

*The following Official Statement is placed on the internet as a matter of convenience. The Official Statement has been reformatted to PDF format for use on the internet; physical appearance may differ from that of the printed Official Statement. In the event of discrepancies, individuals should refer to the printed Official Statement. Copies of the printed Official Statement can be obtained from:*

*Capital Finance Office  
Department of Administration  
Division of Executive Budget and Finance  
101 East Wilson Street  
Madison, Wisconsin 53702*

*Phone:(608) 266-5355  
Fax: (608) 266-7645*

*Under no circumstances shall this Official Statement, or its posting on the internet, constitute an offer to sell or a solicitation of an offer to buy.*

## OFFICIAL STATEMENT

New Issue

*In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, interest on the Certificates is excluded from gross income for federal income tax purposes except as described under "OTHER INFORMATION; Tax Exemption" herein.*

**\$38,260,000**  
**MASTER LEASE CERTIFICATES OF  
PARTICIPATION OF 1996, SERIES B**  
**Evidencing Proportionate Interests of the Owners Thereof in  
Certain Lease Payments to be Made by the**  
**STATE OF WISCONSIN**  
**Acting by and through the Department of Administration**

**DATED: Delivery Date**

**DUE: March 1 and September 1, as shown below**

The \$38,260,000 Master Lease Certificates of Participation of 1996, Series B (the "Certificates") shall be issued under and secured by a Master Indenture, dated as of July 1, 1996, among the State of Wisconsin (the "State"), acting by and through the Department of Administration (the "Department"), Firststar Bank Milwaukee, N.A. (the "Lessor") and Firststar Trust Company, Milwaukee, Wisconsin (the "Trustee" and "Paying Agent"). The Certificates shall be issued as fully registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Certificates. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 and integral multiples thereof. Beneficial Owners will not receive certificates representing their interest in the Certificates purchased. Interest is payable on March 1, 1997 and semiannually thereafter on March 1 and September 1 of each year. Principal and interest will be paid when due by the Paying Agent directly to DTC, which will in turn remit such principal and interest to DTC's Participants for subsequent disbursement, directly or indirectly, to the Beneficial Owners of the Certificates as described herein. See "THE CERTIFICATES; Book-Entry-Only Form".

The Certificates evidence a proportionate interest of the owners thereof in certain lease payments to be made by the State, acting by and through the Department, for the rental of certain equipment and service items purchased pursuant to the Second Amended and Restated Master Lease #1992-1, dated as of July 1, 1996 (the "Master Lease"), entered into pursuant to Section 16.76 of the Wisconsin Statutes, as amended (the "Act"), between the Lessor and the State, acting by and through the Department. The State is required under the Master Lease to make lease payments from any source of legally available funds, subject to annual appropriation, and the scheduled lease payments are sufficient to pay, when due, the semiannual principal and interest on the 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.*

The Certificates may not be redeemed prior to their stated date of maturity except as more fully described in this Official Statement. See "THE CERTIFICATES; Redemption Provisions".

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
March 1, 1997	\$9,555,000	4.25%	March 1, 1999	\$3,785,000	4.25%
September 1, 1997	8,050,000	4.25	September 1, 1999	2,555,000	4.25
March 1, 1998	6,215,000	4.50	March 1, 2000	1,550,000	4.50
September 1, 1998	4,585,000	4.50	September 1, 2000	840,000	4.50

**\$540,000 4.60% Term Obligations Due September 1, 2001**

**\$365,000 4.70% Term Obligations Due September 1, 2002**

**\$220,000 4.90% Term Obligations Due September 1, 2003**

The rates shown above are the interest rates payable by the State resulting from the bid for the Certificates on October 29, 1996 by the successful bidder. Certain information concerning the terms of the reoffering of the Certificates has been provided by the successful bidder. See "OTHER INFORMATION; Reference Information About the Certificates".

*Delivery of the Certificates is subject to the receipt of an unqualified approving opinion of Foley & Lardner, Bond Counsel, and other conditions specified in the Official Notice of Sale. The Certificates will be available for delivery on or about November 7, 1996 in New York, New York.*

October 29, 1996

No dealer, broker, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Wisconsin or other matters contained herein since the date hereof.

## TABLE OF CONTENTS

	Page		Page
<b>PARTICIPANTS IN THE ISSUANCE AND</b>		Pending Litigation.....	16
<b>SALE OF CERTIFICATE S</b> .....	ii	State Budget Assumptions.....	16
<b>SUMMARY DESCRIPTION OF CERTIFICATES</b> .....	iii	Economic Assumptions.....	16
<b>INTRODUCTION</b> .....	1	Budget Format .....	17
<b>THE MASTER LEASE PROGRAM</b> .....	1	Impact of Federal Programs.....	17
General .....	1	Supplemental Appropriations.....	17
Program Structure .....	2	General Fund History.....	17
Program Operations.....	2	General Fund Cash Flow.....	18
State Appropriation Process.....	3	<b>OTHER INFORMATION</b> .....	22
<b>SECURITY FOR CERTIFICATES</b> .....	4	Employe Relations.....	22
General .....	4	Borrowing Plans for 1996 .....	22
Cross-Collateralization.....	4	Ratings .....	22
Reserve Fund.....	4	Underwriting.....	23
Essential Use.....	4	Reference Information About the Bonds.....	23
Centralized Control and Review.....	4	Financial Advisor.....	23
Two-Phase Financing Structure.....	5	Legal Opinion.....	24
Appropriation Process .....	5	Tax Exemption.....	24
Event of Default .....	6	<b>REGARDING FULL DISCLOSURE</b> .....	25
<b>RISK FACTORS</b> .....	6	Continuing Disclosure.....	25
Event of Nonappropriation.....	6	Disclosure Certificate.....	25
Essential Use of Leased Items.....	6	Additional Information.....	25
Security Interest in Leased Items.....	6	<b>APPENDIX A – GENERAL PURPOSE FINANCIAL</b>	
Tax Exemption.....	7	<b>STATEMENTS</b> .....	A-1
Applicability of Securities Law.....	7	<b>APPENDIX B – EXPECTED FORM OF</b>	
<b>THE CERTIFICATES OF PARTICIPATION</b> .....	7	<b>LEGAL OPINION</b> .....	B-1
General .....	7	<b>APPENDIX C – SUMMARY OF THE</b>	
Book-Entry-Only Form.....	7	<b>MASTER LEASE</b> .....	C-1
Redemption Provisions.....	9	<b>APPENDIX D – SUMMARY OF THE</b>	
Registration and Payment of Certificates.....	11	<b>MASTER INDENTURE</b> .....	D-1
<b>SOURCES AND USES OF FUNDS</b> .....	11	<b>APPENDIX E – LEASE SCHEDULES</b> .....	E-1
<b>RESULTS OF 1995-96 FISCAL YEAR</b> .....	11	<b>APPENDIX F – STATE GOVERNMENT</b>	
<b>STATE BUDGET</b> .....	12	<b>ORGANIZATION AND FINANCIAL</b>	
Budget for 1996–97.....	12	<b>PROCEDURES</b> .....	F-1
Potential Effect of Litigation.....	15	<b>APPENDIX G – ECONOMIC ASSUMPTIONS</b> .....	G-1
Potential Effects of Tax Refunds.....	15		

# PARTICIPANTS IN THE ISSUANCE AND SALE OF CERTIFICATES

The Honorable Tommy G. Thompson  
Governor  
State of Wisconsin

---

Mr. James R. Klauser  
Secretary  
Department of Administration

---

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

Mr. Lawrence K. Dalia  
Assistant Capital Finance Director  
Department of Administration  
(608) 267-7399

Mr. David Erdman  
Master Lease Program Manager  
Department of Administration  
(608) 267-0374

---

**Bond Counsel**  
Foley & Lardner

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

**Trustee**  
Firststar Trust Company  
Milwaukee, Wisconsin

## SUMMARY DESCRIPTION OF CERTIFICATES

*Information set forth on this page is qualified by the entire Official Statement. A full review of the entire Official Statement should be made by potential investors.*

