

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.

\$26,810,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2012, SERIES A

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

Acting by and through the Department of Administration

Dated: Delivery Date

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

Ratings	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 and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <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>
Redemption	<i>Optional</i> —The Certificates are not callable prior to maturity. <i>Mandatory</i> —Master lease certificates of participation of all series, including 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 3.</i>
Security	Certificates evidence proportionate interests in certain 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 Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture for the Program. 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 — <i>See pages 5-7.</i>
Purpose	Funding Lease Schedules previously financed through a revolving credit facility and paying costs of issuance for the Certificates— <i>See page 2-3.</i>
Interest Payment Dates	March 1 and September 1
First Interest Payment Date	September 1, 2012
Denominations	\$5,000
Closing/Delivery/Settlement	On or about February 29, 2012
Bond Counsel	Foley & Lardner LLP
Trustee/Registrar/Paying Agent	U.S. Bank National Association
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry-Only Form	The Depository Trust Company— <i>See pages 4-5.</i>
2011 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, 2011.

The Certificates were sold at competitive sale on February 16, 2012. The interest rates payable on the Certificates, which are shown on the **inside front cover**, resulted from the award of the Certificates.

February 16, 2012

CUSIP NUMBERS, MATURITIES, PRINCIPAL AMOUNTS, AND INTEREST RATES

\$26,810,000

**MASTER LEASE CERTIFICATES OF PARTICIPATION
OF 2012, SERIES A**

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

STATE OF WISCONSIN

Acting by and through the Department of Administration

<u>CUSIP</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>First Optional Redemption Date</u>
977087 FC4	September 1, 2012	\$ 4,040,000	2.00%	Not Callable
977087 FD2	March 1, 2013	4,070,000	3.00	Not Callable
977087 FE0	September 1, 2013	3,645,000	4.00	Not Callable
977087 FF7	March 1, 2014	3,680,000	4.00	Not Callable
977087 FG5	September 1, 2014	2,790,000	4.00	Not Callable
977087 FH3	March 1, 2015	2,650,000	4.00	Not Callable
977087 FJ9	September 1, 2015	2,415,000	4.00	Not Callable
977087 FK6	March 1, 2016	1,680,000	4.00	Not Callable
977087 FL4	September 1, 2016	710,000	3.00	Not Callable
977087 FM2	March 1, 2017	580,000	3.00	Not Callable
977087 FN0	September 1, 2017	550,000	3.00	Not Callable

Purchase Price: \$28,558,279.84

This document is called the *official* statement because it is the only document that the State has authorized for providing information about the offering of 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 Underwriter is not; however, in accordance with its responsibilities under federal securities laws, the Underwriter is required to review the information in this document and must have a reasonable basis for its belief in the accuracy and completeness of its key representations.

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

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 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 ISSUANCE
AND SALE OF THE CERTIFICATES**

The Honorable Scott Walker
Governor

State of Wisconsin

Mr. Mike Huebsch
Secretary

Department of Administration

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

Mr. Frank R. Hoadley
Capital Finance Director
(608) 266-2305

Mr. David R. Erdman
Assistant Capital Finance Director
(608) 267-0374

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:	\$26,810,000 Master Lease Certificates of Participation of 2012, Series A (State of Wisconsin)
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about February 29, 2012)
Record Date:	February 15 and August 15
Interest Payments:	March 1 and September 1, commencing September 1, 2012.
Maturities:	March 1 and September 1, commencing September 1, 2012 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 3.</i>
Form:	Book-entry-only— <i>See pages 4-5.</i>
Paying Agent:	All payments of the principal of, and interest on, the Certificates will be paid by U.S. Bank National Association, as Trustee. All payments initially will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Certificates evidence proportionate interests in certain 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 Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture for the Program. 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 February 1, 2012, the principal amount of all outstanding master lease certificates of participation was \$70.9 million— <i>See pages 5-7.</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 revolving credit facility and paying costs of issuance for the Certificates— <i>See page 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 and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <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

\$26,810,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2012, SERIES A

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

STATE OF WISCONSIN

Acting by and through the Department of Administration

INTRODUCTION

This Official Statement provides information about the \$26,810,000 Master Lease Certificates of Participation of 2012, Series A (**Certificates**) that represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Third Amended and Restated Master Lease, dated April 28, 2000 (**Master Lease**), between Firststar Bank, National Association, as lessor, and the State, acting by and through the State of Wisconsin Department of Administration, as lessee (**Lessee**).

This Official Statement includes by reference **Parts I, II, and IV** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2011 (**2011 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 February 29, 2012, 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**), the tangible property and, in certain situations, intangible property or prepaid service items, acquired by the State pursuant to the Lease Schedules (**Leased Items**), and other property and rights related to those Lease Schedules. *All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture.*

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, all then outstanding master lease certificates of participation, including the Certificates. *The obligation of the State to make Lease Payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State.*

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

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 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 incorporates by reference Part II of the 2011 Annual Report. **APPENDIX A** also includes changes or

additions to Part II of the 2011 Annual Report, including, but not limited to, updated General Fund tax revenue estimates for the 2011-13 biennium and projected General Fund condition statements for each fiscal year of the 2011-13 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (LFB) on February 9, 2012.

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

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

THE MASTER LEASE PROGRAM

The Department of Administration created the Master Lease program (**Program**) in 1992 by entering into the Master Lease. The Program permits the State to acquire Leased Items for all State agencies through installment purchase contracts. As of February 1, 2012, the total amount of originations completed through the Program was \$560.0 million, and the principal amount of outstanding master lease certificates of participation was \$70.9 million.

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 2011 Annual Report. **APPENDIX B** also includes changes or additions to Part IV of the 2011 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
Web site: www.doa.wi.gov/capitalfinance

PLAN OF FINANCE

General

The Certificates are being issued to provide funding with interest based on tax-exempt fixed interest rates for Lease Schedules previously financed through a revolving credit facility in which the State paid interest based on taxable and tax-exempt variable interest rates, and to pay costs of issuance for the Certificates. See "**SECURITY FOR CERTIFICATES; Two-Phase Financing Structure**".

Sources and Uses

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

Sources:	
Principal Amount of Certificates	\$26,810,000.00
Original Issue Premium	<u>1,792,516.34</u>
Total Sources	<u>\$28,602,516.34</u>
Uses:	
Funding of Lease Schedules	\$28,421,963.69
Cost of Issuance	136,316.15
Underwriter's Discount.....	<u>44,236.50</u>
Total Uses	<u>\$28,602,516.34</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 September 1, 2012.

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 the principal of, and interest on, 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

The following ratings have been assigned to the Certificates:

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

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the 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

Master lease certificates of participation of all series, including the Certificates, 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, 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 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, and interest, 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 no successor securities depository was appointed, certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The State and 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 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 mailing a notice, 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 of, and interest on, all then outstanding series of master lease certificates of participation, including the Certificates. Lease Payments are due on September 1 and March 1 of each fiscal year.

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. Once a Lease Schedule is fully paid, the Leased Item related to the Lease Schedule no longer serves as collateral. 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.

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 were to establish 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 was 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 related technology upgrades for the State and various automated services, 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 2011-13 biennial budget of the State was enacted on June 26, 2011, which was prior to the start of the biennium. For the prior ten biennia, the 2009-11 biennial budget was also enacted prior to the start of the biennium; however, the nine biennial budgets prior to the 2009-11 biennium were enacted after the start of the biennium, with the latest date after the start of a biennium being October 26, 2007 (for the 2007-09 biennium), which was nearly four months after the start of the 2007-08 fiscal year (which was the first fiscal year of that biennium).

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. A similar covenant regarding priority of payment has also been made with respect to the State's general fund annual appropriation bonds. 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) holds a meeting to review the proposal, which meeting must occur within two working days after notification of the priority schedule, or (2) does not schedule a meeting to review the proposal within two working days after notification of the priority schedule.

RISK FACTORS

Nonappropriation

The State's obligation to make Lease Payments is subject to appropriation of the necessary funds by the Legislature. No assurance is given that sufficient funds will be appropriated or otherwise will be available to make the Lease Payments. A failure by the State to make a Lease Payment with respect to any Leased Item would cause the Master Lease to terminate with respect to all Leased Items. The State's obligation to make Lease Payments is not a general obligation of the State, and moreover, the obligation does not involve the State of Wisconsin Building Commission. Rather, the Master Lease is a contract entered into by the Department of Administration under separate statutory authority. The 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 were to fail to appropriate necessary funds for the continued performance of the State's obligations under the Master Lease (**Nonappropriation**), the State would be 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 would 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 might 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 2012

This is the first series of master lease certificates of participation to be issued this calendar year. A revolving credit facility with Dexia Credit Local, acting through its New York Branch, continues to be used by the State for origination of Lease Schedules. Other series of master lease certificates of participation have been previously issued to the provider of this revolving credit facility to evidence proportionate interest in the Lease Payments associated with such facility. See "**SECURITY FOR CERTIFICATES; Two-Phase Financing Structure**".

Underwriting

The Certificates were purchased at competitive bidding on February 16, 2012 by Barclays Capital Inc. (**Underwriter**). The Underwriter paid \$28,558,279.84, and its bid resulted in a true interest cost rate of 0.668815%.

Reference Information About the Certificates

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

\$26,810,000

Master Lease Certificates of Participation of 2012, Series A (State of Wisconsin)

Dated and Delivery Date: On or About February 29, 2012

First Interest Date: September 1, 2012

<u>CUSIP</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Optional Redemption Date</u>
977087 FC4	September 1, 2012	\$ 4,040,000	2.00%	0.25%	100.883%	Not Callable
977087 FD2	March 1, 2013	4,070,000	3.00	0.33	102.678	Not Callable
977087 FE0	September 1, 2013	3,645,000	4.00	0.40	105.398	Not Callable
977087 FF7	March 1, 2014	3,680,000	4.00	0.45	107.079	Not Callable
977087 FG5	September 1, 2014	2,790,000	4.00	0.51	108.677	Not Callable
977087 FH3	March 1, 2015	2,650,000	4.00	0.63	110.017	Not Callable
977087 FJ9	September 1, 2015	2,415,000	4.00	0.70	111.407	Not Callable
977087 FK6	March 1, 2016	1,680,000	4.00	0.75	112.800	Not Callable
977087 FL4	September 1, 2016	710,000	3.00	0.79	109.763	Not Callable
977087 FM2	March 1, 2017	580,000	3.00	0.86	110.462	Not Callable
977087 FN0	September 1, 2017	550,000	3.00	0.88	111.369	Not Callable

Financial Advisor

Public Financial Management, Inc. (**Financial Advisor**) serves as a 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. The Financial Advisor 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 were issued, then the opinion would 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, and there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Certificates, (2) the validity of the Certificates or any of the proceedings taken with respect to the issuance, sale,

execution, or delivery of the Certificates, or (3) the pledge or application of any moneys or security provided for the payment of the Certificates.

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

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.

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

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the 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, parties other than the State, including the owners of the Certificates, 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 Certificates, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will send the Annual Report to the Municipal Securities Rulemaking Board (**MSRB**). The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. [Part I of the 2011 Annual Report](#), which contains information on the undertaking, is included by reference as part of this Official Statement.

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

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

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

Dated: February 16, 2012

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

/s/ MIKE HUEBSCH

Mike Huebsch, Secretary
State of Wisconsin Department of Administration

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**), as contained in [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2011 \(2011 Annual Report\)](#), which can be obtained as described below. This Appendix also includes updated information or makes changes or additions to the information presented in Part II of the 2011 Annual Report, including, but not limited to, updated General Fund tax revenue estimates for the 2011-13 biennium and projected General Fund condition statements for each fiscal year of the 2011-13 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on February 9, 2012.

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

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

Included as APPENDIX A to [Part II of the 2011 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2011, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

The 2011 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system, and also is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2011 Annual Report may also be obtained from:

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

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

the 2011 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2011 Annual Report, certain changes or events have occurred that affect items discussed in the 2011 Annual Report. Listed below, by reference to particular sections of Part II of the 2011 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

State Budget; Budget for the 2011-13 Biennium (Part II; Pages 31-33) and **State Budget; Revenue Projections for 2011-13 Biennium** (Part II; Page 33). Update with the following information:

February 9, 2012 LFB Memorandum

Though not statutorily required, the Legislative Fiscal Bureau (**LFB**) has typically provided in January of even-numbered years (such as the year 2012) an examination of economic forecasts and tax collection and expenditure data for the first six months of the fiscal year. This typically has also included projections (both tax collections and General Fund condition statement) for each fiscal year of that biennium.

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

The table on the following page includes a summary of the updated General Fund tax revenue estimates for the 2011-13 biennium and also provides, for comparison, the final GPR tax revenue collections for the 2010-11 fiscal year, estimates made by LFB in January 2011, and estimates included in the 2011-13 biennial budget (2011 Wisconsin Act 32).

In addition, the February 9, 2012 LFB Memorandum included estimated General Fund condition statements for the 2011-12 and 2012-13 fiscal years. For the 2011-12 fiscal year, the projected gross ending balance (not including the statutory required balance) is \$12 million, which is approximately \$61 million less than the amount shown in a projected General Fund condition statement that was prepared in October 2011, and for the 2012-13 fiscal year, the projected net ending balance (including the statutory required reserve) is negative \$208 million, which is approximately \$216 million less than an amount shown in prior projections.

