	516,614.64	227,811.87
00-144	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	391,860.00	172,798.72
00-146	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	351,434.00	155,115.01
00-147	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	216,443.15	95,533.10
00-148	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	79,455.00	35,069.66
00-149	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	37,517.07
00-151	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	452,800.00	189,106.56
00-152	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	146,173.37
01-001	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	33,274.50	14,727.59
01-007	2/1/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	794,500.00	371,718.59
01-008	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	27,812.00	11,560.15
01-009	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	140,829.20	62,332.13
01-010	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,062.00	113,335.12
01-011	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	37,621.71
01-012	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	200,000.00	83,130.68
01-013	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	145,478.64
01-025	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	160,584.00	75,597.70
01-029	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,912.00	114,517.73
01-030	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	129,036.87	57,517.81
01-031	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	93,375.00	43,982.08
01-033	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	998,500.00	418,122.41
01-034	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	73,838.75	30,920.01
01-035	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	151,040.00	63,248.07
01-036	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	92,000.00	41,008.73
01-037	4/17/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	286,000.00	102,928.70
01-039	4/17/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	53,534.00	23,929.01
01-043	5/9/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	14,040.00	4,596.43
01-048	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	25,000.00	10,527.50
01-049	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	250,000.00	105,275.24
01-050	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	50,477.20	22,620.12
01-051	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	24,025.89	10,766.61
01-052	5/9/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	484,510.00	229,376.21
01-053	5/9/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	277,000.00	99,990.43
01-057	5/30/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	20,500.00	6,743.05
01-059	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	153,466.00	72,940.34
01-065	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	88,700.00	37,509.33
01-066	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	63,011.00	26,646.01
01-067	5/30/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	235,800.00	85,505.01
01-069	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	319,552.00	151,878.81
01-071	6/28/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	20,500.00	6,777.86
01-073	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	13,500.00	6,442.82
01-077	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	45,208.00	19,203.37
01-078	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	40,300.00	17,118.55

**OUTSTANDING MASTER LEASE SCHEDULES—Continued**  
(As of July 15, 2010)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
01-079	6/28/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	\$ 240,550.00	\$ 87,742.73
01-080	6/28/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	36,145.20	16,333.58
01-081	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	442,300.00	211,085.89
01-092	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	138,000.00	66,355.51
01-093	8/2/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	165,450.00	60,805.96
01-094	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 1	307,262.00	147,742.96
01-095	8/2/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,150.00	9,484.11
01-104	8/31/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	7,490.00	2,509.08
01-105	8/31/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	107,950.00	39,834.22
01-106	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	28,700.00	13,844.93
01-107	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	278,000.00	134,107.56
01-110	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	435,980.00	211,010.28
01-117	9/28/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	20,965.00	9,613.31
01-120	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	45,000.00	21,779.58
01-121	9/28/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	67,000.00	24,824.81
01-122	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	62,800.00	30,394.61
01-123	9/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	26,650.00	11,494.18
01-125	9/28/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	666,242.00	337,054.52
01-133	11/21/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	487,245.20	247,988.26
01-138	11/21/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	334,050.00	162,705.85
01-147	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	51,210.00	25,055.90
01-148	12/28/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	7,670.00	2,617.87
01-151	12/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	23,675.00	10,335.34
01-152	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	587,298.00	287,351.63
02-005	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	1,022,343.35	460,875.19
02-013	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	1,081,226.20	487,419.75
02-014	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	81,075.00	34,978.92
02-015	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	227,500.00	98,152.32
02-019	2/21/2002	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	17,552.00	6,843.96
02-020	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	21,655.60	8,935.93
02-025	2/21/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	100,000.00	43,367.01
02-027	2/21/2002	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	50,250.00	17,008.30
02-028	2/21/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	196,496.80	89,027.11
02-029	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	10,083.54	4,160.84
02-043	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	225,000.00	99,147.84
02-044	4/26/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	429,034.20	197,429.61
02-048	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	85,858.00	37,833.92
02-050	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	1,307,850.00	626,547.23
02-051	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	825,640.24	395,536.63
02-052	5/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	250,000.00	120,520.82
02-055	5/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	142,872.90	66,189.61
02-056	5/24/2002	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	32,340.00	14,349.69
02-059	5/31/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	696,128.00	336,025.69
02-061	6/18/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	127,832.05	59,561.29
02-062	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	250,000.00	121,166.13
02-063	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	206,800.00	100,228.61
02-064	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	31,000.00	13,836.28
02-071	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	185,490.00	82,845.58
02-082	7/16/2002	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	103,301.00	26,520.41
02-083	7/16/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	79,754.00	38,922.16
02-084	7/16/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	1,006,392.00	472,567.84
02-085	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	49,230.00	23,287.45
02-086	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	124,032.00	60,959.89
02-087	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	175,328.20	82,936.07
02-088	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	382,687.28	188,085.13
02-089	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	120,000.00	58,978.24
02-090	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	229,500.00	108,561.15
02-104	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	682,701.48	335,154.75
02-105	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	222,320.50	105,044.98
02-106	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	105,963.42	50,067.02
02-107	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	553,036.00	271,498.83
02-108	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	575,550.00	282,551.50
02-109	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	419,000.00	197,974.78
02-110	9/13/2002	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	34,200.00	8,865.66
02-111	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	96,300.00	47,276.03
02-112	9/13/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	597,251.20	303,354.11
02-113	9/13/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	75,777.00	24,666.63
02-126	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	30,641.00	15,007.34