Description:	Master Lease Certificates of Participation of 1996, Series B, evidencing proportionate interests in certain lease payments to be made by the State of Wisconsin, acting by and through the Department of Administration.
Principal Amount:	\$38,260,000
Denominations:	\$5,000 and integral multiples
Date of Issue:	Delivery Date
Record Date:	February 15 and August 15
Interest Payment:	March 1 and September 1, commencing March 1, 1997
Maturities:	March 1 and September 1, commencing March 1, 1997 and ending September 1, 2000, September 1, 2001, September 1, 2002 and September 1, 2003
Redemption:	<i>Mandatory Extraordinary</i> —The Certificates are subject to mandatory redemption upon termination of a Lease Schedule as a result of nonappropriation or upon an event of default under any Lease Schedule— <i>See page 10</i> <i>Mandatory Sinking Fund</i> —Certificates maturing on September 1, 2001, September 1, 2002 and September 1, 2003 are subject to sinking fund redemption at par— <i>See pages 9–10</i>
Form:	Book-entry-only— <i>See pages 7–9</i>
Paying Agent:	All payments of principal and interest on the Certificates will be paid by Firststar Trust Company, Milwaukee, Wisconsin. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Certificates are secured by lease payments and the equipment and service items purchased under the Master Lease Program— <i>See pages 4–6</i>
Authority for Issuance:	The Master Lease has been entered into under Section 16.76 of the Wisconsin Statutes.
Purpose:	To provide fixed-rate funding for Leased Items previously financed by the Lessor through a variable-rate line of credit.
Additional Certificates:	Additional Master Lease Certificates of Participation may be issued.
Tax Exemption:	<i>Federal income tax</i> —Not included in gross income and not an item of tax preference <i>Wisconsin state income and franchise tax</i> —Not exempt— <i>See pages 24–26</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner

## **Appendix A**

### **GENERAL PURPOSE FINANCIAL STATEMENTS**

The following material is a reprint of the “General Purpose Financial Statements” section of the Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended June 30, 1995. The entire CAFR is available from the State Controller’s Office, Department of Administration, P.O. Box 7864, Madison, WI 53707-7864.

**The General Purpose Financial Statements for June 30, 1995 are not contained in this PDF file. This Appendix is available at:**

**<http://www.doa.state.wi.us/debf/capfin/wioscops.htm>**

**The entire Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1995 is available at:**

**<http://www.doa.state.wi.us/debf/cafr/fy95/95cafrm.htm>**

## Appendix B

### EXPECTED FORM OF LEGAL OPINION

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

(Letterhead of Foley & Lardner)  
\$38,260,000  
Master Lease Certificates of Participation  
of 1996, Series B  
(State of Wisconsin)

We have acted as bond counsel in connection with the issuance by Firststar Trust Company, as trustee (the "Trustee"), of its Master Lease Certificates of Participation of 1996, Series B to the amount of \$38,260,000, dated the date of their delivery (the "Certificates") evidencing a proportionate interest of the owners thereof in certain lease payments to be made by the State of Wisconsin (the "State"), acting by and through the Department of Administration (the "Department"), as lessee, under the State of Wisconsin Second Amended and Restated Master Lease #1992-1 (the "Master Lease"), dated as of July 1, 1996, between the State and Firststar Bank Milwaukee, N.A., as lessor (the "Lessor"). We investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation. We have also relied upon opinions of counsel for the Trustee and the Lessor.

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

The Master Lease was entered into pursuant to Section 16.76, Wisconsin Statutes, as amended, (the "Act"). The Certificates are being issued pursuant to a Master Indenture, dated as of July 1, 1996, among the State, the Lessor and the Trustee and a Supplemental Indenture No. 1996-B, dated as of November 1, 1996 (the "Supplemental Indenture"), among the State, the Lessor and the Trustee.

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

1. The Certificates, to the amount named, are valid obligations of the Trustee representing a proportionate interest in the lease payments assigned under the Supplemental Indenture.
2. The State is required to make the lease payments from any source of legally available funds, subject to annual appropriation. The obligation of the State to make the lease payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any tax or for which the State has levied or pledged any tax. The

obligation of the State to make the lease payments does not constitute public debt of the State or any of its political subdivisions as defined under Chapter 18 of the Wisconsin Statutes.

3. The interest on the Certificates is excluded from gross income for federal income tax purposes, and the interest on the Certificates is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. We express no opinion regarding 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 opinions set forth in the preceding sentence are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended, and other federal tax legislation that must be satisfied subsequent to the issuance of the Certificates in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause the inclusion of interest on the Certificates in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. We express no opinion regarding other federal tax consequences arising with respect to the Certificates.

It is to be understood that the rights of the owners of the Certificates and the enforceability of the Certificates may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,



## APPENDIX C

### SUMMARY OF THE MASTER LEASE

The following is a summary of certain provisions of the Master Lease. This summary does not purport to be complete, and reference is made to the full text of the Master Lease for a complete recital of its terms.

#### Definitions

Unless the context requires otherwise, for purposes of this Summary of the Master Lease, the following terms shall have the definitions stated:

**“Contractor”** means (i) each manufacturer or vendor from or with whom the Lessee (a) has ordered or will order Equipment Items or (b) has contracted or will contract for the manufacture, delivery and installation of Equipment Items, or (ii) each service provider from or with whom the Lessee has ordered or will order Service Items.

**“Costs of Leased Items”** means the amounts payable by the Lessor to a Contractor for Service Items or Equipment Items, or to the Lessee as reimbursement, for acquisition and any related installation of any Equipment Items, including progress payments and capitalizable administrative and management costs, taxes, inspection and report costs, permit fees, interest prior to the date the Equipment Items is placed in service, or any other capitalizable costs, fees and charges as may be necessary or incident to such acquisition or installation.

**“Equipment Items”** means one or more items of tangible personal property (or as specifically approved for lease by the Lessee's counsel, intangible property) designated from time to time by the Lessee and described in a Lease Schedule, which property is or will be leased in accordance with the Master Lease.

**“Fiscal Year”** means the 12-month fiscal period of the Lessee which commences on July 1 of each year and ends on June 30 of the succeeding year.

**“Lease Schedule”** means any individual schedule of Leased Items executed by the Lessor and the Lessee under the Master Lease, substantially in the form specified in the Master Lease, and any attachments or riders thereto.

**“Lease Schedule Term”** means with respect to any Lease Item, the period from the date from which rent accrues until the final payment date, as set forth on the related Lease Schedule.

**“Lease Term”** means the period during which the Master Lease shall be in effect, as specified in the Master Lease.

**“Leased Items”** means Equipment Items and Service Items.

**“Lessee”** means the State of Wisconsin acting by and through its Department of Administration or any successor department or agency.

**“Lessor”** means Firststar Bank Milwaukee, N.A., its corporate successor or transferee and, except where the context requires otherwise, any assignee thereof under an assignment consented to in writing by the Lessee.

**“Nonappropriation”** means the determination by the Lessee that the Wisconsin State Legislature has failed to appropriate necessary funds for the continued performance of the obligations of the Lessee under the Master Lease.

**“Purchase Price”** means, with respect to any Leased Item, the amount so designated and set forth in the related Lease Schedule as the price for termination of the Lease Schedule with respect to such Leased Item as of any date on which payment of such price is permitted, or the price for purchase under the Master Lease.

**“Rent”** means, with respect to any Leased Item, the amount payable to the Lessor on each Payment Date during the Term of the Master Lease, as shown in the related Lease Schedule.

**“Service Items”** means Services designated from time to time by the Lessee and described in a Lease Schedule, which services are or will be provided to the Lessee in accordance with the Master Lease.

**“Specifications”** means the bid specifications and/or purchase order pursuant to which a Leased Item has been ordered from a Contractor, as amended from time to time.

**“State”** means the State of Wisconsin.

**“State or Federal Law”** means any law of the State or of any political subdivision of the State; any law of the United States; and any rule or regulation of any of the foregoing.