GENERAL FUND TAX REVENUE ESTIMATES
2011-13 BIENNIUM
(in Millions)

	2010-11 Fiscal Year Final	2011-12 Fiscal Year				2012-13 Fiscal Year		
		LFB Projection Feb. 2012	2011-13 Biennial Budget	LFB Projection Jan. 2011	LFB Projection Feb. 2012	2011-13 Biennial Budget	LFB Projection Jan. 2011	
		Individual Income	\$ 6,700.7	\$ 6,825.0	\$ 6,868.2	\$ 6,650.0	\$ 7,120.0	\$ 7,222.0
Sales and Use	4,109.0	4,250.0	4,269.8	4,350.0	4,365.0	4,387.1	4,485.0	
Corp. Income & Franchise	852.9	860.0	880.8	900.0	855.0	877.1	925.0	
Public Utility	341.3	361.0	344.6	344.6	363.0	352.6	352.6	
Excise								
Cigarettes	604.8	590.0	615.0	615.0	580.0	610.0	610.0	
Liquor & Wine	45.8	47.4	47.1	46.4	48.4	48.2	47.5	
Tobacco Products	60.9	64.1	63.6	66.5	66.2	65.7	69.0	
Beer	9.3	9.1	9.5	9.5	9.0	9.5	9.5	
Insurance Company	140.0	140.0	147.0	133.3	145.0	150.0	134.6	
Miscellaneous Taxes	47.3	48.0	51.6	49.0	51.9	57.0	57.0	
TOTAL	\$12,911.9	\$13,194.6	\$13,297.2	\$13,164.3	\$13,603.5	\$13,779.2	\$13,690.2	

The following table includes the estimated General Fund condition statements for the 2011-12 and 2012-13 fiscal years and also includes, for comparison, the estimated General Fund condition statements from the 2011-13 biennial budget (2011 Wisconsin Act 32).

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

	2011-12 Fiscal Year		2012-13 Fiscal Year	
	LFB Estimate	2011	LFB Estimate	2011
	Feb 2012	Wisconsin Act 32	Feb 2012	Wisconsin Act 32
Revenues				
Opening Balance	\$ 85.6	\$ 85.6	\$ 11.8	\$ 72.8
Taxes	13,194.6	13,297.2	13,603.5	13,778.2
Department Revenues				
Tribal Gaming	27.2	26.5	28.6	28.1
Other	648.1	647.9	577.0	584.6
Total Available	\$13,955.4	\$14,057.2	\$14,220.9	14,463.6
Appropriations				
Gross Appropriations	\$13,996.2	\$13,996.2	\$14,765.5	14,765.5
Sum Sufficient Reestimates	(36.5)		(8.0)	
Transfers to Other Funds	261.2	262.5	137.6	137.6
Compensation Reserves	28.7	28.8	61.9	81.9
Less: Lapses	(306.1)	(303.0)	(593.0)	(594.2)
Net Appropriations	\$13,943.6	\$13,984.5	\$14,364.1	14,390.9
Balances				
Gross Balance	\$ 11.8	\$ 72.8	\$ (143.2)	72.7
Less: Req. Statutory Bal.	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	\$ (53.2)	\$ 7.8	\$ (208.2)	\$ 7.7

Based on the projections included in the February 9, 2012 LFB Memorandum, expenditures for the 2012-13 fiscal year are expected to exceed revenues in that fiscal year by more than one-half of one percent. The Secretary of Administration is currently reviewing the projections contained in the February 9, 2012

LFB Memorandum; if the Secretary of Administration determines that budgeted expenditures will exceed revenues by more than one-half of one percent of general purpose revenues, then the Secretary of Administration must notify the Governor and the Legislature. Furthermore, the Governor would then need to submit a bill correcting the imbalance, and if the Legislature is not in session, then the Governor must call a special session to take up the matter.

A complete copy of the February 9, 2012 LFB Memorandum is included on pages [A-5 through A-17](#) of this Official Statement and is also available from (i) the MSRB through its EMMA system, and (ii) any of the addresses included on page [A-1](#).

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

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

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

General Fund Information; General Fund Cash Flow (Part II; Pages 41-50).

The following tables provide updates and additions to various tables containing General Fund information for the 2011-12 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through December 31, 2011.

The results, projections, and estimates in the following tables for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum, and \$800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis. The State can have a negative cash balance at the end of a fiscal year. The Wisconsin Statutes provide certain administrative remedies, such as temporary reallocation, to deal with periods when the balance, on a cash basis, is negative. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

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

February 9, 2012

Senator Alberta Darling, Senate Chair
Representative Robin Vos, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Darling and Representative Vos:

Early 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 of the current fiscal year, and projections for each fiscal year of the current biennium. We have now completed that review.

Based on our analysis, we project the closing, gross general fund balance at the end of this biennium to be -\$143.2 million. This is \$215.9 million below the \$72.7 million balance that was projected at the time of preparation of the last general fund condition statement on October 17, 2011. The \$215.9 million is the net result of: (1) a revenue decrease of \$4.5 million due to enactment of 2011 Act 49; (2) a \$272.8 million decrease in estimated tax collections; (3) a \$6.3 million decrease in departmental revenues; (4) a \$44.5 million decrease in sum sufficient appropriation expenditures; (5) a reduction of \$20.0 million in compensation reserves; (6) a reduction of \$1.3 million in the transfer to the injured patients and families compensation fund; and (7) a \$1.9 million increase in estimated lapses to the general fund.

As indicated, the gross balance is projected to be -\$143.2 million. If the required statutory balance of \$65 million is taken into account, the net balance at the end of the biennium (June 30, 2013) is projected to be -\$208.2 million.

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

TABLE 1**2011-13 General Fund Condition Statement**

	<u>2011-12</u>	<u>2012-13</u>
Revenues		
Opening Balance, July 1	\$85,567,000	\$11,755,600
Taxes	13,194,600,000	13,603,500,000
Departmental Revenues		
Tribal Gaming	27,154,400	28,645,200
Other	<u>648,056,000</u>	<u>576,997,700</u>
Total Available	\$13,955,377,400	\$14,220,898,500
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$13,996,186,500	\$14,765,544,300
Sum Sufficient Reestimates	-36,508,800	-7,982,300
Transfers to:		
Transportation Fund	22,500,000	137,627,000
Injured Patients and Families Compensation Fund	233,747,100	0
Veterans Trust Fund	5,000,000	0
Compensation Reserves	28,790,000	61,910,000
Less Lapses	<u>-306,093,000</u>	<u>-593,034,800</u>
Net Appropriations	\$13,943,621,800	\$14,364,064,200
Balance		
Gross Balance	\$11,755,600	-\$143,165,700
Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	-\$53,244,400	-\$208,165,700

Although the biennial change in estimated departmental revenues is relatively small (-\$6.3 million), there are three items that should be noted. First, circuit court fees are projected to be \$12.6 million below the \$104.0 million estimated at the time of enactment of the budget. Second, estimated tobacco settlement revenues have been reduced by \$19.0 million in 2011-12, primarily due to litigation that will likely not be resolved in this fiscal year. Finally, the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and states' attorneys general have entered into a mortgage settlement agreement with Bank of America, Wells Fargo, JPMorgan Chase, Citigroup, and Residential Capital, LLC (formerly Ally Financial). Under the agreement, it is anticipated that Wisconsin will receive \$31.6 million. Based on discussions between the Attorney General and the administration, of the amounts received by the state, \$25.6 million will be deposited to the general fund as GPR-Earned in 2011-12, and the remaining \$6 million will be retained by the Department of Justice to be allocated at a later date.

Net expenditures are projected to decrease by \$67.7 million. A significant factor in the

reduction is due to debt service costs. Estimated GPR debt service costs are reduced by \$55 million in 2011-12 and \$8 million in 2012-13 from the amounts projected in 2011 Act 32 because of two factors. First, the state has sold its general obligation bonds at a premium and applied most of these premium proceeds to current year debt service, in lieu of using the budgeted amounts to pay those costs. A bond that sells at a premium does so because the interest rate on the bond is higher than the market rate, making the bond worth more to the buyer. Most of these up-front premium payments were used to reduce GPR debt service, with the remainder being applied to the capital improvement fund to be used in lieu of future bonding. Second, GPR debt service is estimated to be lower because current projected interest costs on the funds borrowed under the state's commercial paper program are significantly less than the amounts budgeted in Act 32 for these short-term obligations.

In addition, the administration indicates that compensation reserve amounts in 2012-13 may be reduced by \$20.0 million due to anticipated lower premium costs of the state's health insurance program.

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 2011 Act 114). Second, it does not reflect the estimated shortfall in the private bar appropriation of the Office of the State Public Defender. It is projected that this appropriation will incur a deficit of \$5.8 million by the end of the 2011-13 biennium. Third, Table 1 does not reflect any appropriation changes to the medical assistance (MA) program. On January 26, 2012, this office distributed a memorandum to the members of the Legislature entitled "Medical Assistance Program Status." That memorandum indicated that the MA program faced a potential shortfall of \$140.9 million in the biennium. The memorandum further listed a series of savings initiatives identified by the Department of Health Services that are intended to address the shortfall.

Section 16.50(7) of the statutes establishes a process that must be followed if there is a revenue shortfall. Under this provision, if at any time after enactment of the biennial budget, the Secretary of the Department of Administration determines that previously authorized expenditures will exceed revenues in either year of the biennium by more than 0.5% of the estimated GPR appropriations for that fiscal year, the Secretary is required to immediately notify the Governor, the presiding officer of each house of the Legislature, and the Joint Committee on Finance of the revenue shortfall. Following such notification, the Governor is required to submit a bill to correct the imbalance between projected revenues and expenditures.

Under the projections of this report, expenditures in 2012-13 exceed revenues by \$143.2 million, which is \$71.4 million greater than the 0.5% threshold. The administration is currently discussing steps it might take to address the budget shortfall, including debt refinancing and restructuring.

General Fund Taxes

The following section presents information regarding general fund taxes for the 2011-13 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2011-12 and 2012-13.

National Economic Review and Forecast. This office first prepared revenue estimates for the 2011-13 biennium in January, 2011, based on IHS Global Insight, Inc.'s January, 2011, forecast for the U.S. economy. That forecast predicted that temporary payroll tax reductions for employees and depreciation incentives for businesses scheduled to go into effect in January, 2011, would reinforce the economic growth that was occurring in late 2010. These developments, along with a gradually improving employment outlook and strength in the business investment and export sectors, were expected to generate real (inflation-adjusted) gross domestic product (GDP) growth of 3.2% in 2011, 2.9% in 2012, and 3.1% in 2013. The primary downside risks to that forecast included another possible downturn in the housing market and Europe's sovereign debt problems.

In May, 2011, this office raised its revenue estimates for 2010-11 and for the 2011-13 biennium. The upward revisions were based mainly on stronger than expected individual income tax collections through April, 2011, which more than offset comparatively weak revenues from the sales tax and the corporate income and franchise tax. The revisions also incorporated Global Insight's May, 2011, forecast for the U.S. economy. That updated forecast noted that economic growth in the first quarter of 2011 had come in below January's expectations, and that rising commodity prices were contributing to consumer price inflation. In most respects, however, Global Insight's May, 2011, forecast did not vary significantly from the January, 2011, forecast.

According to Global Insight's latest analysis (February, 2012), 2011 saw the U.S. economy continue its recovery from the deep recession of 2008-2009, albeit at a slower pace than projected in the May, 2011, forecast. Some of that weakness can be attributed to specific events. For instance, the earthquake that struck Japan in March disrupted supply chains in the U.S. automobile sector, with the effect of temporarily suppressing vehicle sales. In addition, unrest in the Middle East and North Africa caused a spike in world oil prices in the first half of the year that led to higher gasoline prices for U.S. consumers. These events contributed to the economy's relatively poor results in the first two quarters of 2011, when real GDP grew at annual rates of 0.4% and 1.3%, respectively, well below the 1.8% and 3.3% rates Global Insight had assumed in its May, 2011, forecast.

Several more persistent issues also limited growth in 2011. Among these was the sluggish U.S. housing sector. Housing starts are estimated to have increased by 3.7% in 2011, compared to the 7.6% growth rate Global Insight had expected in May. Despite these modest gains, the number of housing starts last year (607,000 units) was less than one-third the starts (2,073,000 units) that occurred in 2005. During that same period, the annual value of residential construction (adjusted for inflation) fell from \$765.2 billion in 2005 to \$316.5 billion in 2011. This massive decline in residential construction activity and the associated multiplier effects have negatively impacted GDP growth every year since 2005. Other indicators confirm the

housing sector's continued weakness. New home sales fell an estimated 5.7% in 2011, while sales of existing homes rose 2.5%. The average price of an existing home is estimated to have fallen by 3.2%.

In Global Insight's view, the key to a sustained recovery in the housing sector is employment growth, in part because the rate of household formation (an important factor in housing demand) increases when new jobs are created. In that regard, the most recent figures from the U.S. Bureau of Labor Statistics indicate that total non-farm payrolls increased by approximately 1.8 million from December, 2010, to December, 2011. That growth occurred exclusively in the private sector, as private payroll gains of 2.1 million significantly outweighed the loss of 271,000 government jobs. The employment gains in 2011 exhibited steady progress (total non-farm payrolls grew each month of 2011), and the increases were in line with Global Insight's May, 2011, forecast. This growth notwithstanding, total non-farm payrolls in the final quarter of 2011 were still nearly 6.0 million below where they stood in early 2008.

Concern over government finances dominated much of the economic news in the second half of 2011. In early August, Standard & Poor's removed its AAA credit rating from long-term U.S. government debt. That downgrade appears to have had little immediate impact on U.S. government borrowing costs, however, as yields on ten-year and thirty-year U.S. Treasury obligations ended the year lower than they had been prior to S&P's action.