**OUTSTANDING MASTER LEASE SCHEDULES—Continued**  
**(As of July 15, 2010)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
02-127	10/24/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	\$ 361,201.60	\$ 183,032.70
02-128	10/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	100,000.00	47,139.17
02-129	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	75,000.00	36,733.49
02-130	10/24/2002	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	127,113.00	48,592.79
02-131	10/24/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Colleges Fox Valley	143,756.00	46,685.74
02-132	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	1,077,876.00	527,921.61
02-143	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	63,250.00	30,927.13
02-144	11/19/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	65,090.00	21,103.35
02-146	11/19/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	90,000.00	42,354.81
02-147	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	59,634.00	29,159.00
02-148	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	171,500.00	83,857.75
02-151	12/30/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	121,100.00	40,254.03
02-152	12/30/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	13,010.00	6,086.14
02-153	12/30/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Colleges Fox Valley	36,500.00	12,132.73
02-154	12/30/2002	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	69,200.00	27,220.55
02-155	12/30/2002	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Health	39,220.00	14,474.97
02-156	12/30/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	189,187.30	99,750.56
02-157	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	120,000.00	61,062.29
02-158	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	130,075.00	63,617.72
02-159	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	103,000.00	52,411.79
02-163	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	42,633.43	20,851.35
03-001	1/24/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	41,851.50	22,197.32
03-002	1/24/2003	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	45,000.00	17,827.14
03-003	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	51,670.00	26,452.47
03-004	1/24/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	222,760.00	109,630.74
03-005	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	82,800.00	42,389.50
03-011	2/14/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	77,200.00	26,019.18
03-016	2/28/2003	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	55,150.00	26,211.56
03-017	2/28/2003	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	16,880.00	8,718.83
03-020	2/28/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	69,900.00	39,035.04
03-032	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	85,000.00	44,393.91
03-033	4/14/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	38,911.40	21,043.16
03-034	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	157,664.00	82,344.95
03-035	4/14/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	35,496.15	17,832.15
03-039	4/14/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	27,980.00	9,611.42
03-046	7/31/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	52,680.00	30,473.57
03-052	5/27/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	306,308.00	155,621.10
03-053	5/27/2003	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	8,025.00	2,216.75
03-057	6/19/2003	9/1/2013	WEI 3-Energy Perf Contract; Oakhill Correctional	172,414.90	60,447.01
03-061	6/19/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	189,775.00	96,922.60
03-062	7/10/2003	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	27,851.81	14,300.98
03-066	7/10/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	19,432.00	10,366.55
03-076	7/31/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	250,000.00	134,111.31
03-077	7/31/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	11,740.00	4,187.77
03-088	9/22/2003	9/1/2010	Development of WiSACWIS Phase 2	654,520.00	24,691.07
03-091	10/27/2003	9/1/2013	WEI 3-Energy Perf Contract; Oregon Correctional	52,068.10	19,146.10
03-093	10/27/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	163,040.00	96,472.98
03-099	11/13/2003	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	130,000.00	73,786.70
03-100	12/11/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	758,482.00	406,484.18
03-101	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	254,050.00	141,232.33
03-102	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	75,617.00	42,037.26
03-103	12/11/2003	9/1/2010	Development of WiSACWIS Phase 2	1,653,820.00	60,423.65
03-105	12/11/2003	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,500.00	10,469.20
04-001	1/16/2004	9/1/2010	Development of E-WiSACWIS-Internet Child	43,183.20	1,716.96
04-006	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	31,633.00	17,938.33
04-007	2/24/2004	9/1/2010	Development of WiSACWIS Phase 2	229,658.00	9,296.92
04-008	2/24/2004	9/1/2010	Development of E-WiSACWIS	38,105.40	1,542.57
04-012	2/24/2004	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	277,000.00	151,520.17
04-013	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	278,200.00	157,760.67
04-016	3/23/2004	9/1/2010	Development of Statewide Child Welfare S	1,586,770.00	65,128.89
04-017	4/22/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	163,226.00	94,045.65
04-018	4/22/2004	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	144,800.00	40,265.30
04-021	4/22/2004	9/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	6,165.00	3,147.28
04-031	6/10/2004	9/1/2010	WiSACWIS Phase 2 - Develop Statewide Sys	119,434.00	5,088.72
04-032	6/10/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	4,915.00	3,080.31
04-037	6/30/2004	9/1/2010	WiSACWIS Phase 2 Child Welfare System State	43,174.00	1,857.95
04-042	7/20/2004	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	210,757.00	100,542.24
04-043	8/20/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	190,000.00	112,902.29