**“Trustee”** has the meaning assigned in Section 12.1.

### **Acquisition, Delivery and Lease of Equipment**

The State of Wisconsin, acting by and through the State of Wisconsin Department of Administration, as lessee, and Firststar Bank Milwaukee, N.A., as lessor, have entered into a Master Lease under which the Lessee shall provide written notice to the Lessor which shall identify (i) Leased Items it desires to order for lease thereunder; (ii) the anticipated Lease Schedule Term of such Leased Items; and (iii) the anticipated date or dates on which the Costs of Leased Items shall be due and payable; and shall confirm to the Lessor the Lessee's expectation that as of such anticipated date or dates sufficient moneys will be available to pay such costs, as arranged solely by the Lessee. The Lessee (or the Lessor at the Lessee's request) shall order such Leased Items from one or more Contractors selected by the Lessee.

The Lessee shall have sole responsibility for selecting the Leased Items; preparing agreements necessary to order the Leased Items; reviewing and approving any purchase agreements, service contracts, licenses, warranties and the like pertaining to the acquisition, delivery, installation, use and maintenance of the Leased Items; arranging for the delivery, installation, testing, servicing and maintenance of the Leased Items; providing any documents as may be reasonably requested by any lender or trustee making funds available to the Lessor under the Master Lease for the purpose of acquiring the Leased Items to obtain a security interest or lien on the Leased Items and related Lease Schedule.

Upon delivery and any required installation of any Equipment Item, the Lessee shall inspect such Equipment Item and if it meets the Lessee's Specifications, the Lessee, before the end of the acceptance period agreed to by the Contractor, shall provide to the Lessor a completed and executed Certificate of Acceptance in the form specified in the Master Lease. At the time the Equipment Item is accepted, the Lessee shall take all actions necessary (and the Lessor shall assist as requested) to perfect a security interest therein in favor of the Lessor or any party to which such security interest is assigned with the Lessee's consent. Before the commencement of service for a Service Item, the Lessee shall provide to the Lessor a completed and executed Certificate of Acceptance in the form specified in the Master Lease. Any Leased Items thus acquired shall thereon become subject in all respects to the Master Lease, and upon acceptance as described above the obligation to pay Rent shall commence with respect to the Leased Items.

The Lessor leases each Leased Item to the Lessee, and the Lessee leases each Leased Item from the Lessor, upon the terms, conditions and limitations set forth in the Master Lease. The Lessor covenants not to interfere during the Lease Term with the Lessee's quiet use and enjoyment of the Leased Item, and the Lessee shall during the Lease Term peaceably and quietly have and hold and enjoy the Leased Item, without suit, trouble or hindrance from the Lessor, except as expressly set forth in the Master Lease.

### **Lease Term and Lease Termination**

The Master Lease shall be in effect for a term which shall commence on its date of execution and shall end on the date that all Rents and other amounts payable in respect of all Leased Items have been paid, unless extended by the Lessor and the Lessee, or unless earlier terminated as provided in the Master Lease. With respect to any Leased Item, the obligation to pay Rent shall commence (a) on the date of execution of the related Lease Schedule and Certificate of Acceptance in the forms specified in the Master Lease or (b) if the alternative acquisition procedure described in the Master Lease is used, on the date that sufficient moneys are received in the fund from which Costs of Leased Items shall be paid, and in either event shall terminate on the date set forth in the related Lease Schedule or as provided in the Master Lease.

Subject to appropriation, the Lessee presently intends to continue the Master Lease in effect for the entire Lease Term and to pay all Rent relating to the Leased Items. The Lessee agrees that there shall be included in the appropriate budget requests prepared under Section 16.42 of the Wisconsin Statutes for each Fiscal Year all Rent coming due in such Fiscal Year with respect to all Leased Items. In the event an emergency arises that requires the Lessee to draw vouchers for payments that will be in excess of available moneys and the Secretary of Administration establishes a priority schedule for payments under Section 16.53(10) of the Wisconsin Statutes, the Secretary shall give a high priority to payment of Rent.

In accordance with Section 16.75(3) of the Wisconsin Statutes, the continuance of the Master Lease beyond the limits of funds already available to the State is contingent upon appropriation of the necessary funds. In the event of Nonappropriation for any Fiscal Year, the Lessee shall have the right to terminate the Master Lease in the manner and subject to the terms specified in the Master Lease. Termination shall affect all Leased Items that are subject to the Master Lease. The Lessee shall effect such termination as of the last day of a Fiscal Year by providing to the Lessor (i) a written notice of termination and (ii) to the extent funds are available or have been appropriated, payment of any Rent or other amount which is then due or will be due by the end of such Fiscal Year. The Lessee shall endeavor to give the Lessor advance notice of termination at the time the Lessee has reasonable certainty of any Nonappropriation and resulting termination. In the event of termination of the Master Lease based on nonappropriation, upon the Lessor's written request, the Lessee shall deliver possession of all Leased Items to the Lessor in accordance with the Master Lease and shall convey to the Lessor, or release, its interest in all Leased Items within thirty days after termination of the Master Lease.

Upon termination of the Master Lease in accordance with the above paragraph, the Lessee shall not be responsible for the payment of any Rent scheduled to come due in any succeeding Fiscal Year; provided, however, that if, after being requested by the Lessor to do so, the Lessee has not delivered possession of all Leased Items to the Lessor in accordance with the Master Lease and conveyed to the Lessor or released its interest in all Leased Items in accordance with the Master Lease, the termination shall nevertheless be effective, but in the event the Lessee fails to take such action (that is, the Lessee retains possession or an interest in any Leased Item), the Lessee shall be responsible

for damages in an amount equal to Rent thereafter coming due for such Leased Item attributable to the number of days after such termination during which the Lessee fails to take such action.

With respect to any Leased Item, the respective Lease Schedule shall terminate upon the occurrence of the first of the following events: (a) payment of all Rent and other amounts required to be paid under such Lease Schedule; or (b) exercise by the Lessee of its option to terminate such Lease Schedule by payment of the applicable Purchase Price pursuant to the Master Lease. The Master Lease shall terminate (which shall affect all Leased Items) upon the occurrence of the first of the following events: (c) termination for Nonappropriation in accordance with the Master Lease; or (d) default by the Lessee and the Lessor's election to terminate the Master Lease.

### **Insurance Requirements; Loss or Damage to Equipment Items**

The Lessee shall provide insurance coverage against the following risks, through its self-funded liability and property programs, for which sum-sufficient appropriations are made under Sections 20.865 (1) (dm), (f), and (fm) of the Wisconsin Statutes:

- (i) damage to or destruction of Equipment Items, in an amount sufficient to pay a claim equal to the full replacement cost of such Equipment Items;
- (ii) liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation of the Equipment Items or arising out of or in any way relating to Service Items; and
- (iii) the employer's costs for employee's worker's compensation under chapter 102 of the Wisconsin Statutes covering all employees or, in, near, or about any of the Equipment Items.

The Lessee assumes all risks and liabilities for loss or damage to any Equipment Items and for injury to or death of any person or damage to any other property arising from use of the Equipment Items or arising with respect to Service Items, whether such injury or death is with respect to agents or employees of the Lessee, or third parties, and whether such property damage relates to the Lessee's property or to the property of others, to the extent such loss, damage, injury, death or damage to other property is caused by acts committed by an officer or employee of the State while acting within the scope of employment or any agent of the State while acting within the scope of the agency.

If after delivery of any Equipment Items to the Lessee all or any item of such Equipment is lost, stolen, destroyed or damaged beyond repair, the Lessee shall as soon as practicable after such event: (a) replace the same at the Lessee's sole cost and expense with Equipment Items that the Lessee has not previously owned of at least equal value to that of the Equipment Items immediately prior to the loss or other event; whereupon, subject to the Lessor's reasonable written approval, the replacement equipment shall be substituted for such Equipment Items through endorsement on the appropriate Lease Schedule; or (b) pay the applicable Purchase Price with respect to such Equipment Items.

On payment of the Purchase Price with respect to any Leased Item, the Master Lease shall terminate with respect to such Leased Item and the Lessee thereupon shall become entitled to such Leased Item, **WITHOUT RECOURSE, AS IS, WHERE IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE LESSEE OR ANY OTHER WARRANTIES WHATSOEVER** except for any warranty provided by the Contractor and except that such Leased Item may be

subject to any lien or encumbrance created by or arising through the Lessor unless the Lessee has obtained the written consent of any lender or Trustee holding a security interest in or lien against such Leased Item releasing such security interest or lien.