One likely explanation for that rally in U.S. Treasury securities, and the dollar's late-year appreciation against the Euro, was Europe's sovereign debt problems. Reminiscent of the financial crisis triggered by the 2008 collapse of Lehman Brothers, the "worst-case" fears in this case are not limited to the direct losses that might result from a default by one or more of the weaker Eurozone countries (a group often defined to include Portugal, Ireland, Italy, Greece, and Spain), but also include the broader "contagion" risks such defaults could pose to the entire international financial system. Through mechanisms such as the European Financial Stability Facility, the European Central Bank and the International Monetary Fund have sought to bolster the European banking and financial systems, in part by providing loans to several of the weaker Eurozone member states. Those efforts notwithstanding, the Eurozone appears to have fallen back into recession in the fourth quarter of 2011. Going forward, Global Insight cites unresolved issues in Europe as "by far the biggest uncertainty facing the global economy."

Despite the various concerns outlined above, U.S. economic activity improved in the second half of 2011. In large measure, those gains resulted from growth in personal consumption expenditures, as moderating prices enhanced consumers' real purchasing power. Driven by improved demand for durable goods, especially for new motor vehicles, real consumer spending increased at annual rates of 1.7% and 2.0% in the third and fourth quarters of 2011, respectively, markedly better than the second quarter's 0.7% increase. Other sectors contributing to the economy's growth in 2011 included exports, which in real terms grew 6.8%, bolstered by strong demand from emerging economies, and business investment in equipment and software, which registered real growth of 10.3%.

On balance, the most recent figures indicate that real GDP grew 1.7% in 2011, with much

of that increase coming in the second half of the year. Nominal GDP (not adjusted for inflation) increased 3.9%. Those results were somewhat lower than Global Insight's May, 2011, forecast, which projected real GDP to increase 2.7% and nominal GDP to increase 4.5% in 2011.

In its February forecast, Global Insight expects the U.S. economy's moderate growth to continue, with real GDP increasing 2.1% in 2012 and 2.3% in 2013, and nominal GDP growing 3.4% and 3.7%. That forecast is based on the following key assumptions. First, fiscal policy will effectively tighten as real nondefense federal spending on goods and services falls 1.7% in 2012 and 2.6% in 2013, and real defense spending falls 2.0% in 2012 and 3.9% in 2013. Second, the temporary extension of payroll tax reductions and emergency unemployment insurance benefits that occurred in late 2011 will be extended through all of 2012, and then phased out over several years. Third, the automatic federal spending cuts scheduled to begin in 2013 under the Budget Control Act of 2011 will not occur. Instead, Congress and the President will agree to a package that combines spending cuts and tax increases that mostly go into effect in 2014. In the interim, the tax cuts enacted under President Bush in 2001 and 2003 will be extended through 2013. Fourth, oil prices will rise by 7.2% in 2012 and by 3.2% in 2013. Fifth, the U.S. Federal Reserve will keep its target range for the federal funds rate at 0.0% to 0.25% until at least late 2014. Sixth, the U.S. dollar will strengthen against the Euro, but continue its long-term decline against emerging market currencies. Finally, GDP growth in the United States' major-currency trading partners will slow to 1.0% in 2012, down from 1.7% in 2011, reflecting the Eurozone recession, while GDP growth for the United States' other important trading partners will be 4.1% in 2012, down from 5.2% in 2011.

GDP. Real GDP is now projected to grow 2.1% in 2012 and 2.3% in 2013. Those increases are somewhat lower than Global Insight had projected in its May, 2011, forecast, when real GDP was expected to increase 2.9% and 2.8% in 2012 and 2013, respectively. The expectations for nominal GDP have been similarly reduced since May, from 4.4% and 4.5% in 2012 and 2013, respectively, to 3.4% and 3.7%. The latest projections for GDP growth reflect Global Insight's generally more cautious outlook for the U.S. and world economies, compared to its May, 2011, forecast.

Consumer Prices. Higher commodity prices in the first half of the year caused the consumer price index (CPI) to increase 3.1% in 2011. Core inflation, which excludes food and energy costs, rose by a more moderate 1.7%. Those results were in line with the May, 2011, forecast. Led by falling gasoline prices, consumer inflation eased in the second half of 2011, and that general trend is expected to continue with the CPI increasing 2.0% in 2012 and 1.8% in 2013.

Monetary Policy. The U.S. Federal Reserve kept short-term interest rates at historically low levels throughout 2011, with its target range for the federal funds rate at 0.0% to 0.25%. That policy is not expected to change soon, as on January 25, 2012, the Federal Reserve stated that economic conditions, including low rates of resource utilization and a subdued outlook for inflation over the medium run, are likely to warrant the continuation of these exceptionally low rates at least through late 2014. That statement contrasted with the Federal Reserve's earlier pronouncements, which indicated that it intended to keep the exceptionally low short-term

interest rates currently in place through at least mid-2013. Global Insight's February, 2012, forecast does, however, continue to expect a new \$600 billion round of quantitative easing in the second quarter of 2012, targeted mainly at mortgage-backed securities.

Personal Consumption. Nominal personal consumption expenditures increased by an estimated 4.7% in 2011, slightly less than the 5.1% increase projected in the May, 2011, forecast. The gains in 2011 were widely distributed across most expenditure categories. Spending for consumer durables, which are generally subject to state sales tax, increased 7.0%, led by a 14.7% increase on expenditures for new motor vehicles. Spending for services, which are typically not subject to sales tax, increased 3.2%. Under the latest forecast, personal consumption is expected to grow 3.6% in 2012 and 3.6% in 2013, with broad-based gains again led by durable goods, purchases of which are projected to increase by 4.3% and 4.1% in 2012 and 2013, respectively. For the most part, these latest projections are modestly lower than those in the May, 2011, forecast.

Employment. Building on a much better than expected gain of 243,000 jobs in January, 2012 (preliminary estimate), average monthly non-farm payrolls are expected to grow by 1.9 million to 133.3 million in 2012, and by 2.0 million to 135.3 million in 2013. While these projections have steadily increased in recent months (Global Insight's October, 2011, forecast, for instance, expected non-farm payrolls to average just 133.5 million in 2013), they are still somewhat below the May, 2011, projections, which anticipated payroll gains of 2.3 million and 2.5 million in 2012 and 2013.

As was true in 2011, all of the projected employment gains in the latest forecast should occur in the private sector, as government payrolls contract by an additional 212,000 in 2012 and 23,000 in 2013. The national unemployment rate, which is a function of both the number of jobs and the number of labor market participants, is expected to decline during this period, averaging 8.3% in 2012 and 8.1% in 2013. In December, 2011, the national unemployment rate was 8.5%.

Housing. In late 2011, the National Association of Realtors reduced its earlier estimates of existing home sales dating back to 2007. While the adjustments apply more to sales volumes than to year-over-year changes, the revised figures indicate that the initial stages of the housing market's decline in 2007 were more severe than previously thought. In 2012 and 2013, Global Insight expects existing home sales to increase by 8.3% and 8.1%, respectively, due to better affordability and improving economic conditions. The average price of an existing home is projected to decline 2.3% in 2012 before increasing 3.2% in 2013 in what is expected to be the start of a multi-year recovery in house prices.

Residential construction activity improved in the final quarter of 2011, when housing starts and housing permits rose to their highest levels of the year. In 2012, housing starts are projected to increase 22.1%, to 741,000 units. That momentum should continue in 2013, as an improving economy combines with pent-up demand for new housing to propel a 33.6% year-over-year increase in housing starts, to 990,000 units. The latest estimates, however, are still well below those in the May, 2011, forecast, when Global Insight expected housing starts to total 1.02 million units in 2012 and 1.42 million units in 2013. As a result, the latest projection for the real

value of residential construction activity in 2013 of \$400.9 billion is \$115.7 billion less than was projected in the May, 2011, forecast (\$516.6 billion). This downward revision in the outlook for residential construction is a principal explanation for the more cautious tone of Global Insight's February, 2012, forecast, compared to the May, 2011, forecast.

Corporate Profits. Driven by a combination of factors such as strong profit margins and significant contributions from overseas activities, corporate profits have rebounded substantially from the depressed levels of 2008-2009. In 2010, for example, economic profits increased 32.2% from the prior year. Those gains continued in 2011, with economic profits increasing 8.5% and before-tax book profits increasing 4.8%. Those results were significantly better than Global Insight projected in May, when it anticipated increases of 5.2% and 0.4%, respectively.

As year-over-year comparisons become more challenging, and continued profit margin expansion becomes more difficult to achieve, Global Insight expects the recent gains in corporate profitability to moderate. The February, 2012, forecast calls for economic profits to decline 0.9% in 2012 and to be flat in 2013. The May forecast had expected economic profits to increase 1.5% in 2012 and 2.4% in 2013. Similarly, before-tax book profits are now expected to increase 2.5% and 8.5% in 2012 and 2013, respectively, compared to the 8.6% and 10.0% increases projected in May.

Business Investment. Business investment in equipment and software continued to be one of the primary supports to the U.S. economy in 2011, with real growth of 10.3% over the prior year, as strong profits and large cash reserves enabled businesses to make purchases they deferred during the recession. This positive performance was generally in line with the May, 2011, projections. Looking forward, the latest forecast expects the gains in this sector to continue, with real increases of 7.9% in 2012 and 7.6% in 2013.

Even as businesses increased outlays for equipment and software in recent years, their investment in nonresidential structures was falling by 21.2% in 2009 and 15.8% in 2010, as a result of tight credit markets, high vacancy rates, and weak business conditions. In 2011, investment in nonresidential structures increased 4.1%, which was significantly better than the 3.0% decline Global Insight had projected in May. As a result, the nonresidential structure sector contributed to overall GDP growth in 2011, following several years in which it exerted a significant drag on the economy's performance. In the latest forecast, Global Insight expects the modest recovery in nonresidential structures to continue, with investment increasing 4.0% in 2012 and 1.3% in 2013.

The projections outlined above and summarized in Table 2 reflect Global Insight's February, 2012, "baseline" forecast for the U.S. economy. Global Insight also prepares "pessimistic" and "optimistic" scenarios. Under the pessimistic scenario, given a 25% chance of occurring, the sovereign debt crisis in Europe escalates, causing European credit markets to freeze and credit conditions in the rest of the world to tighten. At the same time, policymakers in the U.S. fail to extend the payroll tax cuts and emergency unemployment insurance benefits beyond March 1, 2012. The results include real GDP growth rates that are much lower (0.6%

and 0.2%) and unemployment rates that are higher (8.7% and 9.5%) in 2012 and 2013, respectively, than projected under the baseline forecast.

In the optimistic scenario, to which Global Insight assigns a 20% probability, the improved economic growth that occurred in the final quarter of 2011 carries into 2012, and is reinforced by the extension of the payroll tax cuts through 2012. Under this scenario, world financial markets avoid the worst-case impacts from Europe's sovereign debt problems, and a self-sustaining cycle of employment gains, investment, and personal consumption generates higher rates of real GDP growth in 2012 (3.3%) and 2013 (4.2%) than are projected under the baseline forecast.

TABLE 2

**Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, February, 2012
(\$ in Billions)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Nominal Gross Domestic Product	\$14,526.6	\$15,087.8	\$15,599.0	\$16,177.3
Percent Change	4.2%	3.9%	3.4%	3.7%
Real Gross Domestic Product	\$13,088.0	\$13,313.4	\$13,597.3	\$13,907.8
Percent Change	3.0%	1.7%	2.1%	2.3%
Consumer Prices (Percent Change)	1.6%	3.1%	2.0%	1.8%
Personal Income	\$12,373.5	\$12,961.0	\$13,410.7	\$13,941.7
Percent Change	3.7%	4.7%	3.5%	4.0%
Personal Consumption Expenditures	\$10,245.5	\$10,722.6	\$11,111.3	\$11,510.6
Percent Change	3.8%	4.7%	3.6%	3.6%
Unemployment Rate	9.6%	9.0%	8.3%	8.1%
Total Non-Farm Payrolls (Millions)	129.9	131.4	133.3	135.3
Percent Change	-0.7%	1.2%	1.5%	1.5%
Light Vehicle Sales (Millions of Units)	11.55	12.74	13.64	14.73
Percent Change	11.1%	10.3%	7.1%	8.0%
Housing Starts (Millions of Units)	0.585	0.607	0.741	0.990
Percent Change	5.6%	3.7%	22.1%	33.6%
Economic Profits	\$1,800.1	\$1,953.6	\$1,935.8	\$1,936.7
Percent Change	32.2%	8.5%	-0.9%	0.0%

General Fund Tax Projections. Table 3 shows our revised general fund tax revenue estimates for the 2011-13 biennium. The estimates are based on Global Insight's February, 2012, forecast of the U.S. economy and include the impact of all tax law changes enacted to date.