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<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
04-044	8/20/2004	9/1/2010	Development of WiSACWIS Phase 2 FINAL	\$ 2,430,141.00	\$ 108,094.75
04-045	9/20/2004	9/1/2011	LED Sign	559,063.07	129,068.04
04-049	10/29/2004	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	122,991.00	58,401.60
04-050	10/29/2004	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	418,453.00	121,256.03
04-051	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	30,663.00	18,570.20
04-054	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	175,000.00	105,983.98
04-055	10/29/2004	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	28,051.00	17,507.11
04-061	11/30/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	42,765.00	27,947.23
05-004	1/31/2005	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	90,617.00	27,272.36
05-005	1/31/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	175,000.00	81,757.68
05-009	3/17/2005	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	501,490.00	323,869.10
05-010	3/17/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	320,550.00	201,129.74
05-011	3/17/2005	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	290,000.00	176,166.06
05-022	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	547,825.00	347,596.38
05-023	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	387,180.00	245,938.85
05-043	8/17/2005	9/1/2011	LED Sign	35,000.00	9,386.68
05-046	9/7/2005	3/1/2012	ITS Phase 3-WINPAS Project	600,000.00	199,068.39
05-047	9/7/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	165,000.00	107,974.23
05-048	9/7/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	319,286.00	160,233.57
05-054	11/23/2005	3/1/2012	ITS Phase 3-WINPAS Project	900,000.00	308,420.87
05-055	11/23/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	170,643.00	113,803.05
05-056	11/23/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	350,000.00	180,201.50
05-058	12/21/2005	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	70,175.00	24,236.92
06-001	1/11/2006	3/1/2012	ITS Phase 3-WINPAS Project	450,000.00	156,856.77
06-002	1/11/2006	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	24,000.00	15,210.67
06-004	1/11/2006	9/1/2010	Potrable Radios & Inband Repeaters	777,787.00	90,492.09
06-005	1/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	88,770.00	62,313.00
06-007	1/31/2006	9/1/2010	Portable Radios & Inband Repeaters	250,600.00	18,707.34
06-008	2/17/2006	3/1/2012	ITS Phase 3-WINPAS Project	2,050,000.00	725,132.74
06-010	3/3/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	110,600.00	75,413.68
06-014	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	33,231.00	22,780.35
06-015	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	42,500.00	29,134.40
06-016	3/31/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	70,442.00	46,943.11
06-017	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	116,537.58
06-018	3/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,544.00	17,955.88
06-019	3/31/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	160,000.00	85,666.24
06-025	5/19/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	367,500.00	247,345.24
06-026	5/19/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	240,000.00	166,065.62
06-027	5/19/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,000.00	17,728.74
06-028	5/19/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	120,000.00	65,155.28
06-029	5/19/2006	3/1/2013	Integrated Property Assessment System (IPAS)	144,187.00	67,369.75
06-035	6/16/2006	3/1/2011	Golf Course Maintenance Equipment	65,660.50	14,872.04
06-037	6/30/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	574,730.00	390,259.21
06-038	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	530,000.00	369,800.58
06-039	6/30/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	50,033.31
06-040	6/30/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	100,000.00	54,972.91
06-041	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	50,000.00	34,886.84
06-044	6/30/2006	3/1/2012	ITS Phase 3-WINPAS Project	300,000.00	112,134.43
06-045	6/30/2006	3/1/2013	Integrated Business Information System	3,825,007.91	1,870,216.98
06-050	7/19/2006	3/1/2012	ITS Phase 3-WINPAS Project	600,000.00	226,044.72
06-051	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	120,523.22
06-052	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	40,000.00	28,358.41
06-054	8/2/2006	3/1/2011	Golf Course Maintenance Equipment	40,223.00	9,523.89
06-055	8/2/2006	3/1/2012	ITS Phase 3-WINPAS Project	1,000,000.00	318,713.35
06-056	8/31/2006	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	25,848.00	15,846.34
06-057	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	160,000.00	116,042.07
06-058	8/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	51,902.89
06-059	8/31/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	50,000.00	29,073.76
06-060	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	152,000.00	110,239.96
06-064	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	180,000.00	131,288.11
06-065	9/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	95,000.00	70,815.47
06-066	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	28,000.00	20,422.59
06-068	10/17/2006	3/1/2012	ITS Phase 3-WINPAS Project	500,000.00	201,916.72
06-072	12/15/2006	3/1/2013	Integrated Business Information System	199,407.99	104,076.68
06-073	12/15/2006	3/1/2012	ITS Phase 3-WINPAS Project	1,150,000.00	476,999.83
06-074	12/15/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	230,000.00	170,379.24
06-075	12/15/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	285,000.00	214,908.92
06-077	12/29/2006	3/1/2013	Integrated Business Information System	971,908.16	508,332.04