### **Other Obligations**

The Lessee shall exercise due care in the installation, use, operation and maintenance of the Equipment Items, and shall not install, use, operate or maintain the Equipment Items improperly, carelessly, in violation of any State or Federal Law, or for a purpose or in a manner contrary to that contemplated by the Master Lease.

The Lessee shall, at its own expense, maintain, preserve and keep all Equipment Items in good repair, working order and condition, and shall from time to time make all repairs or replacements necessary to keep Equipment Items in such condition. The Lessor shall have no responsibility for any of these repairs or replacements.

Except as expressly limited by the Master Lease, the Lessee shall pay all charges of any kind which are at any time lawfully assessed or levied against or with respect to Equipment Items, the related Rents or any part thereof, or which become due during the Lease Term, whether assessed against the Lessee or the Lessor. If requested, the Lessor hereby agrees to provide reasonable assistance to the Lessee in contesting any charge that may be assessed against the Lessor.

### **Rights in Equipment; Security Interest**

Legal title to and ownership of all Equipment Items and any and all repairs, replacements, substitutions and modifications shall be in the Lessee, and the Lessee shall take all actions necessary to vest such title and ownership in the Lessee. Upon termination of the Master Lease pursuant to the Master Lease and upon the Lessor's written request, the Lessee shall transfer to the Lessor its entire interest in all Equipment Items and the Lessee shall have no further interest therein.

The Lessee hereby grants to the Lessor a continuing, first priority purchase-money security interest in and to each Equipment Item, the Rents and other proceeds of Leased Items, and all replacements, substitutions, modifications and repairs thereof made pursuant to the Master Lease, and spare parts, software licenses or right under warranties with respect thereto, in order to secure the Lessee's payment of all Rent due during the Lease Term and the performance of all other obligations under the Master Lease.

The Leased Items and Contractors providing such Leased Items shall be selected solely by the Lessee. The Lessor shall have no responsibility in connection with such selection of the Leased Items or the Contractors for the Leased Items, the determination of suitability of Leased Items for the use intended by the Lessee, acceptance by a Contractor or its representative of any order or agreement regarding the Leased Items, or any delay or failure by the Contractor or its representative to manufacture, deliver, install or test the Leased Items so ordered, or the enforcement of any remedies, warranties, or licenses with respect to the Leased Items, or for any errors, omissions or insufficiency in any purchase order, purchase agreement, license, warranty or other agreement respecting acquisition of the Leased Items.

The Lessor shall have no obligation to install, erect, test, inspect, service or maintain the Equipment Items (or provide Substitute Equipment Items) under any circumstances, but such actions when reasonably required shall be the obligation of the Contractor or the Lessee.

The Lessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness of the Leased Items for any particular purpose or fitness for the

use contemplated by the Lessee, or any other representation or warranty with respect to the Leased Items except as contained in the Master Lease. The Lessor is not affiliated with any manufacturer, vendor or service provider of any Leased Items, and the Lessor makes no representation or warranty as to conformity of Leased Items with applicable state or federal laws, safety of the Leased Items, title to the Leased Items or the availability, sufficiency or assignability of any licenses, warranties or third party agreements regarding the Leased Items. The Leased Items are leased “as is” and “where is”. In no event shall the Lessor be liable for any incidental, special or consequential damages in connection with or arising out of the Master Lease or the Leased Items, or use of the Leased Items by the Lessee or any other party except the Lessor.

### **Assignment, Mortgaging and Selling**

Without the prior written consent of the Lessee, the Lessor shall not assign its obligations under the Master Lease or its interest in the Leased Items or grant a security interest in or lien upon the Leased Items or enter into any financing for the Leased Items, and no purported assignment, security interest, lien or financing thereof or therefor shall be effective without such consent.

### **Option to Terminate Equipment Lease Schedule**

If so permitted by the source of funding for the Lease Schedule, the Lessee shall have the option to terminate any Lease Schedule, but only if the Lessee is not in default under the Master Lease, and then only in the manner provided in the Master Lease. The Lessee shall give notice to the Lessor of its intention to exercise its option to terminate any Lease Schedule in the manner required by the source of funding for the Lease Schedule and shall deposit with the Lessor on the date of exercise an amount equal to the applicable Purchase Price, which shall either be (a) an amount equal to the outstanding principal amount of the Lease Schedule, interest to the date of redemption of the source of funding and any redemption premium, or (b) if permitted by the Lessor or the Lessor’s assignee, an amount sufficient to purchase investments maturing on such dates and in such amounts to pay the Rent when due (or until the source of funding may be redeemed).

### **Events of Default and Remedies**

Each of the following shall be an “Event of Default” under the Master Lease: (a) failure by the Lessee acting on its behalf to pay any Rent or other amount required to be paid under the Master Lease at the specified time and the continuation of such failure for a period of five business days; (b) failure by the Lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed with respect to any Leased Item, other than a failure to make payment referred to in clause (a) above, for a period of thirty days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the lessor, unless the Lessor and any Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Lessor will not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Lessee within the applicable period and is being diligently pursued; (c) the reasonable determination by the Lessor that any representation or warranty by the Lessee in the Master Lease was untrue in any material respect upon execution of the Master Lease or any Lease Schedule or (d) an “event of default” shall have occurred and be continuing under the Indenture.

The provisions regarding Events of Default and remedies in the Master Lease are subject to the following limitation: If by reason of force majeure the Lessee is unable to carry out its obligations in whole or in part under the Master Lease with respect to any Leased Item (other than its obligation to pay Rent, which shall be paid when due notwithstanding the provisions of this paragraph), the Lessee shall not be deemed in default during the period of such inability. As used

here, the term “force majeure” shall mean, without limitation, the following: acts of God, strikes, lockouts or other labor disturbances; acts of public enemies; orders or restraints of any kind of the United States or the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to property; or any other cause not reasonably within the control of the Lessee and not resulting from its negligence. The Lessee agrees, however, if possible, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its obligations under the Master Lease; provided that the settlement of strikes, lockouts or other labor disturbances shall be entirely within the discretion of the Lessee and the Lessee shall not be required to enter into a settlement if in its judgment it would be unfavorable to the Lessee to do so.

Whenever any Event of Default described above shall have occurred and be continuing, the Lessor shall have the right, at its option and without any further demand or notice, to take one or more of the following steps:

(a) The Lessor, with or without terminating the Master Lease, may declare all Rent any other amounts due or to become due during the Fiscal Year in which the default occurs to be immediately due and payable, whereupon such amounts shall be due and payable.

(b) The Lessor, with or without terminating the Master Lease, may give the Lessee written notice requiring the Lessee to deliver all of the Leased Items to the Lessor, whereupon the Lessee shall return the Leased Items in the manner provided in the Master Lease; or in the event the Lessee fails to make return within thirty days after receipt of such notice, the Lessor may exercise all its legal rights that exist under the Master Lease as provided under Section 775.01 of the Wisconsin Statutes to take possession and to receive damages resulting from the Lessee's failure to voluntarily return the Leased Items. If the Leased Items or any portion of it has been destroyed or damaged beyond repair, the Lessee shall pay the applicable Purchase Price of the Leased Items as set forth in the related Lease Schedule less credit for any Net Proceeds payable to the Lessor with respect to such Leased Items. Notwithstanding the fact that the Lessor has taken possession of the Leased Items, the Lessee shall continue to be responsible for Rent payable with respect to such Leased Items during the Fiscal Year in which the possession by the Lessor occurs. If and when the Event of Default is cured, and provided the Master Lease has not been terminated with respect to such Leased Items, the Lessor shall return the Leased Items to the Lessee at the Lessee's expense.