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

	2010-11 <u>Actual</u>	<u>Previous Estimates</u>		<u>Revised Estimates</u> <u>February, 2012</u>	
		<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>
Individual Income	\$6,700.7	\$6,865.5	\$7,220.2	\$6,825.0	\$7,120.0
General Sales and Use	4,109.0	4,269.8	4,387.1	4,250.0	4,365.0
Corporate Income and Franchise	852.9	880.8	876.1	860.0	855.0
Public Utility	341.3	344.6	352.6	361.0	363.0
Excise					
Cigarette	604.8	615.0	610.0	590.0	580.0
Liquor and Wine	45.8	47.1	48.2	47.4	48.4
Tobacco Products	60.9	63.6	65.7	64.1	66.2
Beer	9.3	9.5	9.5	9.1	9.0
Insurance Company	140.0	147.0	150.0	140.0	145.0
Miscellaneous	<u>47.2</u>	<u>51.6</u>	<u>57.0</u>	<u>48.0</u>	<u>51.9</u>
Total	\$12,911.8	\$13,294.5	\$13,776.4	\$13,194.6	\$13,603.5
Change from Prior Year					
Amount		\$382.7	\$481.9	\$282.8	\$408.9
Percent		3.0%	3.6%	2.2%	3.1%

As shown in the table, total general fund tax collections are estimated at \$13,194.6 million in 2011-12 and \$13,603.5 million in 2012-13. These amounts are lower than the previous estimates by \$99.9 million in the first year and \$172.9 million in the second year, for a biennial decrease of \$272.8 million. The biennial reduction is approximately -1.0%. The estimates for most of the tax sources have been decreased, with the largest reductions in the individual income tax, cigarette tax, sales and use tax, and corporate income and franchise tax.

The revised revenue projections reflect year-to-date collections data, the new economic forecast, and the effects of a number of law changes that will reduce revenues during the remainder of 2011-12 and in 2012-13. Through January, total tax collections are 3.3% higher than the amount collected during the same period last year, which is slightly above the 3.0% annual growth rate assumed in our previous projections. However, it is anticipated that growth will moderate over the remainder of this fiscal year as the impact of a number of law changes becomes evident. In addition, as discussed previously, the current economic forecast is less favorable than last May's forecast.

Individual Income Tax. State individual income tax revenues were \$6,700.7 million in 2010-11 and are currently estimated at \$6,825.0 million in 2011-12 and \$7,120.0 million in 2012-13. Relative to the previous figures, the current estimates are lower by \$40.5 million in the first year and \$100.2 million in the second year. On a year-to-year basis, the current estimates reflect an increase of 1.9% for 2011-12 and 4.3% for 2012-13. The revised estimates incorporate the effects of a number of law changes estimated to reduce revenues by approximately \$175 million in 2011-12 and \$225 million in 2012-13. The most significant law changes are increased deductions for medical insurance premiums, tax deferrals for capital gains that are reinvested in Wisconsin-based businesses, and exclusions and deductions related to health savings accounts. Income tax collections will also be reduced as a result of the additional state and local employee retirement and health insurance contributions required under 2011 Act 10.

Based on preliminary collection information through January, 2012, individual income tax revenues for the current fiscal year are 3.6% higher than such revenues through the same period in 2010-11. However, taxpayers may not have adjusted their withholding and declaration payments to reflect some of the above-referenced law changes, and this could result in higher refunds and lower tax payments in the coming months. This position is supported by January, 2012, collection totals, which were 2.1% lower than collections for the same period last year, when adjusted for timing differences. The revised estimates also reflect a weakening of the current economic forecast relative to the forecast for May, 2011, as growth in personal income, gross domestic product, and employment are estimated to be lower for 2012 and 2013 than previously estimated.

General Sales and Use Tax. In 2010-11, state sales and use tax collections were \$4,109.0 million, which was 4.2% higher than the prior year. Sales tax collections through January, 2011, are 3.9% higher than the same period in 2010-11. State sales and use tax revenues are currently estimated at \$4,250.0 million in 2011-12 and \$4,365.0 million in 2012-13, which represents increased revenue of 3.4% in the first year and 2.7% in the second year. These estimates are \$19.8 million lower in the first year and \$22.1 million lower in the second year than the previous estimates. The reductions in the estimates are based primarily on reduced growth in Global Insight's forecast for taxable personal consumption expenditures for the most recent forecast as compared to the May, 2011, forecast.

Corporate Income and Franchise Tax. Corporate income and franchise taxes were \$852.9 million in 2010-11. Collections are projected to be \$860.0 million in 2011-12 and \$855.0 million in 2012-13. These amounts represent an annual increase of approximately 1% in 2011-12, and a similar percentage decrease in 2012-13. The new estimates are lower than the previous estimates by \$20.8 million in 2011-12 and \$21.1 million in 2012-13.

The new estimates reflect year-to-date corporate income and franchise tax collections and estimated payments. Year-to-date collections are 2.1% lower than a year ago. However, 2010-11 collections included a relatively large one-time audit amount that, when accounted for, makes the change in year-to-date 2011-12 collections positive. In addition, year-to-date estimated payments are about 1.5% higher than a year ago. Corporate profits in 2012 and 2013 are forecast to plateau, after strong increases in 2010 and 2011. Economic profits increased 32.2% in 2010 and

8.5% in 2011. The forecast projects economic profits to decrease almost 1% in 2012, and to be essentially flat in 2013. Companies have been able to increase profits, despite a sluggish economy, primarily due to aggressive cost cutting measures, such as reducing spending and workforce. However, the ability of many companies to generate future profits from additional cost cutting measures is limited. In addition, under the forecast, overall business activity is projected to continue to expand, but at a slower pace than in 2010 and 2011. For example, real investment in equipment and software, which increased by 14.6% in 2010, and by an estimated 10.3% in 2011, is projected to increase by 7.9% in 2012, and 7.6% in 2013. Real durable goods purchases increased by 7.2% in 2010 and by an estimated 8.1% in 2011, but are forecast to increase by 5.6% in 2012, and 4.5% in 2013. Manufacturing output growth is projected to be 4.3% in 2012 and 3.4% in 2013, after increasing 5.4% in 2010 and by an estimated 4.5% in 2011.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including requiring corporations that are members of a unitary group to file combined returns, repealing the domestic production activities deduction, requiring throwback sales to be included 100% in the apportionment formula, allowing combined groups to use pre-2009 net business loss carry-forwards, and the phase-in of the state qualified production activities tax credit. In addition, the estimates have been adjusted to reflect enhanced tax law enforcement activities by the Department of Revenue. In part, the adjustments account for the estimated decrease in corporate income and franchise tax revenues in 2012-13.

Public Utility Taxes. Public utility tax revenues were \$341.3 million in 2010-11, and are currently projected at \$361.0 million in 2011-12 and \$363.0 million in 2012-13. These figures are higher than the previous estimates by \$16.4 million in the first year and \$10.4 million in the second year. Utility tax collections are currently expected to increase by 5.8% in 2011-12 and 0.6% in 2012-13. Private light, heat, and power companies are responsible for \$21.6 million of the \$26.8 million in additional estimated revenues over the two-year period. Private light, heat, and power companies are the largest taxpayer group among the public utilities, as they paid almost two-thirds of all public utility taxes in 2010-11. The additional estimated revenues reflect rate increases realized by private light, heat, and power companies due to new production plants being placed in service.

Excise Taxes. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were \$720.9 million in 2010-11. Excise tax revenues are currently estimated at \$710.6 in 2011-12 and \$703.6 million in 2012-13, which represents reduced revenue of \$24.6 in the first year and \$29.8 million in the second year compared to the prior estimates. Excise tax revenues have been reduced largely due to a reduction in estimated cigarette tax collections, which represent approximately 83% of total estimated tax revenue.

Cigarette tax revenues were \$604.8 million in 2010-11, which was \$15.2 million lower than estimated. Cigarette tax revenues are now estimated at \$590.0 million for 2011-12 and \$580.0 million for 2012-13, representing growth rates of -2.4% and -1.7%, respectively. These estimates are lower than the previous estimates by \$25.0 million in 2011-12 and by \$30.0 million

in 2012-13 and are based on the lower than expected tax collections in 2010-11, as well as lower than expected year-to-date tax collections.

Insurance Premiums Taxes. Insurance premiums taxes were \$140.0 million in 2010-11. Premiums tax collections are projected to be \$140.0 million in 2011-12 and \$145.0 million in 2012-13. The estimate for 2011-12 reflects year-to-date collections which are marginally lower (-0.07%) than in 2010-11. Industry forecasts project modest to solid annual increases in sales and premiums in 2012 and 2013. The revised estimates are lower than the prior estimates by \$7.0 million in 2011-12 and \$5.0 million in 2012-13.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, a small amount from the occupational tax on coal, and some estate tax revenue from ongoing lawsuit settlements. Miscellaneous tax revenues were \$47.2 million in 2010-11, and are estimated at \$48.0 million in 2011-12 and \$51.9 million in 2012-13. These estimates are lower than the previous estimates by \$3.6 million in the first year and \$5.1 million in the second year. The reduction in estimated revenue is due, in part, to lower 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 prior estimates.

This office will continue to monitor state revenues and expenditures and new economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,

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

Robert Wm. Lang
Director

RWL/sas

Table II-10; General Fund Cash Flow (Part II; Page 44). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2011 TO DECEMBER 31, 2011
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2012 TO JUNE 30, 2012^(a)
 (Amounts in Thousands)

	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
BALANCES^{(a)(b)}												
Beginning Balance	\$ 303,777	\$ 68,536	\$ 331,967	\$ 694,160	\$ 1,542,231	\$ 1,364,658	\$ 815,864	\$ 1,927,551	\$ 1,767,808	\$ 381,102	\$ 958,423	\$ 1,434,336
Ending Balance^(c)	68,536	331,967	694,160	1,542,231	1,364,658	815,864	1,927,551	1,767,808	381,102	958,423	1,434,336	655,543
Lowest Daily Balance^(e)	(106,671)	(193,350)	160,234	694,160	1,082,929	101,074	815,864	1,416,185	381,102	214,731	697,282	345,839
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 493,305	\$ 681,394	\$ 712,034	\$ 687,765	\$ 500,417	\$ 555,255	\$ 1,157,958	\$ 559,112	\$ 484,108	\$ 1,394,063	\$ 567,637	\$ 637,168
Sales & Use	409,609	404,000	401,378	392,580	376,919	360,282	400,888	310,541	294,693	338,875	338,677	376,088
Corporate Income	37,126	39,496	174,950	36,185	32,452	155,644	35,694	23,236	183,591	46,063	27,287	148,852
Public Utility	28	43	42	7,675	182,177	2,834	-	-	-	4,755	167,372	517
Excise	67,793	66,226	68,097	58,065	64,017	60,090	65,273	52,805	50,238	64,539	56,252	61,239
Insurance	2	600	12,374	11	602	12,218	766	26,466	16,835	21,084	981	23,863
Subtotal Tax Receipts	\$ 1,007,863	\$ 1,191,759	\$ 1,368,875	\$ 1,182,281	\$ 1,156,584	\$ 1,146,323	\$ 1,660,579	\$ 972,160	\$ 1,029,465	\$ 1,869,379	\$ 1,158,206	\$ 1,247,727
NON-TAX RECEIPTS												
Federal ^(d)	\$ 492,597	\$ 698,242	\$ 928,719	\$ 658,109	\$ 721,774	\$ 660,512	\$ 791,340	\$ 729,773	\$ 725,313	\$ 626,428	\$ 841,211	\$ 658,128
Other & Transfers	590,592	263,237	583,397	677,134	547,315	497,392	606,255	664,835	365,005	411,445	367,989	500,893
Note Proceeds ^(e)	804,894	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,888,083	\$ 961,479	\$ 1,512,116	\$ 1,335,243	\$ 1,269,089	\$ 1,157,904	\$ 1,397,595	\$ 1,394,608	\$ 1,090,318	\$ 1,037,873	\$ 1,209,200	\$ 1,159,021
TOTAL RECEIPTS	\$ 2,895,946	\$ 2,153,238	\$ 2,880,991	\$ 2,517,524	\$ 2,425,673	\$ 2,304,227	\$ 3,058,174	\$ 2,366,768	\$ 2,119,783	\$ 2,907,252	\$ 2,367,406	\$ 2,406,748
DISBURSEMENTS												
Local Aids	\$ 1,499,562	\$ 171,288	\$ 839,981	\$ 108,662	\$ 970,286	\$ 1,125,174	\$ 214,693	\$ 250,067	\$ 1,222,142	\$ 123,076	\$ 156,701	\$ 1,807,111
Income Maintenance	494,447	641,061	666,896	638,141	683,305	695,917	618,089	577,518	625,280	595,320	484,201	276,964
Payroll and Related	347,575	350,128	402,141	303,497	345,744	461,132	426,288	389,436	481,391	319,001	444,884	451,693
Tax Refunds	119,879	71,956	60,865	104,942	80,146	138,105	128,852	603,368	560,932	459,342	145,055	77,671
Debt Service	230,057	-	-	123,914	21	-	6,936	-	-	240,899	-	-
Miscellaneous ^(f)	426,773	655,374	548,915	390,297	523,744	432,693	551,629	515,394	413,122	388,671	457,030	572,102
Note Repayment ^(g)	12,894	-	-	-	-	-	-	190,728	203,622	203,622	203,622	-
TOTAL DISBURSEMENTS	\$ 3,131,187	\$ 1,889,807	\$ 2,518,798	\$ 1,669,453	\$ 2,603,246	\$ 2,853,021	\$ 1,946,487	\$ 2,526,511	\$ 3,506,489	\$ 2,329,931	\$ 1,891,493	\$ 3,185,541

(a) The results, projections, or estimates in this table reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32) and the estimated General Fund tax revenue collections for the 2011-12 fiscal year shown in the May 11, 2011 LFB Memorandum. This table does not include any temporary reallocations of cash. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from \$500 million to \$1.2 billion during the 2011-12 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$60 million during the 2011-12 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. For the 2011-12 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2011-12 fiscal year are approximately \$1.275 billion and \$425 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) The July 2011 Federal receipts estimate was reduced by approximately \$271 million and re-categorized as Other & Transfers to be received throughout the fiscal year. These revisions reflect a change in the projected timing and estimated disbursements for the Medicaid program.