**OUTSTANDING MASTER LEASE SCHEDULES—Continued**  
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<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
06-078	12/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	\$ 110,879.00	\$ 82,380.66
06-079	12/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	174,454.50
07-002	1/19/2007	3/1/2014	Intoximeters - Breath Alcohol Testing Equipment	637,500.00	387,026.04
07-004	1/19/2007	3/1/2013	Integrated Business Information System	47,396.96	25,165.62
07-008	2/2/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	318,576.00	243,221.92
07-009	2/2/2007	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	60,000.00	36,593.99
07-012	2/23/2007	3/1/2013	Integrated Business Information System	359,013.99	192,941.92
07-015	2/23/2007	3/1/2012	ITS Phase 3-WINPAS Project	660,000.00	283,690.32
07-020	4/27/2007	3/1/2013	Integrated Business Information System	48,750.00	26,854.21
07-022	4/27/2007	3/1/2012	Golf Course Maintenance Equipment	14,500.00	6,429.12
07-023	5/18/2007	3/1/2013	Integrated Property Assessment System (IPAS)	111,050.00	61,740.33
07-025	7/13/2007	3/1/2014	ITS Phase 3-WINPAS Project	990,000.00	637,411.10
07-026	7/13/2007	3/1/2012	Golf Course Maintenance Equipment	83,134.00	38,209.79
07-027	7/13/2007	3/1/2014	Intoximeters - Breath Alcohol Testing Equipment	963,900.00	620,579.07
07-028	7/13/2007	3/1/2013	Integrated Business Information System	222,297.94	124,977.33
07-033	8/10/2007	9/1/2012	Delivery Vehicle	74,442.00	38,640.92
07-035	8/10/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	780,000.00	609,186.96
07-036	8/31/2007	9/1/2012	Delivery Vehicle	39,194.00	20,535.08
07-037	9/14/2007	3/1/2012	Golf Course Maintenance Equipment	30,659.00	14,397.84
07-039	9/28/2007	3/1/2013	Integrated Business Information System	26,552.34	15,343.34
07-041	9/28/2007	9/1/2012	Delivery Vehicles	237,600.00	123,554.68
07-043	10/26/2007	3/1/2013	Integrated Business Information System	18,750.00	10,808.54
07-044	10/26/2007	3/1/2014	ITS Phase 3-WINPAS Project	415,000.00	272,650.11
07-045	12/7/2007	9/1/2010	WINPAS Collocation at DET Data Center	1,290,462.13	245,379.27
07-047	12/7/2007	3/1/2013	Integrated Property Assessment System (IPAS)	291,973.00	174,209.55
07-048	12/7/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	300,000.00	240,303.76
07-049	12/21/2007	9/1/2014	Digital Microwave Equipment Replacement	1,314,719.00	883,107.74
07-050	12/21/2007	3/1/2014	ITS Phase 3-WINPAS Project	1,235,000.00	828,925.04
08-001	1/18/2008	9/1/2010	WINPAS Collocation at DET Data Center	249,708.50	49,579.40
08-002	1/18/2008	3/1/2013	Integrated Business Information System	26,502.94	16,165.16
08-003	2/8/2008	9/1/2010	Recreational Vehicle Registration System	275,000.00	26,910.64
08-004	2/8/2008	9/1/2014	Digital Microwave Equipment Replacement	239,214.38	169,798.95
08-005	3/7/2008	3/1/2014	ITS Phase 3-WINPAS Project	600,000.00	415,416.53