(c) If in any Fiscal Year the Lessor terminates the Master Lease and takes possession of Leased Items, the Lessor shall attempt to sell such Leased Items in a commercially reasonable manner at public or private sale in accordance with applicable State law for a period of 60 days, after which such obligation shall terminate. The Lessee shall permit the Lessor to store any Leased Items at its then existing location for up to 90 days without charge to the Lessor. The Lessor shall apply the proceeds of such sale to the extent available to the following items in the following order: (i) all expenses incurred in securing possession of the Leased Items; (ii) all expenses incurred in completing the sale; (iii) any amounts payable to any party having a security interest in or lien against the Leased Items; (iv) the applicable Purchase Price for the Leased Items; and (v) the balance of any rent or other amounts due with respect to such Leased Items for such Fiscal Year. Any

proceeds of sale remaining after the requirements of Clauses (i), (ii), (iii), (iv) and (v) have been fulfilled shall be paid to the Lessee.

(d) The Lessor may use any other remedy available at law or in equity with respect to such Event of Default, including those requiring the Lessee to perform any of its obligations under the Master Lease or to pay any moneys due and payable to the Lessor under the Master Lease.

Upon the termination of the Master Lease prior to payment of all related Rent or other amounts due under the Master Lease and upon the Lessor's written request, the Lessee shall return the Leased Items to the lessor in the condition, repair, appearance and working order required by the Lease by delivering or shipping (freight prepaid) the Leased Items as the Lessor shall specify at the Lessee's cost and expense to a site within the State that the Lessor has designated. The Lessor may exercise all its legal rights that exist under the Master Lease as provided under Section 775.01 of the Wisconsin Statutes to take possession of the Leased Items and to receive damages resulting from the Lessee's failure to voluntarily return the Leased Items, or pursue any remedy described above.



## Appendix D

### SUMMARY OF THE MASTER INDENTURE

The following is a summary of certain provisions of the Master Indenture. This summary does not purport to be complete and reference is made to the full text of the Master Indenture for a complete recital of its terms.

#### Definitions

Unless the context requires otherwise, for purposes of this Summary of the Master Indenture, the following terms shall have the definitions stated:

**“Certificate Holder”** or **“Owner of the Certificate”** means the registered owner of any Certificate.

**“Certificates”** means any series of Certificates issued hereunder and any Certificates issued in replacement or exchange therefor pursuant to the Master Indenture.

**“Event of Default”** means any of the events of default referred to in the Master Indenture.

**“Event of Nonappropriation”** means the occurrence of any Nonappropriation as that term is defined in the Master Lease.

**“Funds and Accounts”** means the funds and accounts created by the Master Indenture.

**“Interim Rent”** means, with respect to any Leased Items, a prorated amount of the interest component of Rent payable under each Lease Schedule for initial use occurring before the first payment date for Rent to become due under such Lease Schedule, which amount shall be due and payable on such payment date.

**“Lease Payments”** means Rent, Interim Rent, additional rent and any other amount payable under a Lease Schedule.

**“Lease Schedule”** means any individual schedule of Leased Items executed by the Lessor and the Lessee under the Master Lease, as amended from time to time, which is identified in, and acquired by the Trustee together with the related Certificates of Acceptance pursuant to a Supplemental Indenture.

**“Lessee”** means the State of Wisconsin acting by and through the State of Wisconsin Department of Administration, or any successor department or agency.

**“Lessor”** means Firststar Bank Milwaukee, N.A., its successors and assigns, including the Trustee as assignee under the Master Indenture.

**“Qualified Investments”** means:

- (a) obligations of, or obligations guaranteed as to interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States;
- (b) Federal Housing Administration debentures;
- (c) Federal Home Loan Mortgage Corporation participation certificates;
- (d) Farm Credit System consolidated systemwide bonds and notes;
- (e) Federal Home Loan Banks consolidated debt obligations;

- (f) Federal National Mortgage Association senior debt obligations and mortgage backed issues;
- (g) Student Loan Marketing Association senior debt obligations and letter-of-credit-backed issues;
- (h) Resolution Funding Corporation debt obligations;
- (i) unsecured certificates of deposit, time deposits and banker's acceptances (having maturities of not more than 365 days) of any bank, the short-term obligations of which are rated the highest classification (without regard to any suffix or numerical order) by each of the Rating Agencies;
- (j) certificates of deposit or time deposits constituting direct obligations of any bank, the full amount of which is insured by the Federal Deposit Insurance Corporation;
- (k) debt obligations, including pre-refunded municipals, rated in either of the two highest classifications (without regard to any suffix or numerical order) by each of the Rating Agencies;
- (l) commercial paper rated the highest classification (without regard to any suffix or numerical order) by each of the Rating Agencies;
- (m) securities issued by those investment companies registered under the Investment Company Act of 1940 commonly known as "money market funds" rated in the highest classification by each of the Rating Agencies that invest solely in securities which are otherwise Qualified Investments;
- (n) investments made through repurchase agreements with any transferor with debt or commercial paper rated in the highest classification (without regard to any suffix or numerical order) by each of the Rating Agencies provided that each repurchase agreement (i) is acceptable in form and substance to the Lessee and the Trustee, (ii) provides for the registration of title to certificated Government Obligations in the name of the Trustee or any agent of the Trustee and the physical transfer of certificated Government Obligations to the Trustee or to a custodial account in the name of the Trustee at a Federal Reserve Bank and for the registration of title to "book entry" Government Obligations in the name of the Trustee, (iii) provides that the Government Obligations acquired pursuant to such repurchase agreement shall be valued at least monthly at the lower of the then current fair market value or the repurchase price in the applicable repurchase agreement (except that the Lease Payment Reserve Fund shall always be valued at the then current fair market value), and (iv) is with any state or national bank or foreign bank with a United States branch or agency with short-term obligations rated in the highest classification (without regard to any suffix or numerical order) by each of the Rating Agencies;
- (o) any stripped securities rated in the highest classification by each of the Rating Agencies, including, but not limited to, U.S. Treasury STRIPS and REFCORP STRIPS; and
- (p) any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating from each of the Rating Agencies which is equal to or higher than the rating assigned to the Certificates by the Rating Agencies and the rating is in either of the two highest classifications (without regard to any suffix or numerical order) of each of the Rating Agencies.

**“Rating Agencies”** means those rating agencies requested by the State to assign a credit rating to the Certificates or Master Lease program.

**“Registrar and Paying Agent”** means the Trustee or any other registrar and paying agent for the Certificates that is mutually acceptable to the State and the Trustee.

**“Rent”** means, with respect to any Leased Item, the amount payable to the Lessor on each payment date during the term of the Master Lease, as shown in the related Lease Schedule.

**“Supplemental Indenture”** means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture for the purpose of creating one or more series of Certificates issued thereunder or amending or supplementing the terms thereof.

**“Trust”** means the trust created hereunder, the estate of which consists of all right, title, and interest conveyed by the Lessor to the Funds and Accounts, the Lease Schedules and all Lease Payments, and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease.

**“Trustee”** means Firststar Trust Company, Milwaukee, Wisconsin, and its successors and assigns.

### **General**

The State, acting by and through the Department of Administration, as Lessee, Firststar Bank Milwaukee, N.A., as Lessor, and Firststar Trust Company, as Trustee, have entered into a Master Indenture which establishes a trust consisting of the Lease Schedules of equipment and service items acquired by the State under the Master Lease program. Pursuant to the Master Indenture, the Lessor shall unconditionally and irrevocably sell, transfer and assign to the Trustee without recourse (but also without limitation on its obligations under the Master Lease) all of its right, title and interest in and to the Funds and Accounts, the Lease Schedules specified from time to time in one or more Supplemental Indentures, and all Lease Payments, Leased Items and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease. The Trustee declares that it holds and will hold all right, title, and interest conveyed by the Lessor in and to the Funds and Accounts, the Lease Schedules and all Lease Payments, Leased Items and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease, upon the trusts and terms set forth in the Master Indenture.

### **Funds and Accounts; Payments to be Deposited**

The Master Indenture creates the following Funds and Accounts to be held and administered by the Trustee for each series of certificates: a Project Fund (within which is a Project Account and an Earnings Account), a Lease Payment Fund (within which is an Interest Account and Payment Account), an Administrative Expense Payment Fund and an Insurance Fund.