(e) Includes proceeds of \$800 million of operating notes issued on July 19, 2011 and impoundment payments to be made in February, March, April, and May 2012. The February 2012 impoundment payment reflects the premium received on July 19, 2011 and deposited into the Operating Note Redemption Fund.

(f) Reflects \$234 million paid to the Injured Patients and Families Compensation Fund on August 2, 2011.

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

**2011-12 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of December 31, 2011
(Amounts in Thousands)**

	FY11 through December 2010		FY12 through December 2011			Adjusted Variance ^(c)	Difference FY11 Actual to FY12 Actual
	Actual	Actual ^(b)	Estimate ^(b)	Variance	Variance ^(c)		
RECEIPTS							
Tax Receipts							
Individual Income	\$ 3,553,247	\$ 3,630,170	\$ 3,670,954	\$ (40,784)	\$ (40,784)	\$ 76,923	
Sales	2,243,760	2,344,768	2,210,043	134,725	134,725	101,008	
Corporate Income	483,682	475,853	425,277	50,576	50,576	(7,829)	
Public Utility	177,828	192,799	171,956	20,843	20,843	14,971	
Excise	391,538	384,288	383,054	1,234	1,234	(7,250)	
Insurance	69,755	25,807	57,005	(31,198)	(31,198)	(43,948)	
Total Tax Receipts	\$ 6,919,810	\$ 7,053,685	\$ 6,918,289	\$ 135,396	\$ 135,396	\$ 133,875	
Non-Tax Receipts							
Federal	\$ 4,623,885	\$ 4,159,953	\$ 3,948,789	\$ 211,164	\$ 211,164	\$ (463,932)	
Other and Transfers	2,485,749	3,159,067	2,626,296	532,771	532,771	673,318	
Note Proceeds	803,408	804,894	804,894	-	-	1,486	
Total Non-Tax Receipts	\$ 7,913,042	\$ 8,123,914	\$ 7,379,979	\$ 743,935	\$ 743,935	\$ 210,872	
TOTAL RECEIPTS	\$ 14,832,852	\$ 15,177,599	\$ 14,298,268	\$ 879,331	\$ 879,331	\$ 344,747	
DISBURSEMENTS							
Local Aids	\$ 4,955,055	\$ 4,714,953	\$ 4,733,507	\$ 18,554	\$ 18,554	\$ (240,102)	
Income Maintenance	4,672,393	3,819,767	3,485,914	(333,853)	(333,853)	(852,626)	
Payroll & Related	2,490,756	2,210,217	2,262,929	52,712	52,712	(280,539)	
Tax Refunds	473,179	575,893	656,399	80,506	80,506	102,714	
Debt Service	382,765	353,992	422,542	68,550	68,550	(28,773)	
Miscellaneous	2,339,578	2,977,796	2,740,150	(237,646)	(237,646)	638,218	
Note Repayment	11,408	12,894	12,894	-	-	1,486	
TOTAL DISBURSEMENTS	\$ 15,325,134	\$ 14,665,512	\$ 14,314,335	\$ (351,177)	\$ (351,177)	\$ (659,622)	
2011-12 FISCAL YEAR VARIANCE YEAR-TO-DATE				\$ 528,154	\$ 528,154		

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) The results, projections, and estimates in this table for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum, and \$800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances, if any, to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

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

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2009 through December 31, 2011 – Actual
January 1, 2012 through June 30, 2012 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2009	July.....	(147,352) ^(d)	3,267,937	3,330,367
	August.....	(209,782) ^(d)	1,941,326	1,471,235
	September.....	260,309	2,627,956	2,390,978
	October.....	497,287	2,386,405	1,666,418
	November.....	1,217,274	2,354,892	2,341,164
	December.....	1,231,002	2,325,925	2,865,881
2010	January.....	691,046	2,564,759	1,778,662
	February.....	1,477,143	2,304,526	2,344,553
	March.....	1,437,116 ^(d)	2,402,735	3,512,073
	April.....	327,778 ^(d)	2,642,788	2,356,146
	May.....	614,420	1,964,818	1,762,622
	June.....	816,616 ^(d)	2,915,644	3,348,954
	July.....	383,306 ^(d)	3,033,669	3,501,423
	August.....	(84,448) ^(d)	2,220,600	1,638,533
	September.....	497,619	2,862,024	2,439,651
	October.....	919,992	2,127,540	1,607,624
	November.....	1,439,908	2,475,495	2,489,150
	December.....	1,426,253 ^(d)	2,113,524	3,648,753
2011	January.....	(108,976) ^(d)	3,455,330	1,595,375
	February.....	1,750,979	2,259,769	2,283,655
	March.....	1,727,093	2,339,013	3,451,895
	April.....	614,211	2,518,414	2,161,460
	May.....	971,165	2,216,355	1,734,386
	June.....	1,453,134	2,749,732	3,899,089
	July.....	303,777 ^(d)	2,895,946	3,131,187
	August.....	68,536 ^(d)	2,153,238	1,889,807
	September.....	331,967	2,880,991	2,518,798
	October.....	694,160	2,517,524	1,669,453
	November.....	1,542,231	2,425,673	2,603,246
	December.....	1,364,658	2,304,227	2,853,021
2012	January.....	815,864	3,058,174	1,946,487
	February.....	1,927,551	2,366,768	2,526,511
	March.....	1,767,808	2,119,783	3,506,489
	April.....	381,102	2,907,252	2,329,931
	May.....	958,423	2,367,406	1,891,493
	June.....	1,434,336	2,406,748	3,185,541

- ^(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).
- ^(b) The results, projections, or estimates in this table for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), \$800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012, and the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum.
- ^(c) Operating notes were issued for the 2009-10, 2010-11, and 2011-12 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. For the 2010-11 fiscal year, the Secretary of Administration could temporarily reallocate cash in other funds to the General Fund up to 7% of the general purpose revenue appropriations then in effect (approximately \$986 million for the 2010-11 fiscal year). In addition, the Secretary of Administration could also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately \$422 million for the 2010-11 fiscal year) for a period of up to 30 days. For the 2011-12 fiscal year, the allowed percentage changes from 7% to 9%. This results in amounts for the 2011-12 fiscal year of \$1.275 billion and \$425 million, respectively. If the amount available for temporary reallocation to the General Fund is insufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration

Table II-13; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 48). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION^(a)
July 31, 2009 to December 31, 2011 – Actual
January 31, 2012 to June 30, 2012 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (LGIP), and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of \$2.113 billion during November 2011 to a high of \$4.347 billion in February 2009. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

<u>Month (Last Day)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
January		\$ 1,042	\$ 1,197	\$ 1,042
February		955	1,416	955
March		935	1,548	935
April		1,209	1,654	1,209
May		1,289	1,657	1,289
June		1,427	1,625	1,427
July	\$ 981	1,188	1,402	
August	1,064	1,246	1,586	
September	1,233	1,335	1,542	
October	1,035	1,283	1,321	
November	1,118	1,242	1,349	
December	1,073	1,185	1,438	

Available Balances; Includes Balances in the LGIP

<u>Month (Last Day)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
January		\$ 4,100	\$ 4,389	\$ 4,100
February		4,133	4,482	4,133
March		4,130	4,745	4,130
April		4,089	4,511	4,089
May		3,842	4,243	3,842
June		4,035	4,091	4,035
July	\$ 5,102	4,469	4,648	
August	4,189	3,883	4,229	
September	4,076	3,833	3,905	
October	3,438	3,495	3,421	
November	3,500	3,585	3,484	
December	3,666	3,974	4,122	

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

Source: Wisconsin Department of Administration

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

GENERAL FUND RECORDED REVENUES^(a)
(Agency-Recorded Basis)
July 1, 2011 to December 31, 2011 Compared With Previous Year

	Annual Fiscal Report Revenues <u>2010-11 Fiscal Year^(b)</u>	Projected Revenues <u>2011-12 Fiscal Year^(c)</u>	Recorded Revenues July 1, 2010 to <u>December 31, 2010^(d)</u>	Recorded Revenues July 1, 2011 to <u>December 31, 2011^(d)</u>
Individual Income Tax	\$ 6,700,647,000	\$ 6,868,230,000	\$ 3,097,382,308	\$ 3,179,952,226
General Sales and Use Tax	4,109,019,000	4,269,805,000	\$1,735,729,348	\$1,799,498,158
Corporate Franchise and Income Tax	852,863,000	880,800,000	354,715,658	367,153,897
Public Utility Taxes	341,344,000	344,600,000	172,741,020	192,571,350
Excise Taxes	720,846,000	735,200,000	319,019,335	317,411,465
Inheritance Taxes	(128,000)	-	30,173	270,863
Insurance Company Taxes	139,951,000	147,000,000	35,049,303	56,572,280
Miscellaneous Taxes	47,323,000	51,600,000	24,463,672	37,996,756
SUBTOTAL.....	<u>12,911,865,000</u>	<u>13,297,235,000</u>	<u>5,739,130,818</u>	<u>5,951,426,996</u>
Federal and Other Inter- Governmental Revenues ^(f)	11,170,454,000	8,635,594,800	5,003,561,257	4,661,679,027
Dedicated and Other Revenues ^(g)	<u>4,844,199,000</u>	<u>5,187,165,700</u>	<u>2,424,011,927</u>	<u>2,470,549,019</u>
TOTAL.....	<u>\$ 28,926,518,000</u>	<u>\$ 27,119,995,500</u>	<u>\$ 13,166,704,002</u>	<u>\$ 13,083,655,041</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 2010-11 fiscal year, dated October 15, 2011.
- (c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2011-13 biennial budget (2011 Wisconsin Act 32) and the General Fund tax revenue estimates released by LFB on May 11, 2011. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum.
- (d) The amounts shown are 2010-11 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (e) The amounts shown are 2011-12 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.
- (g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration

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

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2011 to December 31, 2011 Compared With Previous Year

	Annual Fiscal Report Expenditures 2010-11 Fiscal Year^(b)	Appropriations 2011-12 Fiscal Year^(c)	Recorded Expenditures July 1, 2010 to December 31, 2010^(d)	Recorded Expenditures July 1, 2011 to December 31, 2011^(e)
Commerce.....	\$ 375,405,000	\$ 256,405,500	\$ 173,981,040	\$ 110,476,510
Education.....	12,227,699,000	11,618,349,000	5,493,194,214	5,280,030,735
Environmental Resources.....	207,892,000	246,148,500	95,850,935	69,360,300
Human Relations & Resources	12,462,717,000	11,177,683,100	6,933,125,660	6,057,755,300
General Executive.....	1,190,324,000	1,150,243,700	652,456,329	644,373,134
Judicial.....	134,965,000	138,688,000	79,618,787	39,673,728
Legislative.....	66,263,000	75,226,800	28,132,982	24,378,310
General Appropriations.....	2,286,559,000	2,470,053,300	1,902,801,265	2,054,379,837
TOTAL.....	\$ 28,951,824,000	\$ 27,132,797,900	\$ 15,359,161,213	\$ 14,280,427,852

- (a) The expenditures 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 2010-11 fiscal year, dated October 15, 2011.
- (c) The results and estimates in this table reflect the 2011-13 biennial budget (2011 Wisconsin Act 32). The estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum.
- (d) The amounts shown are 2010-11 fiscal year expenditures as recorded by all State agencies.
- (e) The amounts shown are 2011-12 fiscal year expenditures as recorded by all State agencies.

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, 2011 \(2011 Annual Report\)](#), which can be obtained as described below. This Appendix also includes updated information or makes changes or additions to the information presented in Part IV of the 2011 Annual Report.

Part IV to the 2011 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 2011 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system, 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

Copies of the 2011 Annual Report may also be obtained from:

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

After publication and filing of the 2011 Annual Report, certain changes or events have occurred that affect items discussed in the 2011 Annual Report. Listed below, by reference to particular sections of Part IV of the 2011 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State’s undertakings.