08-006	3/7/2008	3/1/2011	Personal Computer and Laptop Replacement	186,142.42	64,595.03
08-007	3/7/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	150,000.00	122,728.95
08-008	3/7/2008	9/1/2014	Digital Microwave Equipment Replacement	53,754.40	38,636.10
08-009	3/7/2008	3/1/2011	Laptop Replacement	961,557.47	211,770.20
08-010	3/27/2008	3/1/2015	Campaign Finance Information System	144,106.00	107,585.72
08-011	4/18/2008	3/1/2013	Integrated Property Assessment System (IPAS)	111,080.00	70,878.64
08-012	5/16/2008	3/1/2013	Golf Course Maintenance Equipment	20,151.00	13,074.14
08-013	4/18/2008	3/1/2013	Golf Course Maintenance Equipment	27,000.00	17,228.33
08-014	5/16/2008	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	480,000.00	343,465.96
08-015	5/16/2008	3/1/2011	Mobile and Portable Radio Replacement	268,749.85	68,769.90
08-016	6/6/2008	3/1/2013	Golf Course Maintenance Equipment	142,143.00	93,305.45
08-017	6/6/2008	3/1/2015	Campaign Finance Information System	144,106.00	110,790.71
08-018	6/27/2008	3/1/2015	Campaign Finance Information System	14,420.00	11,188.68
08-019	6/27/2008	3/1/2011	Personal Computer Replacement-Specialty Labs	30,170.00	11,578.63
08-020	7/18/2008	3/1/2015	Campaign Finance Information System	82,248.00	65,011.61
08-021	7/18/2008	9/1/2011	Network Hardware Replacement	40,836.32	20,589.70
08-022	8/5/2008	9/1/2015	CNC Milling Machine	39,231.00	8,311.65
08-023	8/5/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	100,000.00	86,284.55
08-024	8/5/2008	3/1/2014	ITS Phase 3-WINPAS Project	375,000.00	281,432.81
08-025	9/5/2008	9/1/2013	Lawn Mower for Athletic Fields	47,333.00	34,636.27
08-026	9/5/2008	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	12,912.00	11,089.05
08-027	9/5/2008	9/1/2011	Network Hardware Replacement	11,646.00	6,101.39
08-028	9/30/2008	3/1/2014	ITS Phase 3-WINPAS Project	1,125,000.00	864,107.10
08-029	9/30/2008	9/1/2011	Software for Online Income Tax Filing	589,107.84	315,265.01
08-030	10/31/2008	3/1/2014	ITS Phase 3-WINPAS Project	320,000.00	249,021.51
08-031	10/31/2008	3/1/2015	Campaign Finance Information System	238,716.00	195,493.78
08-032	11/26/2008	3/1/2013	Integrated Property Assessment System (IPAS)	157,560.00	114,879.16
08-033	11/26/2008	9/1/2015	Digital Microwave Equipment Replacement - Phase 2	1,442,233.00	1,214,373.47
08-034	11/26/2008	9/1/2015	Wisconsin Integrated Correction System (WICS) - Phase 1	3,990,331.85	3,359,896.13
08-035	11/26/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	203,681.92
08-036	11/26/2008	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	325,000.00	255,854.17
08-037	12/23/2008	3/1/2014	ITS Phase 3-WINPAS Project	480,000.00	382,537.82
08-038	12/23/2008	3/1/2015	Campaign Finance Information System	26,704.00	22,297.42
09-001	1/21/2009	3/1/2014	Wheel Loader and Accessories	151,512.00	122,393.93
09-002	2/6/2009	3/1/2012	Medical Liquid Handling Equipment	66,420.72	44,648.69