All payments of Rent and other amounts due in connection with the Lease Schedules and the Leased Items (net of credits provided for in the Master Indenture) shall be made to the Trustee for application as shown in Figure 1 of this Summary.

The Trustee shall apply the proceeds from issuance of the Certificates, net of the underwriters' discount, as follows:

To the extent specified in the Supplemental Indenture creating such series of Certificates, there shall be deposited in the Principal Account and the Interest Account of the Certificate Payment Fund an amount to be used for the partial or complete redemption of one or more series of outstanding Certificates, and the Leased Items related with the redeemed Certificates shall hereafter relate to the newly issued Certificates (and new Lease Schedules shall be provided pursuant to the Master Lease).

With regard to the existing Leased Items specified in the Supplemental Indenture creating such series of Certificates, there shall be paid to the Lessor the unreimbursed Costs of Leased Items subject, however, to receipt of the information specified in the Master Indenture relating to such Leased Items.

Payment or reimbursement shall be made of the Cost of Issuance Amount or other expenses relating to the Certificates, including: (i) the initial acceptance fees for the Trustee; (ii) the fees and expenses of counsel to the Trustee, counsel to the Lessee, including Bond Counsel, and counsel to the Lessor; (iii) the fees payable to the Rating Agencies; (iv) costs of printing the Certificates and the related offering documents and (v) other costs reasonably related to the issuance of the Certificates.

There shall be deposited into the Project Account of the Project Fund the amount, if any, specified in the corresponding Supplemental Indenture; provided, however, that no money shall be deposited in the Project Account of the Project Fund that is not immediately disbursed for the purchase of Lease Schedules unless (i) the Trustee has been provided with an opinion from nationally recognized bond counsel to the effect that such deposit will not adversely affect the exclusion of interest on the Certificates from gross income for federal income tax purposes (the deposit shall constitute all or a portion of the Acquisition Amount specified in the corresponding Supplemental Indenture, and shall be applied to the extent available in accordance with the procedures in the Master Indenture and Master Lease), and (ii) prior notification of such deposit has been given to each of the Rating Agencies. The balance of the proceeds, if any, shall be deposited in the Lease Payment Fund.

Earnings on the Project Account of the Project Fund shall be transferred as received to the Earnings Account of the Project Fund. Moneys in such Earnings Account shall be transferred and used for payment of amounts due or coming due within thirty (30) days, in the following order: first, to the Interest Account of the Lease Payment Fund for retransfer to the Interest Account of the Certificate Payment Fund; and second, to the Administrative Expense Payment Fund.

To the extent moneys in the Earnings Account of the Project Fund exceed amounts payable under the above, the excess shall be deposited in the Project Account of the Project Fund.

At least ten (10) days before the date when any payment is to be made from the Project Account of the Project Fund for the purpose of acquiring additional Leased Items under one or more Leases, the Lessee shall file with the Trustee a requisition (i) stating the name and address of the payee, the amount to be paid, and the specific Leased Item or Leased Items as to which payment is to be made, and (ii) certifying that, following such payment, no more than one hundred percent (100%) of the Purchase Price of additional Leased Items will have been financed with proceeds of the Certificates.

Subject to the requirement that the Trustee shall not invest or reinvest moneys in any Fund or Account in a manner that would cause any of the Certificates to become "arbitrage bonds", the Acquisition Amount or other moneys available in the Project Account of the Project Fund shall be disbursed on a first-in, first-out basis to pay any amount requisitioned by, or upon the order of, the Lessee for the acquisition of additional Leased Items, upon receipt by the Trustee of copies of the following: (i) a fully completed Lease Schedule (in the form set forth in the Master Lease) executed by the Lessee and the Lessor; (ii) a fully completed Certificate of Acceptance (in the form set forth in the Master Lease) executed by the Lessee; (iii) the bill(s) of sale for the Leased Items; (iv) the opinion of counsel to Lessee (in the form set forth in the Master Lease); and (v) depending upon whether the Lessee has casualty insurance covering the Leased Items for which disbursement is requested or participates in a self-insurance program, documentary evidence that the Leased

Items are covered under such insurance or program and that the Trustee has been named as additional insured and loss payee and will receive advance notice of cancellation or nonrenewal of such insurance or participation in such program.

Except as provided in the Master Indenture, any moneys remaining in the Project Account of the Project Fund on the Disbursement Period Expiration Date shall, on such date, be transferred by the Trustee to the Principal Account of the Lease Payment Fund, to be applied as a credit against the Lease payments next required to be paid by the Lessee.

Upon any Event of Nonappropriation or upon an Event of Default under the Lease Schedule requiring the surrender of Leased Items, or upon any other termination of a Lease Schedule other than pursuant to the payment of all Rent or the exercise by the Lessee of its option to pay the Purchase Price, the Trustee shall immediately transfer all amounts on deposit in the Project Account of the Project Fund to the Principal Account of the Lease Payment Fund.

On any day in which Certificates are to be paid or redeemed, the Trustee shall transfer the aggregate amount on deposit in the Principal Account of the Lease Payment Fund for deposit into the Principal Account of the Certificate Payment Fund. On the date Certificates are to be redeemed in accordance with the Master Indenture as a result of deposit of moneys into the Principal Account of the Lease Payment Fund, the Trustee shall then transfer the moneys deposited for deposit into the Principal Account of the Certificate Payment Fund. On the date that Certificates are to be redeemed due to the termination of a Lease Schedule as a result of an Event of Nonappropriation, and if funds have been transferred to the Lease Payment Fund, the Trustee shall transfer all amounts on deposit in such Principal Account for deposit into the Principal Account of the Certificate Payment Fund. On the next succeeding Interest Payment Date after the date of transfer of moneys to the Principal Account of the Lease Payment Fund, the Trustee shall deposit such moneys into the Principal Account of the Certificate Payment Fund.

On each Interest Payment Date with respect to Certificates, the Trustee shall transfer from the Interest Account of the Lease Payment Fund (and, if necessary, from the Earnings Account of the Project Fund) for deposit into the Interest Account of the Certificate Payment Fund, an amount equal to the interest then due on the Certificates.

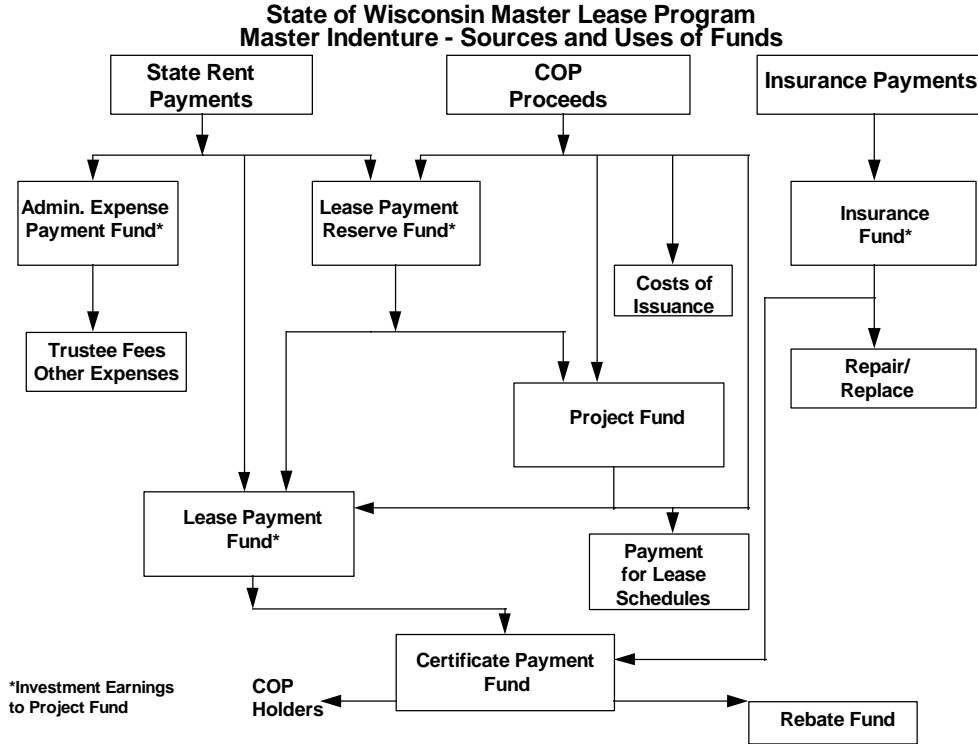
Except as provided in the Master Indenture, the Trustee shall pay to the Lessee any amount remaining in any Fund or Account after full payment (or redemption) of all Certificates outstanding and payment of any fees, expenses or costs owing with respect to the Certificates or the Lease Schedules.