Outstanding Master Lease Schedules; Table IV-2 (Part IV–Pages 136-143). Update with the following, which is a summary of all outstanding Lease Schedules (not just those funded with proceeds of the Certificates):

**OUTSTANDING MASTER LEASE SCHEDULES
(As of February 1, 2012)**

<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	\$ 178,237.53
00-032	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,450,000.00	453,889.03
00-045	5/18/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	74,600.00	23,348.87
00-068	6/30/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	32,594.00	9,872.23
00-073	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	624,000.00	195,033.67
00-074	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,800,000.00	562,597.15
00-081	8/7/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	501,520.00	175,445.30
00-086	8/25/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	102,562.00	31,286.33
00-095	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	312,000.00	94,718.55
00-096	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	750,000.00	227,180.58
00-097	9/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	364,820.00	120,306.00
00-108	10/16/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	413,798.00	136,661.20
00-120	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	276,714.00	91,505.60
00-121	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	292,169.21	96,617.93
00-128	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	364,307.50	120,702.79
00-129	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	131,710.25	39,933.48
00-130	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	450,000.00	136,436.44
00-131	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,200,000.00	363,830.49
00-132	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	78,880.00	26,134.62
00-135	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	182,598.00	60,623.51
00-142	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	516,614.64	171,518.85
00-144	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	391,860.00	130,099.61
00-146	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	351,434.00	116,785.61
00-147	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	216,443.15	71,926.58
00-148	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	79,455.00	26,403.84
00-149	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	28,246.48
00-151	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	452,800.00	137,107.80
00-152	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	105,979.98
01-001	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	33,274.50	11,088.36
01-007	2/1/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	794,500.00	288,471.39
01-008	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	27,812.00	8,381.45
01-009	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	140,829.20	46,929.67
01-010	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,062.00	85,329.65
01-011	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	28,325.27
01-012	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	200,000.00	60,272.18
01-013	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	105,476.28
01-025	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	160,584.00	58,667.43
01-029	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,912.00	86,220.04
01-030	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	129,036.87	43,304.98
01-031	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	93,375.00	34,132.20
01-033	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	998,500.00	303,151.02
01-034	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	73,838.75	22,417.91
01-035	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	151,040.00	45,856.71
01-036	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	92,000.00	30,875.34
01-037	4/17/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	286,000.00	66,691.75
01-039	4/17/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	53,534.00	18,016.07
01-043	5/9/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	14,040.00	2,723.35
01-048	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	25,000.00	7,632.75
01-049	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	250,000.00	76,327.64
01-050	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	50,477.20	17,030.61
01-051	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	24,025.89	8,106.14
01-052	5/9/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	484,510.00	178,006.91
01-053	5/9/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	277,000.00	64,787.93

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of February 1, 2012)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
01-057	5/30/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	\$ 20,500.00	\$ 3,995.22
01-059	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	153,466.00	56,605.20
01-065	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	88,700.00	27,195.37
01-066	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	63,011.00	19,319.14
01-067	5/30/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	235,800.00	55,402.24
01-069	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	319,552.00	117,865.22
01-071	6/28/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	20,500.00	4,015.83
01-073	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	13,500.00	4,999.93
01-077	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	45,208.00	13,923.01
01-078	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	40,300.00	12,411.46
01-079	6/28/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	240,550.00	56,852.14
01-080	6/28/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	36,145.20	12,297.50
01-081	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	442,300.00	163,812.74
01-092	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	138,000.00	51,495.05
01-093	8/2/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	165,450.00	39,398.70
01-094	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 1	307,262.00	114,655.60
01-095	8/2/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,150.00	6,876.26
01-104	8/31/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	7,490.00	1,486.62
01-105	8/31/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	107,950.00	25,810.24
01-106	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	28,700.00	10,744.33
01-107	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	278,000.00	104,073.88
01-110	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	435,980.00	163,754.07
01-117	9/28/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	20,965.00	7,237.83
01-120	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	45,000.00	16,902.00
01-121	9/28/2001	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	67,000.00	16,085.02
01-122	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	62,800.00	23,587.67
01-123	9/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	26,650.00	8,333.61
01-125	9/28/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	666,242.00	268,154.69
01-133	11/21/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	487,245.20	197,295.13
01-138	11/21/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	334,050.00	126,267.51
01-147	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	51,210.00	19,444.58
01-148	12/28/2001	9/1/2013	WEI 3-Energy Perf Contract; Green Bay Correctional	7,670.00	1,551.06
01-151	12/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	23,675.00	7,493.43
01-152	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	587,298.00	222,998.60
02-005	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	1,022,343.35	366,664.25
02-013	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	1,081,226.20	387,782.64
02-014	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	81,075.00	27,145.31
02-015	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	227,500.00	76,170.88
02-019	2/21/2002	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	17,552.00	4,962.07
02-020	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	21,655.60	6,727.84
02-025	2/21/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	100,000.00	33,654.87
02-027	2/21/2002	3/1/2014	WEI 3-Energy Perf Contract; UW-Oshkosh	50,250.00	11,020.37
02-028	2/21/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	196,496.80	70,828.42
02-029	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	10,083.54	3,132.68
02-043	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	225,000.00	76,943.45
02-044	4/26/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	429,034.20	157,071.56
02-048	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	85,858.00	29,360.92
02-050	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	1,307,850.00	508,934.45
02-051	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	825,640.24	321,288.17
02-052	5/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	250,000.00	97,897.16
02-055	5/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	142,872.90	52,659.29
02-056	5/24/2002	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	32,340.00	11,136.04
02-059	5/31/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	696,128.00	272,948.38
02-061	6/18/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	127,832.05	47,385.93
02-062	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	250,000.00	98,421.33
02-063	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	206,800.00	81,414.12
02-064	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	31,000.00	10,737.61
02-071	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	185,490.00	64,292.12
02-082	7/16/2002	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	103,301.00	11,002.57
02-083	7/16/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	79,754.00	31,615.86
02-084	7/16/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	1,006,392.00	375,966.73
02-085	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	49,230.00	18,527.10
02-086	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	124,032.00	49,516.76

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of February 1, 2012)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
02-087	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	\$ 175,328.20	\$ 65,982.48
02-088	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	382,687.28	152,778.59
02-089	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	120,000.00	47,907.10
02-090	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	229,500.00	86,369.36
02-104	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	682,701.48	272,240.93
02-105	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	222,320.50	83,571.95
02-106	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	105,963.42	39,832.45
02-107	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	553,036.00	220,534.22
02-108	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	575,550.00	229,512.14
02-109	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	419,000.00	157,505.28
02-110	9/13/2002	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	34,200.00	3,678.12
02-111	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	96,300.00	38,401.58
02-112	9/13/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	597,251.20	250,790.57
02-113	9/13/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	75,777.00	14,614.82
02-126	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	30,641.00	12,190.22
02-127	10/24/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	361,201.60	151,317.81
02-128	10/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	100,000.00	37,503.11
02-129	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	75,000.00	29,838.03
02-130	10/24/2002	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	127,113.00	33,570.21
02-131	10/24/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Colleges Fox Valley	143,756.00	27,661.00
02-132	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	1,077,876.00	428,822.42
02-143	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	63,250.00	25,121.61
02-144	11/19/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	65,090.00	12,503.60
02-146	11/19/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	90,000.00	33,696.74
02-147	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	59,634.00	23,685.39
02-148	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	171,500.00	68,116.33
02-151	12/30/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	121,100.00	23,850.26
02-152	12/30/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	13,010.00	4,723.14
02-153	12/30/2002	9/1/2013	WEI 3-Energy Perf Contract; UW-Colleges Fox Valley	36,500.00	7,188.57
02-154	12/30/2002	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	69,200.00	18,805.26
02-155	12/30/2002	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Health	39,220.00	9,378.94
02-156	12/30/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	189,187.30	82,466.33
02-157	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	120,000.00	49,599.93
02-158	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	130,075.00	50,613.14
02-159	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	103,000.00	42,573.27
02-163	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	42,633.43	16,588.97
03-001	1/24/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	41,851.50	18,351.09
03-002	1/24/2003	9/1/2014	WEI 3-Energy Perf Contract; Kettle Moraine Correctional	45,000.00	12,315.83
03-003	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	51,670.00	21,486.92
03-004	1/24/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	222,760.00	87,220.30
03-005	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	82,800.00	34,432.33
03-011	2/14/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	77,200.00	15,416.20
03-016	2/28/2003	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	55,150.00	20,341.42
03-017	2/28/2003	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	16,880.00	7,082.17
03-020	2/28/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	69,900.00	31,961.94
03-032	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	85,000.00	36,060.47
03-033	4/14/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	38,911.40	17,396.91
03-034	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	157,664.00	66,887.51
03-035	4/14/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	35,496.15	14,186.95
03-039	4/14/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	27,980.00	5,694.70
03-046	7/31/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	52,680.00	24,951.79
03-052	5/27/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	306,308.00	123,809.43
03-053	5/27/2003	9/1/2012	WEI 3-Energy Perf Contract; UW-Colleges Washington County	8,025.00	919.67
03-057	6/19/2003	9/1/2013	WEI 3-Energy Perf Contract; Oakhill Correctional	172,414.90	35,814.49
03-061	6/19/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	189,775.00	77,109.92
03-062	7/10/2003	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	27,851.81	11,377.62
03-066	7/10/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	19,432.00	8,420.58
03-076	7/31/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	250,000.00	108,936.52
03-077	7/31/2003	9/1/2013	WEI 3-Energy Perf Contract; UW-Stevens Point	11,740.00	2,481.23
03-091	10/27/2003	9/1/2013	WEI 3-Energy Perf Contract; Oregon Correctional	52,068.10	11,343.95
03-093	10/27/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	163,040.00	78,992.19
03-099	11/13/2003	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	130,000.00	61,001.35
03-100	12/11/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	758,482.00	323,391.71

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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>
03-101	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	\$ 254,050.00	\$ 114,720.81
03-102	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	75,617.00	34,146.20
03-105	12/11/2003	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,500.00	7,590.48
04-006	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	31,633.00	14,571.02
04-012	2/24/2004	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	277,000.00	120,546.80
04-013	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	278,200.00	128,146.52
04-017	4/22/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	163,226.00	76,391.81
04-018	4/22/2004	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	144,800.00	10,442.17
04-021	4/22/2004	9/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	6,165.00	2,369.58
04-032	6/10/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	4,915.00	2,522.16
04-042	7/20/2004	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	210,757.00	69,459.37
04-043	8/20/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	190,000.00	91,708.75
04-049	10/29/2004	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	122,991.00	40,346.61
04-050	10/29/2004	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	418,453.00	31,445.88
04-051	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	30,663.00	15,084.28
04-054	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	175,000.00	86,089.12
04-055	10/29/2004	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	28,051.00	14,473.57
04-061	11/30/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	42,765.00	22,883.23
05-004	1/31/2005	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	90,617.00	7,072.67
05-005	1/31/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	175,000.00	52,974.19
05-009	3/17/2005	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	501,490.00	267,750.85
05-010	3/17/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	320,550.00	163,374.54
05-011	3/17/2005	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	290,000.00	140,154.64
05-022	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	547,825.00	282,347.09
05-023	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	387,180.00	199,772.27
05-046	9/7/2005	3/1/2012	ITS Phase 3-WINPAS Project	600,000.00	51,625.32
05-047	9/7/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	165,000.00	87,705.77
05-048	9/7/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	319,286.00	103,821.96
05-054	11/23/2005	3/1/2012	ITS Phase 3-WINPAS Project	900,000.00	79,984.18
05-055	11/23/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	170,643.00	92,440.43
05-056	11/23/2005	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	350,000.00	116,760.00
05-058	12/21/2005	3/1/2012	WEI 3-Energy Perf Contract; Dodge Correctional	70,175.00	6,285.48
06-001	1/11/2006	3/1/2012	ITS Phase 3-WINPAS Project	450,000.00	40,678.38
06-002	1/11/2006	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	24,000.00	11,804.20
06-005	1/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	88,770.00	51,515.75
06-008	2/17/2006	3/1/2012	ITS Phase 3-WINPAS Project	2,050,000.00	188,051.96
06-010	3/3/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	110,600.00	61,257.35
06-014	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	33,231.00	18,504.12
06-015	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	42,500.00	23,665.42
06-016	3/31/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	70,442.00	37,347.13
06-017	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	94,661.64
06-018	3/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,544.00	14,844.58
06-019	3/31/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	160,000.00	55,506.70
06-025	5/19/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	367,500.00	196,783.56
06-026	5/19/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	240,000.00	134,892.50
06-027	5/19/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,000.00	14,656.81
06-028	5/19/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	120,000.00	42,216.80
06-029	5/19/2006	3/1/2013	Integrated Property Assessment System (IPAS)	144,187.00	34,931.96
06-037	6/30/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	574,730.00	310,483.41
06-038	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	530,000.00	300,383.21
06-039	6/30/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	41,363.81
06-040	6/30/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	100,000.00	35,619.22
06-041	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	50,000.00	28,338.04
06-044	6/30/2006	3/1/2012	ITS Phase 3-WINPAS Project	300,000.00	29,080.33
06-045	6/30/2006	3/1/2013	Integrated Business Information System	3,825,007.91	969,728.07
06-050	7/19/2006	3/1/2012	ITS Phase 3-WINPAS Project	600,000.00	58,621.20
06-051	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	97,899.12
06-052	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	40,000.00	23,035.09
06-056	8/31/2006	9/1/2014	WEI 3-Energy Perf Contract; Ethan Allen School	25,848.00	10,950.34
06-057	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	160,000.00	94,436.48
06-058	8/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	43,000.68
06-059	8/31/2006	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	50,000.00	18,838.08
06-060	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	152,000.00	89,714.65