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09-003	2/6/2009	3/1/2014	ITS Phase 3-WINPAS Project	\$ 200,000.00	\$ 162,678.61
09-004	2/6/2009	3/1/2012	Software/Hardware Upgrade to DOR Data Warehouse	442,330.47	297,339.11
09-005	2/6/2009	3/1/2016	Motor Coach Buses for Prisoner Transport	873,764.00	763,948.72
09-006	3/4/2009	3/1/2014	Digital Mobile Radio Replacement	1,583,700.00	1,305,102.97
09-007	3/4/2009	3/1/2014	ITS Phase 3-WINPAS Project	600,000.00	494,451.50
09-008	3/4/2009	3/1/2014	BadgerChoice Suite of Tools	825,000.00	679,870.82
09-010	3/4/2009	9/1/2010	WINPAS Collocation at DET Data Center	2,850.00	983.36
09-011	4/10/2009	3/1/2012	Network Switch Replacement	362,387.15	257,071.31
09-012	4/10/2009	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	99,440.00	91,049.59
09-013	4/10/2009	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	106,146.00	88,993.24
09-014	4/30/2009	3/1/2012	Network Switch Replacement	21,649.65	15,357.90
09-015	4/30/2009	3/1/2016	ITS Phase 3-WINPAS Project	180,000.00	161,654.29
09-016	5/28/2009	3/1/2012	Personal Computer and Laptop Replacement	182,153.75	134,915.18
09-017	5/28/2009	3/1/2014	BadgerChoice Suite of Tools	925,000.00	794,175.39
09-018	5/28/2009	3/1/2012	Tractor	45,800.00	23,553.19
09-019	6/16/2009	3/1/2016	ITS Phase 3-WINPAS Project	270,000.00	246,224.12
09-020	6/16/2009	3/1/2014	Golf Course Maintenance Equipment	130,203.50	112,817.10
09-021	6/30/2009	3/1/2016	ITS Phase 3-WINPAS Project	112,500.00	103,082.42
09-022	6/30/2009	3/1/2014	LANDesk Management Suite	463,590.00	404,596.31
09-023	7/16/2009	9/1/2014	Mass Spectrometer	399,501.05	278,387.55
09-024	7/31/2009	3/1/2016	ITS Phase 3-WINPAS Project	737,500.00	683,002.40
09-025	7/31/2009	3/1/2014	BadgerChoice Suite of Tools	750,000.00	665,279.60
09-026	8/14/2009	9/1/2012	Mass Spectrometer	600,000.00	295,934.34
09-027	8/31/2009	3/1/2014	LANDesk Management Suite	182,555.00	164,498.09
09-028	8/31/2009	9/1/2015	Digital Radio Replacement	365,750.00	339,849.35
09-029	9/18/2009	3/1/2014	LANDesk Management Suite	196,166.60	178,472.46
09-030	10/23/2009	3/1/2014	LANDesk Management Suite	253,589.52	235,175.59
09-031	10/23/2009	3/1/2016	ITS Phase 3-WINPAS Project	600,000.00	571,940.72
09-032	11/16/2009	3/1/2016	Campus Vehicles (Truck-Grounds and SUV-Law Enforcement)	50,516.00	48,554.59
09-033	12/16/2009	3/1/2016	Campus Vehicles (Snowplow for truck)	4,597.45	4,467.90
09-034	12/16/2009	3/1/2014	LANDesk Management Suite	461,068.22	440,674.53
09-035	12/16/2009	9/1/2012	Video Bronchoscope	55,253.85	39,345.68