Except as provided in the Master Indenture, moneys held in the Funds and Accounts shall be promptly and continuously invested in Qualified Investments to the full extent practicable. Investments shall be made by the Trustee so as to mature on or prior to the date or dates that moneys therefrom are expected to be used for the purposes for which they are held. The Trustee may trade with itself in the purchase and sale of securities for such investment. If the Trustee materially complies with the investment standards and the standard of conduct set forth in the Master Indenture, any investment losses shall be borne by the Fund in which the moneys were deposited for investment. The Trustee shall sell and reduce to cash a sufficient amount of investments in a Fund or Account whenever the cash balance thereof, together with anticipated transfers, is insufficient to satisfy any amounts payable within thirty (30) days from that Fund or Account.

The Trustee shall not invest or reinvest moneys in any Fund or Account in a manner that would cause any of the Certificates to become "arbitrage bonds" within the meaning of Section 148 of the

Code or otherwise adversely affect the exclusion of interest on the Certificates from gross income for federal income tax purposes. With the assistance of Bond Counsel, the Trustee shall prepare and file such forms and notices as may be required to maintain such exclusion from gross income.

The following diagram depicts the sources and uses of the various funds:



### Trust Funds

Except as provided in the Master Indenture, all properties and rights received by, and moneys and investments held by, the Trustee under the provisions of the Master Indenture shall be held in trust for the benefit of the Certificate Holders and the Lessee and shall not otherwise be subject to lien or attachment of any creditor of the Lessor, the Lessee or any Certificate Holder. The Trustee shall provide the Lessee on a basis not less frequently than quarterly with an accounting of all amounts received and disbursed and all investments made.

The Trustee shall invest moneys it may hold under the Master Indenture in Qualified Investments to be selected at the direction of the Lessee giving consideration, however, to the times at which moneys are required to be disbursed under the Master Indenture and, in that connection, may place moneys in demand or time deposits with any bank or trust company authorized to accept deposits of public funds. In making or disposing of an investment, the Trustee may act for its own account or other accounts as seller, purchaser or agent. All Qualified Investments shall be valued at the lower of cost or market. The Trustee shall not be liable for any loss resulting from an investment in a time or demand deposit in accordance with the provisions of the Master Indenture.

### Servicing of Leases

Should the Lessor fail to do so, the Trustee hereby agrees to service the Lease Schedules in accordance with their terms and the terms of the Master Indenture.

Should the Lessor fail to do so, the Trustee shall enforce, and take all reasonable steps, actions and proceedings that it deems necessary for (a) the enforcement of, all of the terms, covenants and

conditions of the Lease Schedules, including the prompt payment of all Lease Payments and other amounts due thereunder, and (b) the amendment of the Lease Schedules as required under the Master Lease, and in each case in accordance with their terms and terms of the Master Indenture.

### **Events of Default and Remedies**

The following shall constitute Events of Default under the Master Indenture:

- (a) any Event of Nonappropriation or Event of Default under the Master Lease or any Lease Schedule;
- (b) failure by the Lessor or the Lessee to observe or perform any covenant, condition or agreement that it is required to observe or perform under the Master Indenture, other than an event specified in (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the defaulting party by any other party hereto or by Certificate Holders that own not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; provided, however, if the failure cannot be corrected within the applicable period, such other parties and Certificate Holders shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the defaulting party within the applicable period and diligently pursued until the default is corrected; and
- (c) any additional event designated as an “Event of Default” under any Supplemental Indenture.

The remedies available in case of an Event of Nonappropriation or an Event of Default under the Master Lease shall be as specified in the Master Lease and shall be exercisable by the Trustee as assignee of the Lessor pursuant to the Master Indenture. Whenever an Event of Nonappropriation or an Event of Default under the Master Lease shall have occurred and be continuing, the Trustee shall cause the Certificates of all Series to be redeemed pursuant to the Master Indenture, *pro rata*, to the extent money is available in the Lease Payment Fund; *provided*, that such limitation shall not affect the Trustee’s ability to exercise remedies under the Master Lease, with the amounts received upon the exercise of such remedies then to be applied to the Lease Payment Fund. In addition, whenever an Event of Nonappropriation or an Event of Default shall have occurred and be continuing, the Trustee may proceed, and upon written request of Certificate Holders owning not less than a majority in aggregate principal amount of Certificates then outstanding shall proceed, to take any of the remedial steps available under the Master Lease (including acceleration, if applicable) or whatever action at law or in equity may be necessary or appropriate to enforce its rights as assignee under the Master Indenture. No remedy provided in the Master Indenture is intended to be exclusive, and every remedy shall be cumulative. No delay or omission in exercising any remedy shall be construed as a waiver, and any remedy may be exercised as often as is deemed necessary or appropriate. To entitle the Trustee to exercise any remedy reserved to it, no notice shall be necessary except as required in the Master Indenture or by law. If any party to the Master Indenture defaults under any of its provisions and any nondefaulting party employs attorneys or incurs other expenses for the collection of money or the enforcement, performance or observance of any obligation or agreement on the part of the defaulting party, the latter agrees that it will on demand pay to the nondefaulting party the reasonable fees of such attorneys and other expenses so incurred. In the event of a waiver of the breach of any provision in the Master Indenture, such waiver shall not be deemed to waive the breach of any other provision. All payments received by the Trustee with respect to the Trust Estate upon an Event of Default,

whether from the sale of Leased Items, damages or otherwise, shall be applied by the Trustee, first, to its reasonable fees and expenses and, second, to the Lease Payment Fund.

In the event that no action is taken to eliminate an Event of Default, Certificate Holders owning a majority in aggregate principal amount of the Certificates then outstanding may institute any suit, action or other proceeding at law or in equity for the protection or enforcement of any right under the Master Lease or the Master Indenture, but only if such Certificate Holders have first requested in writing that action be taken, have given a reasonable opportunity for such suit, action or other proceeding to be instituted, and have offered reasonable indemnity against the costs, expenses and liabilities to be incurred thereby.

### **Limitation of Liability**

Except for the payment of Lease Payments and other amounts when due under the Leases and the performance of other covenants and agreements of the State contained in the Master Lease or the Master Indenture, the Lessee shall have no obligation or liability to any of the other parties or to the Certificate Holders with respect to the Master Indenture or the terms, execution, delivery or transfer of the Certificates, or the application of any payments it has made in accordance with the Lease Schedules.

Neither the Lessee nor the Lessor shall have any obligation or liability to any of the other parties or to the Certificate Holders with respect to the performance by the Trustee of any duty imposed upon it under the Master Indenture.

The Trustee shall have no obligation or responsibility for providing information to the Certificate Holders concerning the investment character of the Certificates, for the sufficiency or collection of any Lease Payments or other amounts due from any party, or for the actions or representations of any other party to the Master Indenture. Except for performance of its covenants and agreements in the Master Indenture, the Trustee shall have no obligation or liability to any of the other parties or the Certificate Holders under any of the Master Indenture or the Master Lease, or with respect to the failure of any other party to perform any covenant or agreement thereunder.

### **Amendment**

The parties may agree from time to time to the amendment of the Master Indenture, the Master Lease or any Lease Schedule (the "Operative Documents"), or enter into a Supplemental Indenture, without the consent of any Certificate Holder, in order to provide for the issuance of a series of Certificates, to cure any ambiguity or to correct or supplement any provision in any of the Operative Documents that may be inconsistent with any provision in any other Operative Document, or to add any other provision with respect to matters or questions arising under any Operative Document if it is not inconsistent with the provisions of any Operative Document; provided, however, that such action shall not, as evidenced by an opinion of counsel, adversely affect in any material respect the interests of any Certificate Holder.