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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>
06-064	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	\$ 180,000.00	\$ 106,843.88
06-065	9/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	95,000.00	58,669.43
06-066	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	28,000.00	16,620.16
06-068	10/17/2006	3/1/2012	ITS Phase 3-WINPAS Project	500,000.00	52,322.56
06-072	12/15/2006	3/1/2013	Integrated Business Information System	199,407.99	53,964.90
06-073	12/15/2006	3/1/2012	ITS Phase 3-WINPAS Project	1,150,000.00	123,702.52
06-074	12/15/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	230,000.00	138,656.73
06-075	12/15/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	285,000.00	178,048.45
06-077	12/29/2006	3/1/2013	Integrated Business Information System	971,908.16	263,575.76
06-078	12/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	110,879.00	67,042.40
06-079	12/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	144,532.64
07-002	1/19/2007	3/1/2014	Intoximeters - Breath Alcohol Testing Equipment	637,500.00	250,709.60
07-004	1/19/2007	3/1/2013	Integrated Business Information System	47,396.96	13,048.65
07-008	2/2/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	318,576.00	201,505.31
07-009	2/2/2007	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	60,000.00	23,710.75
07-012	2/23/2007	3/1/2013	Integrated Business Information System	359,013.99	100,042.50
07-015	2/23/2007	3/1/2012	ITS Phase 3-WINPAS Project	660,000.00	73,570.70
07-020	4/27/2007	3/1/2013	Integrated Business Information System	48,750.00	13,924.19
07-022	4/27/2007	3/1/2012	Golf Course Maintenance Equipment	14,500.00	1,667.31
07-023	5/18/2007	3/1/2013	Integrated Property Assessment System (IPAS)	111,050.00	32,013.04
07-025	7/13/2007	3/1/2014	ITS Phase 3-WINPAS Project	990,000.00	413,005.01
07-026	7/13/2007	3/1/2012	Golf Course Maintenance Equipment	83,134.00	9,905.03
07-027	7/13/2007	3/1/2014	Intoximeters - Breath Alcohol Testing Equipment	963,900.00	402,098.85
07-028	7/13/2007	3/1/2013	Integrated Business Information System	222,297.94	64,086.20
07-033	8/10/2007	9/1/2012	Delivery Vehicle	74,442.00	16,031.04
07-035	8/10/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	780,000.00	504,701.22
07-036	8/31/2007	9/1/2012	Delivery Vehicle	39,194.00	8,519.43
07-037	9/14/2007	3/1/2012	Golf Course Maintenance Equipment	30,659.00	3,610.05
07-039	9/28/2007	3/1/2013	Integrated Business Information System	26,552.34	7,955.69
07-041	9/28/2007	9/1/2012	Delivery Vehicles	237,600.00	51,259.38
07-043	10/26/2007	3/1/2013	Integrated Business Information System	18,750.00	5,527.53
07-044	10/26/2007	3/1/2014	ITS Phase 3-WINPAS Project	415,000.00	176,661.28
07-047	12/7/2007	3/1/2013	Integrated Property Assessment System (IPAS)	291,973.00	90,329.57
07-048	12/7/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	300,000.00	199,087.65
07-049	12/21/2007	9/1/2014	Digital Microwave Equipment Replacement	1,314,719.00	610,255.95
07-050	12/21/2007	3/1/2014	ITS Phase 3-WINPAS Project	1,235,000.00	537,074.93
08-002	1/18/2008	3/1/2013	Integrated Business Information System	26,502.94	8,381.81
08-004	2/8/2008	9/1/2014	Digital Microwave Equipment Replacement	239,214.38	117,336.56
08-005	3/7/2008	3/1/2014	ITS Phase 3-WINPAS Project	600,000.00	269,165.55
08-007	3/7/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	150,000.00	101,678.89
08-008	3/7/2008	9/1/2014	Digital Microwave Equipment Replacement	53,754.40	26,698.80
08-010	3/27/2008	3/1/2015	Campaign Finance Information System	144,106.00	78,050.59
08-011	4/18/2008	3/1/2013	Integrated Property Assessment System (IPAS)	111,080.00	36,751.35
08-012	5/16/2008	3/1/2013	Golf Course Maintenance Equipment	20,151.00	6,779.09
08-013	4/18/2008	3/1/2013	Golf Course Maintenance Equipment	27,000.00	8,933.09
08-014	5/16/2008	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	480,000.00	222,545.80
08-016	6/6/2008	3/1/2013	Golf Course Maintenance Equipment	142,143.00	48,379.90
08-017	6/6/2008	3/1/2015	Campaign Finance Information System	144,106.00	80,375.73
08-018	6/27/2008	3/1/2015	Campaign Finance Information System	14,420.00	8,117.08
08-020	7/18/2008	3/1/2015	Campaign Finance Information System	82,248.00	40,246.30
08-022	8/5/2008	9/1/2015	CNC Milling Machine	39,231.00	13,707.12
08-023	8/5/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	100,000.00	60,859.48
08-024	8/5/2008	3/1/2014	ITS Phase 3-WINPAS Project	375,000.00	156,743.72
08-025	9/5/2008	9/1/2013	Lawn Mower for Athletic Fields	47,333.00	17,763.73
08-026	9/5/2008	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	12,912.00	7,814.56
08-028	9/30/2008	3/1/2014	ITS Phase 3-WINPAS Project	1,125,000.00	487,521.40
08-030	10/31/2008	3/1/2014	ITS Phase 3-WINPAS Project	320,000.00	140,560.29
08-031	10/31/2008	3/1/2015	Campaign Finance Information System	238,716.00	122,766.73
08-032	11/26/2008	3/1/2013	Integrated Property Assessment System (IPAS)	157,560.00	52,078.07
08-033	11/26/2008	9/1/2015	Digital Microwave Equipment Replacement - Phase 2	1,442,233.00	788,607.14
08-034	11/26/2008	9/1/2015	Wisconsin Integrated Correction System (WICS) - Phase 1	3,990,331.85	2,181,881.26
08-035	11/26/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	144,913.49
08-036	11/26/2008	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	325,000.00	144,087.04

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08-037	12/23/2008	3/1/2014	ITS Phase 3-WINPAS Project	\$ 480,000.00	\$ 215,813.25
08-038	12/23/2008	3/1/2015	Campaign Finance Information System	26,704.00	13,995.03
09-001	1/21/2009	3/1/2014	Wheel Loader and Accessories	151,512.00	69,660.52
09-002	2/6/2009	3/1/2012	Medical Liquid Handling Equipment	66,420.72	10,193.53
09-003	2/6/2009	3/1/2014	ITS Phase 3-WINPAS Project	200,000.00	92,752.35
09-004	2/6/2009	3/1/2012	Software/Hardware Upgrade to DOR Data Warehouse	442,330.47	67,884.01
09-005	2/6/2009	3/1/2016	Motor Coach Buses for Prisoner Transport	873,764.00	519,009.04
09-006	3/4/2009	3/1/2014	Digital Mobile Radio Replacement	1,583,700.00	746,927.53
09-007	3/4/2009	3/1/2014	ITS Phase 3-WINPAS Project	600,000.00	282,978.91
09-008	3/4/2009	3/1/2014	BadgerChoice Suite of Tools	825,000.00	389,096.00
09-011	4/10/2009	3/1/2012	Network Switch Replacement	362,387.15	59,377.27
09-012	4/10/2009	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	99,440.00	65,853.82
09-013	4/10/2009	3/1/2014	WEI 3-Energy Perf Contract; UW-Madison Section 7	106,146.00	51,129.25
09-014	4/30/2009	3/1/2012	Network Switch Replacement	21,649.65	3,530.29
09-015	4/30/2009	3/1/2016	ITS Phase 3-WINPAS Project	180,000.00	110,705.99
09-016	5/28/2009	3/1/2012	Personal Computer and Laptop Replacement	182,153.75	31,331.28
09-017	5/28/2009	3/1/2014	BadgerChoice Suite of Tools	925,000.00	457,910.14
09-018	5/28/2009	3/1/2012	Tractor	45,800.00	5,469.74
09-019	6/16/2009	3/1/2016	ITS Phase 3-WINPAS Project	270,000.00	169,280.95
09-020	6/16/2009	3/1/2014	Golf Course Maintenance Equipment	130,203.50	65,212.38
09-021	6/30/2009	3/1/2016	ITS Phase 3-WINPAS Project	112,500.00	70,994.61
09-022	6/30/2009	3/1/2014	LANDesk Management Suite	463,590.00	234,332.68
09-023	7/16/2009	9/1/2014	Mass Spectrometer	399,501.05	169,688.43
09-024	7/31/2009	3/1/2016	ITS Phase 3-WINPAS Project	737,500.00	472,895.48
09-025	7/31/2009	3/1/2014	BadgerChoice Suite of Tools	750,000.00	387,526.62
09-026	8/14/2009	9/1/2012	Mass Spectrometer	600,000.00	111,696.91
09-027	8/31/2009	3/1/2014	LANDesk Management Suite	182,555.00	96,244.60
09-028	8/31/2009	9/1/2015	Digital Radio Replacement	365,750.00	228,433.10
09-029	9/18/2009	3/1/2014	LANDesk Management Suite	196,166.60	104,508.26
09-030	10/23/2009	3/1/2014	LANDesk Management Suite	253,589.52	138,478.34
09-031	10/23/2009	3/1/2016	ITS Phase 3-WINPAS Project	600,000.00	399,804.48
09-032	11/16/2009	3/1/2016	Campus Vehicles (Truck-Grounds and SUV-Law Enforcement)	50,516.00	34,045.96
09-033	12/16/2009	3/1/2016	Campus Vehicles (Snowplow for truck)	4,597.45	3,146.41
09-034	12/16/2009	3/1/2014	LANDesk Management Suite	461,068.22	261,595.73
09-035	12/16/2009	9/1/2012	Video Bronchoscope	55,253.85	15,127.95
10-001	1/15/2010	3/1/2013	Integrated Property Assessment System (IPAS)	182,530.00	85,029.90
10-002	1/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	250,000.00	173,926.75
10-003	1/15/2010	3/1/2014	BadgerChoice Suite of Tools	500,000.00	290,306.91
10-004	1/15/2010	3/1/2016	Statewide Vital Records Information System	119,079.90	82,844.72
10-005	1/15/2010	9/1/2015	Mobile Radio Replacement	707,548.40	409,048.03
10-006	2/16/2010	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	635,409.81
10-007	2/16/2010	3/1/2014	LANDesk Management Suite	513,947.36	304,927.15
10-008	2/16/2010	3/1/2015	Scheduling Software	61,250.00	40,363.63
10-009	3/12/2010	3/1/2016	ITS Phase 3-WINPAS Project	1,000,000.00	715,906.28
10-010	3/12/2010	3/1/2015	High Speed Printer / Scanner	30,352.20	20,334.48
10-011	3/12/2010	3/1/2015	Automated Functional Screen Software	180,000.00	120,591.11
10-012	3/12/2010	3/1/2013	Forage Harvester	167,100.00	82,271.87
10-013	3/12/2010	3/1/2014	LANDesk Management Suite	240,403.25	145,564.56
10-014	3/12/2010	3/1/2015	Automated Clinical Chemistry Analyzer	110,700.00	74,163.53
10-015	4/9/2010	3/1/2014	LANDesk Management Suite	291,399.73	180,146.09
10-016	4/9/2010	3/1/2015	Integrated Property Assessment System (IPAS)	717,272.00	488,672.28
10-017	4/9/2010	3/1/2015	Automated Functional Screen Software	220,000.00	149,884.43
10-018	4/30/2010	3/1/2015	Scheduling Software	85,806.00	59,242.81
10-019	4/30/2010	3/1/2016	ITS Phase 3-WINPAS Project	650,000.00	477,305.73
10-021	5/21/2010	3/1/2014	LANDesk Management Suite	349,003.39	223,088.62
10-022	5/21/2010	3/1/2016	Statewide Vital Records Information System	38,894.50	28,891.85
10-023	5/21/2010	3/1/2015	Orchard Sprayer - Peninsular Ag Research Station	19,399.10	13,577.78
10-024	5/21/2010	3/1/2015	Golf Course Maintenance Equipment	65,178.00	45,619.26
10-025	5/21/2010	3/1/2013	Personal Computer and Laptop Replacement	152,672.91	80,776.70
10-026	5/21/2010	3/1/2015	Tractor - Seed Potato Farm	79,440.00	55,601.50
10-027	6/18/2010	3/1/2017	Pneumatic Granular Fertilizer Applicator	59,349.45	46,716.00
10-028	6/18/2010	3/1/2015	Scheduling Software	10,000.00	7,120.23
10-029	6/18/2010	3/1/2015	Golf Course Maintenance Equipment	45,314.00	32,264.64