10-001	1/15/2010	3/1/2013	Integrated Property Assessment System (IPAS)	182,530.00	182,530.00
10-002	1/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	250,000.00	250,000.00
10-003	1/15/2010	3/1/2014	BadgerChoice Suite of Tools	500,000.00	500,000.00
10-004	1/15/2010	3/1/2016	Statewide Vital Records Information System	119,079.90	119,079.90
10-005	1/15/2010	9/1/2015	Mobile Radio Replacement	707,548.40	608,964.40
10-006	2/16/2010	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	900,000.00
10-007	2/16/2010	3/1/2014	LANDesk Management Suite	513,947.36	513,947.36
10-008	2/16/2010	3/1/2015	Scheduling Software	61,250.00	61,250.00
10-009	3/12/2010	3/1/2016	ITS Phase 3-WINPAS Project	1,000,000.00	1,000,000.00
10-010	3/12/2010	3/1/2015	High Speed Printer / Scanner	30,352.20	30,352.20
10-011	3/12/2010	3/1/2015	Automated Functional Screen Software	180,000.00	180,000.00
10-012	3/12/2010	3/1/2013	Forage Harvester	167,100.00	167,100.00
10-013	3/12/2010	3/1/2014	LANDesk Management Suite	240,403.25	240,403.25
10-014	3/12/2010	3/1/2015	Automated Clinical Chemistry Analyzer	110,700.00	110,700.00
10-015	4/9/2010	3/1/2014	LANDesk Management Suite	291,399.73	291,399.73
10-016	4/9/2010	3/1/2015	Integrated Property Assessment System (IPAS)	717,272.00	717,272.00
10-017	4/9/2010	3/1/2015	Automated Functional Screen Software	220,000.00	220,000.00
10-018	4/30/2010	3/1/2015	Scheduling Software	85,806.00	85,806.00
10-019	4/30/2010	3/1/2016	ITS Phase 3-WINPAS Project	650,000.00	650,000.00
10-021	5/21/2010	3/1/2014	LANDesk Management Suite	349,003.39	349,003.39
10-022	5/21/2010	3/1/2016	Statewide Vital Records Information System	38,894.50	38,894.50
10-023	5/21/2010	3/1/2015	Orchard Sprayer - Peninsular Ag Research Station	19,399.10	19,399.10
10-024	5/21/2010	3/1/2015	Golf Course Maintenance Equipment	65,178.00	65,178.00
10-025	5/21/2010	3/1/2013	Personal Computer and Laptop Replacement	152,672.91	152,672.91
10-026	5/21/2010	3/1/2015	Tractor - Seed Potato Farm	79,440.00	79,440.00
10-027	6/18/2010	3/1/2017	Pneumatic Granular Fertilizer Applicator	59,349.45	59,349.45
10-028	6/18/2010	3/1/2015	Scheduling Software	10,000.00	10,000.00
10-029	6/18/2010	3/1/2015	Golf Course Maintenance Equipment	45,314.00	45,314.00
10-030	6/18/2010	3/1/2014	LANDesk Management Suite	221,355.46	221,355.46
10-031	6/18/2010	3/1/2013	Personal Computer and Monitor Replacement	36,340.00	36,340.00
10-032	6/30/2010	3/1/2015	Avionic Radio Replacement	279,530.35	179,530.35
10-033	6/30/2010	3/1/2015	Scheduling Software	140,850.00	140,850.00
10-035	7/12/2010	3/1/2014	LANDesk Management Suite	265,740.05	265,740.05
					<u>\$ 66,372,657.74</u>