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of February 1, 2012)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
10-030	6/18/2010	3/1/2014	LANDesk Management Suite	\$ 221,355.46	\$ 144,561.99
10-031	6/18/2010	3/1/2013	Personal Computer and Monitor Replacement	36,340.00	19,790.99
10-032	6/30/2010	3/1/2015	Avionic Radio Replacement	279,530.35	128,810.98
10-033	6/30/2010	3/1/2015	Scheduling Software	140,850.00	101,058.26
10-035	7/12/2010	3/1/2014	LANDesk Management Suite	265,740.05	188,874.69
10-036	7/26/2010	9/1/2015	Milk Carton Filling Machine	188,131.50	152,323.31
10-037	7/26/2010	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	610,300.95
10-038	7/26/2010	3/1/2015	Automated Functional Screen Software	550,000.00	432,114.08
10-039	7/26/2010	3/1/2015	Golf Course Maintenance Equipment	17,610.00	13,835.51
10-040	8/16/2010	3/1/2014	LANDesk Management Suite	132,155.27	96,131.09
10-041	8/16/2010	3/1/2016	Statewide Vital Records Information System	216,957.00	181,426.63
10-042	8/16/2010	9/1/2015	IT Infrastructure FY10	215,019.00	175,706.84
10-043	8/16/2010	3/1/2015	Campaign Finance Information System	82,600.00	65,573.84
10-044	8/16/2010	9/1/2015	Integrated Property Assessment System (IPAS)	434,002.00	354,652.93
10-045	8/31/2010	3/1/2014	LANDesk Management Suite	92,101.21	67,653.42
10-046	8/31/2010	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	299,325.00	107,005.55
10-047	9/15/2010	9/1/2015	IT Infrastructure FY10	900,349.43	745,841.41
10-048	9/15/2010	3/1/2015	Scheduling Software	79,857.00	64,379.53
10-049	9/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	375,000.00	317,439.36
10-050	9/15/2010	3/1/2015	Campaign Finance Information System	82,600.00	66,590.91
10-051	9/30/2010	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	199,550.00	127,009.72
10-052	9/30/2010	9/1/2015	IT Infrastructure FY11	94,790.94	79,089.78
10-053	9/30/2010	9/1/2013	Industrial Floor Sweeper/Scrubber	61,580.38	43,306.60
10-054	9/30/2010	3/1/2016	Statewide Vital Records Information System	8,188.00	6,975.81
10-055	10/15/2010	9/1/2017	Wisconsin Integrated Correction System (WICS) - Phase 2	1,643,868.00	1,469,114.51
10-056	10/15/2010	3/1/2014	LANDesk Management Suite	114,681.15	85,833.28
10-057	10/29/2010	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	299,325.00	196,567.49
10-058	10/29/2010	3/1/2016	ITS Phase 3-WINPAS Project	1,125,000.00	970,623.22
10-059	10/29/2010	9/1/2015	Milk Carton Filling Machine	94,065.75	79,601.60
10-060	10/29/2010	9/1/2015	IT Infrastructure FY11	120,998.79	102,393.26
10-061	11/15/2010	3/1/2014	LANDesk Management Suite	84,203.41	65,340.39
10-062	11/15/2010	3/1/2015	Automated Functional Screen	410,000.00	341,659.49
10-063	11/15/2010	3/1/2015	Scheduling Software	10,000.00	8,333.17
10-064	11/15/2010	3/1/2016	Statewide Vital Records Information System	65,692.00	57,080.39
10-065	11/15/2010	9/1/2015	Milk Carton Filling Machine	56,439.45	48,141.73
10-066	11/15/2010	9/1/2015	Integrated Property Assessment System (IPAS)	796,995.00	679,820.91
10-067	11/15/2010	9/1/2015	IT Infrastructure FY11	1,002,370.34	855,001.98
10-068	11/15/2010	9/1/2014	Workstation Refresh	236,060.98	190,841.28
10-069	11/30/2010	9/1/2013	PCs, Monitors and Laptops (WICS)	142,315.65	105,604.07
10-070	11/30/2010	9/1/2015	IT Infrastructure FY11	316,054.04	271,628.32
10-071	11/30/2010	9/1/2017	Base Station Radios	1,366,000.00	1,239,026.96
10-072	11/30/2010	9/1/2015	IT Infrastructure FY10	19,499.50	16,758.57
10-073	11/30/2010	3/1/2015	Scheduling Software	36,965.90	31,068.87
10-074	12/15/2010	9/1/2015	Milk Carton Filling Machine	37,626.30	32,585.26
10-075	12/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	450,000.00	396,331.70
10-076	12/15/2010	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	217,575.85	150,564.09
10-077	12/15/2010	3/1/2014	LANDesk Management Suite	77,782.33	61,775.46
10-079	12/15/2010	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	1,740,330.00	1,586,542.27
10-080	12/15/2010	9/1/2014	Workstation Refresh	10,035.10	8,275.17
10-081	12/30/2010	3/1/2014	LANDesk Management Suite	93,442.24	75,101.25
10-082	12/30/2010	9/1/2015	IT Infrastructure FY11	448,047.38	388,641.53
10-083	12/30/2010	9/1/2014	Workstation Refresh	72,427.80	60,333.97
10-084	12/30/2010	3/1/2016	Statewide Vital Records Information System	393,848.00	349,271.38
11-001	1/27/2011	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	199,550.00	145,508.74
11-002	1/27/2011	9/1/2017	Base Station Radios	444,243.15	410,998.84
11-003	1/27/2011	9/1/2013	PCs, Monitors and Laptops (WICS)	20,712.60	16,252.95
11-004	1/27/2011	3/1/2016	Space and Leasing Software Package	91,441.00	82,157.48
11-005	1/27/2011	9/1/2015	IT Infrastructure FY11	391,950.56	347,137.29
11-006	1/27/2011	9/1/2014	Workstation Refresh	28,776.08	24,438.92
11-008	1/27/2011	3/1/2015	Automated Functional Screen	570,000.00	495,732.28
11-009	2/16/2011	9/1/2014	Workstation Refresh	1,212.00	1,042.84
11-010	2/16/2011	9/1/2015	IT Infrastructure FY11	182,746.79	163,459.69
11-011	2/16/2011	3/1/2015	Scheduling Software	83,000.00	73,003.51

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of February 1, 2012)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
11-012	2/16/2011	3/1/2014	LANDesk Management Suite	66,281.03	55,343.59
11-014	2/28/2011	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	99,775.00	75,828.33
11-015	2/28/2011	3/1/2014	LANDesk Management Suite	44,965.85	37,982.58
11-016	2/28/2011	9/1/2015	IT Infrastructure FY11	62,093.83	55,951.99
11-017	3/15/2011	3/1/2016	Space and Leasing Software Package	6,274.26	5,765.01
11-018	3/15/2011	9/1/2014	Workstation Refresh	61,287.00	53,820.26
11-019	3/15/2011	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	193,370.00	181,869.95
11-020	3/15/2011	3/1/2016	Paper Cutter/Slicer/Creaser & Integrated Folder Attachment	59,516.00	54,685.42
11-021	3/31/2011	3/1/2014	LANDesk Management Suite	31,256.47	27,082.29
11-022	3/31/2011	9/1/2014	Workstation Refresh	22,659.80	20,115.11
11-023	3/31/2011	9/1/2015	IT Infrastructure FY11	206,374.84	188,984.05
11-024	4/15/2011	3/1/2015	Automated Functional Screen	250,000.00	228,014.96
11-025	4/15/2011	3/1/2016	ITS Phase 3-WINPAS Project	675,000.00	629,239.30
11-026	4/15/2011	9/1/2015	IT Infrastructure FY11	229,078.62	211,505.90
11-027	4/15/2011	3/1/2016	Statewide Vital Records Information System	252,717.30	235,584.68
11-028	4/29/2011	3/1/2016	LED Highway Sign	265,730.00	249,421.16
11-029	4/29/2011	3/1/2018	Grounds Vehicle and Accessories	45,648.61	43,786.25
11-030	4/29/2011	3/1/2015	Fleet Vehicles	28,922.00	26,614.73
11-032	4/29/2011	3/1/2014	LANDesk Management Suite	59,558.13	52,934.99
11-033	4/29/2011	3/1/2016	Statewide Vital Records Information System	132,950.00	124,790.37
11-034	4/29/2011	9/1/2015	IT Infrastructure FY11	252,761.36	235,192.15
11-035	5/13/2011	3/1/2015	Automated Functional Screen	16,000.00	14,857.19
11-036	5/13/2011	3/1/2014	Mobile Data Computer Replacement	2,955,554.88	2,660,230.74
11-037	5/25/2011	3/1/2016	ITS Phase 3-WINPAS Project	281,250.00	267,431.47
11-038	5/25/2011	3/1/2016	Space and Leasing Software Package	7,438.77	7,073.28
11-039	5/25/2011	3/1/2014	LANDesk Management Suite	21,893.46	19,923.55
11-040	5/25/2011	9/1/2015	IT Infrastructure FY11	9,500.00	8,970.45
11-041	6/15/2011	3/1/2016	Golf Course Maintenance Equipment	17,304.00	16,621.82
11-043	6/30/2011	3/1/2016	Golf Course Maintenance Equipment	108,306.11	104,843.91
11-044	6/30/2011	3/1/2016	Space and Leasing Software Package	4,500.00	4,356.15
11-045	6/30/2011	3/1/2016	Statewide Vital Records Information System	80,053.20	77,494.15
11-046	6/30/2011	9/1/2014	Workstation Refresh	125,784.37	119,582.34
11-047	7/15/2011	3/1/2016	ITS Phase 3-WINPAS Project	593,750.00	593,750.00
11-048	7/15/2011	3/1/2016	Statewide Vital Records Information System	3,060.00	3,060.00
11-049	7/15/2011	9/1/2015	IT Infrastructure FY11	29,919.76	29,919.76
11-050	7/29/2011	3/1/2016	ITS Phase 3-WINPAS Project	630,000.00	630,000.00
11-051	8/15/2011	9/1/2016	Furniture & Moveable Medical Equipment @ King	630,000.00	408,475.00
11-052	8/15/2011	3/1/2015	Fleet Vehicles	20,510.00	20,510.00
11-053	8/15/2011	9/1/2018	Hybrid Grounds Vehicles	269,350.00	171,700.00
11-054	8/15/2011	3/1/2015	Scheduling Software	16,000.00	16,000.00
11-055	8/15/2011	9/1/2015	Integrated Property Assessment System (IPAS)	572,316.00	572,316.00
11-056	8/31/2011	3/1/2013	Lake Michigan Research Vessel - R/V Coregonus	344,694.14	344,694.14
11-057	8/31/2011	9/1/2016	Digital Production Color Printer & Imaging System	105,229.00	105,229.00
11-058	8/31/2011	3/1/2014	LANDesk Management Suite	13,381.22	13,381.22
11-059	9/16/2011	9/1/2016	Vertical Mold Milling Machine	110,746.00	110,746.00
11-060	9/16/2011	9/1/2017	Base Station Radios	213,423.67	213,423.67
11-061	9/30/2011	9/1/2015	IT Infrastructure FY11	107,662.45	107,662.45
11-062	9/30/2011	3/1/2016	ITS Phase 3-WINPAS Project	720,000.00	720,000.00
11-063	10/17/2011	3/1/2015	Scheduling Software	42,318.20	42,318.20
11-064	10/31/2011	9/1/2015	Integrated Property Assessment System (IPAS)	525,800.00	525,800.00
11-065	11/15/2011	9/1/2014	Confocal Imaging System	402,434.15	177,434.15
11-066	11/15/2011	3/1/2016	ITS Phase 3-WINPAS Project	300,000.00	300,000.00
11-067	11/15/2011	9/1/2017	Base Station Radios	67,932.76	67,932.76
11-068	11/30/2011	3/1/2016	Statewide Vital Records Information System	47,873.70	47,873.70
11-069	11/30/2011	9/1/2015	IT Infrastructure FY11	22,548.48	22,548.48
11-070	12/16/2011	3/1/2016	Space and Leasing Software Package	11,291.00	11,291.00
11-071	12/30/2011	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	900,000.00
11-072	12/30/2011	3/1/2016	ITS Phase 3-WINPAS Project	1,000,000.00	1,000,000.00

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of February 1, 2012)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
11-073	12/30/2011	3/1/2016	Space and Leasing Software Package	2,600.00	2,600.00
12-001	1/17/2012	9/1/2015	IT Infrastructure FY11	35,963.55	35,963.55
12-002	1/31/2012	3/1/2016	Statewide Vital Records Information System	78,942.00	78,942.00
12-003	1/31/2012	9/1/2014	Confocal Imaging System	14,025.00	14,025.00
12-004	1/31/2012	3/1/2015	Conservation Warden Laptop Replacement	894,474.00	894,474.00
					<u>\$ 72,602,209.08</u>

Note: The principal balance of the Lease Schedules in the above table is as of February 1, 2012; for Lease Schedules that are funded with proceeds of the Certificates, the funding amount reflects the Lease Payments scheduled to be made on March 1, 2012. In addition, the principal balance of certain Lease Schedules in the above table reflects amortization at an assumed fixed interest rate; however, 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. During a period of low interest rates, the principal balance of each Lease Schedule (and the corresponding series of master lease certificates of participation) may actually be slightly less than shown in the table as any excess from interest payments is applied as principal prepayments. Final reconciliation of the actual to the assumed interest rates occurs with either the funding of Lease Schedules with master lease certificates of participation having fixed interest rates, such as the Certificates, or the last scheduled Lease Payment.

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)

February 29, 2012

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

\$26,810,000
Master Lease Certificates of Participation
of 2012, Series A
(State of Wisconsin)

We have acted as bond counsel in connection with the issuance by U.S. Bank National Association, as trustee (**Trustee**), of \$26,810,000 Master Lease Certificates of Participation of 2012, Series A (State of Wisconsin), dated the date hereof (**Certificates**)

The Certificates evidence proportionate interests 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**), 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 Supplemental Indenture No. 2012-A, dated as of February 29, 2012 (**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, rent under the Master Lease.
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 and is not an item of tax preference for purposes of

the federal alternative minimum tax imposed on all taxpayers; however, the interest portion of rent is 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 interest portion of rent 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 interest portion of rent 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.

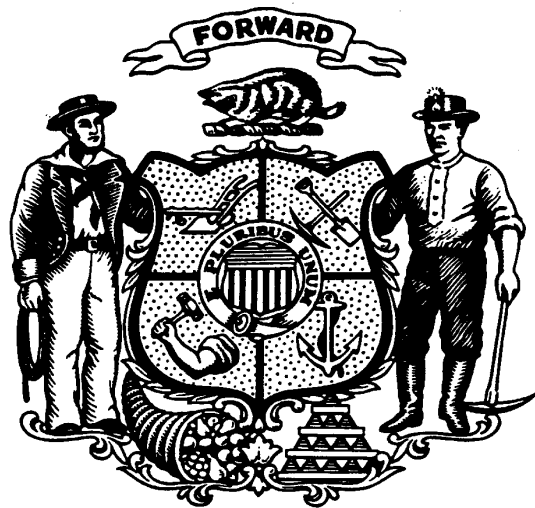
The rights of the owners of the Certificates and the enforceability of the Certificates and the Master Lease may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated February 16, 2012 or other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement).

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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