Note: The principal balance of the Lease Schedules in the above table reflects amortization at an assumed fixed interest rate; during the period that a Lease Schedule is funded with proceeds from the revolving credit facility, interest accrues and is based on a variable interest rate. As a result, the principal balances included in this table may change slightly when reconciled to reflect actual accrued interest.

## APPENDIX C

### EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

August 31, 2010

Secretary of Administration  
State of Wisconsin Department of Administration  
101 East Wilson Street, 10th Floor  
Madison, Wisconsin 53703

**\$21,205,000**  
**Master Lease Certificates of Participation**  
**of 2010, Series B**  
**(State of Wisconsin)**

We have acted as bond counsel in connection with the issuance by U.S. Bank National Association, as trustee (**Trustee**), of the \$21,205,000 Master Lease Certificates of Participation of 2010, Series B (State of Wisconsin), dated the date hereof (**Certificates**)

The Certificates evidence a proportionate interest of the owners thereof in certain payments of rent to be made by the State of Wisconsin, acting by and through the State of Wisconsin Department of Administration, as lessee (**Lessee**), under the Third Amended and Restated Master Lease, dated as of April 28, 2000 (**Master Lease**), by and between U.S. Bank National Association, as lessor (**Lessor**), and the Lessee. The Master Lease was entered into pursuant to Section 16.76, Wisconsin Statutes, as amended (**Act**). The Certificates are being issued pursuant to the Master Indenture, dated as of July 1, 1996 (**Master Indenture**), among the Lessor, the Trustee, and the Lessee, and the Supplemental Indenture No. 2010-B, dated as of August 31, 2010 (**Supplemental Indenture**), among the same parties.

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

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

1. The Certificates are valid proportionate interests in, and rights to receive payment of, the rent evidenced thereby.
2. The Lessee is required to make the payments of rent from any source of legally available funds, subject to annual appropriation. The obligation of the Lessee to make the payments of rent does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any tax or for which the Lessee has levied or pledged any tax. The obligation of the Lessee to make the payments of rent does not constitute public debt (as defined under Chapter 18 of the Wisconsin Statutes) of the Lessee or any of its political subdivisions.
3. The portion of rent designated as and constituting interest paid by the Lessee and received by the owners of the Certificates as interest is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. This letter expresses no opinion as to the federal income tax consequences resulting from ownership of the Certificates or the receipt by the owners thereof of payments on the Certificates following the termination of the Master

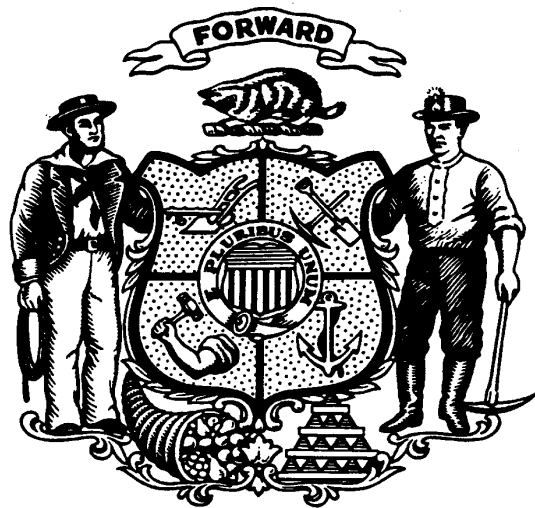
Lease resulting from an event of nonappropriation or an event of default thereunder. The Lessee must comply with all requirements of the Internal Revenue Code that must be satisfied after the Certificates are issued for the portion of rent designated as and constituting interest paid by the Lessee and received by the owners of the Certificates to be, or continue to be, excluded from gross income for federal income tax purposes. The Lessee has agreed to do so. A failure to comply may cause the portion of rent designated as and constituting interest paid by the Lessee and received by the owners of the Certificates to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Certificates were issued. This letter expresses no opinion about other federal tax law consequences regarding the Certificates.

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

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 Lessee.

Very truly yours,

FOLEY & LARDNER LLP



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