Any of the Operative Documents may also be amended from time to time with the consent of Certificate Holders owning not less than 51% of the aggregate outstanding principal amount of Certificates of any series affected thereby for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Operative Documents, or of modifying in any manner the rights of the owners of not less than 51% of the aggregate outstanding principal amount of Certificates; provided, however, that no amendment shall (a) increase or reduce the amount of, or delay the timing of, or otherwise adversely affect, collections of payments under any Lease Schedule or required to be made on any Certificate, (b) release any Lease Schedule or all or substantially all collateral securing a Lease Schedule, or (c) reduce the aforesaid percentage



required for consent to any amendment, without the consent of the Certificate Holders owning all Certificates.

Promptly after the execution of any amendment or consent, the Trustee shall furnish written notification of the substance of such amendment or consent to each Certificate Holder.

It shall not be necessary for a consent of Certificate Holders required under this Section to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining consents of Certificate Holders shall be subject to such reasonable requirements as the Trustee may prescribe.

Upon entering into any amendment to an Operative Document pursuant to this Section, the Trustee shall give written notice thereof to each of the Rating Agencies.

#### **Limitation on Rights of Certificate Holders**

The death or incapacity of any Certificate Holder shall not operate to terminate the Master Indenture or the Trust, nor entitle such Certificate Holder's legal representative or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition or winding up of the Trust, nor otherwise affect the rights, obligations and liabilities of the parties to the Master Indenture.

No Certificate Holder shall have any right to vote (except as provided in the Master Indenture) or in any manner otherwise control the operation and management of the Trust, or the obligations of the parties to any of the Operative Documents nor shall anything set forth in the Master Indenture, or contained in the terms of the Certificates, be construed so as to constitute the Certificate Holders from time to time as partners or members of an association; nor shall any Certificate Holder be under any liability to any third person by reason of any action taken by the parties to the Master Indenture pursuant to any provision of the Master Indenture.

No Certificate Holder shall have any right by virtue of any provision of the Master Indenture to institute any suit, action or proceeding at law or in equity under or with respect to the Master Indenture, unless (i) such Certificate Holder has previously given to the Trustee a written notice of an Event of Default and of the continuance thereof, as provided in the Master Indenture, and (ii) the holders of not less than 25% of the aggregate outstanding principal amount of Certificates have made written request of the Trustee to institute such action, suit or proceeding in its own name as Trustee under the Master Indenture and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and (iii) the Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding; it being understood and intended, and being expressly covenanted by each Certificate Holder with every other Certificate Holder and the Trustee, that no one or more owners of Certificates shall have any right in any manner whatever by virtue of any provision of the Master Indenture to affect, disturb or prejudice the rights of the holders of any other Certificates, or to obtain or seek to obtain priority over or preference as against any other Certificate Holder, or to enforce any right under the Master Indenture, except in the manner provided in the Master Indenture and for the equal, ratable and common benefit of all Certificate Holders. For the protection and enforcement of the provisions under this heading "Limitations on Rights of Certificate Holders", each Certificate Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

## Appendix E

### LEASE SCHEDULES

<u>Lease Schedule</u>	<u>Maturity Date</u>	<u>Original Amount Financed</u>	<u>Principal Balance <sup>(a)</sup></u>
#93-02	3/1/99	\$ 2,580,464.86	\$ 1,177,812.74
#93-05	3/1/97	401,478.00	53,942.53
#93-06	3/1/97	26,732.00	3,577.50
#93-07	3/1/97	186,673.94	25,759.81
#93-08	9/1/99	2,188,179.89	1,157,442.67
#93-09	9/1/98	337,810.00	140,970.62
#93-10	3/1/97	131,171.00	17,750.45
#93-13	9/1/99	654,527.06	352,515.03
#93-17	9/1/98	656,211.00	285,850.50
#93-18	9/1/98	173,749.51	67,432.74
#93-19	3/1/99	372,000.00	115,668.61
#93-20	9/1/98	577,339.57	253,401.05
#93-21	3/1/97	61,279.50	9,382.86
#93-23	3/1/99	927,069.90	481,722.98
#93-24	3/1/97	39,485.00	6,505.22
#93-25	3/1/97	460,650.00	75,307.51
#93-26	3/1/97	1,633,754.95	267,337.51
#93-27	3/1/97	1,575,386.00	258,033.53
#93-28	3/1/99	396,707.00	175,134.26
#94-01	3/1/99	751,723.60	407,834.28
#94-03	3/1/98	150,000.00	49,916.98
#94-04	3/1/97	356,478.50	65,433.78
#94-05	3/1/98	1,550,779.24	595,207.47
#94-06	9/1/99	57,634.00	9,905.85
#94-07	3/1/98	3,617,655.00	1,169,830.26
#94-08	9/1/97	147,950.00	30,765.66
#94-09	3/1/97	689,854.00	133,893.40
#94-10	3/1/99	245,600.00	138,967.36
#94-11	9/1/97	1,407,000.00	465,006.70
#94-12	3/1/99	710,591.00	404,433.54
#94-15	9/1/97	105,524.30	9,127.26
#94-16	9/1/99	948,157.05	587,876.85
#94-17	9/1/97	248,690.00	83,448.63
#94-19	9/1/98	43,523.40	22,604.45
#94-20	9/1/99	42,635.00	26,717.98
#94-21	9/1/97	256,854.00	88,921.45
#94-23	9/1/97	63,976.00	22,247.95
#94-24	9/1/99	326,062.91	207,443.95
#94-25	3/1/99	77,959.80	45,814.79
#94-26	9/1/98	133,570.00	71,319.96
#94-27	9/1/97	272,225.00	96,885.83
#94-28	9/1/97	168,641.18	60,019.98
#94-29	9/1/97	28,238.86	10,223.31
#94-30	9/1/00	4,342,320.19	3,137,571.25

<u>Lease Schedule</u>	<u>Maturity Date</u>	<u>Original Amount Financed</u>	<u>Principal Balance</u> <sup>(a)</sup>
#94-31	9/1/99	1,013,423.30	659,224.78
#94-32	9/1/98	56,804.00	30,957.34
#94-33	9/1/97	108,078.60	39,540.12
#94-35	9/1/97	181,900.00	66,547.38
#94-36	9/1/99	300,803.41	196,012.65
#94-37	9/1/97	800,526.00	297,633.61
#94-39	9/1/98	68,454.63	6,058.82
#94-40	9/1/01	93,898.95	73,279.39
#94-41	3/1/99	65,520.00	40,333.21
#94-42	3/1/97	28,346.00	6,490.91
#94-43	9/1/97	68,888.41	13,609.28
#94-44	9/1/98	129,004.69	72,624.46
#94-45	9/1/99	39,804.31	26,543.89
#94-46	9/1/99	76,145.24	51,487.46
#94-48	9/1/99	387,919.00	263,269.58
#95-02	9/1/97	127,881.00	52,401.40
#95-03	9/1/97	557,100.00	228,287.34
#95-04	9/1/98	103,449.16	62,131.16
#95-05	3/1/00	96,397.00	70,911.68
#95-06	3/1/98	238,543.94	126,099.70
#95-07	3/1/98	158,033.00	83,946.96
#95-08	9/1/97	29,005.71	7,318.56
#95-09	3/1/99	37,418.20	24,975.08
#95-10	9/1/99	360,728.85	257,193.31
#95-11	9/1/99	3,813.53	2,709.13
#95-12	3/1/98	741,000.00	409,126.94
#95-14	9/1/99	438,329.80	317,996.76
#95-17	3/1/97	163,541.77	27,530.66
#95-18	3/1/97	120,738.97	34,660.93
#95-19	3/1/98	2,250,491.00	1,264,708.71
#95-20	9/1/99	503,480.88	370,342.58
#95-21	3/1/00	202,453.98	157,074.67
#95-22	3/1/98	800,000.00	467,027.71
#95-23	9/1/97	56,484.93	27,119.57
#95-24	3/1/98	193,418.96	113,183.70
#95-25	3/1/98	752,371.00	446,464.12
#95-26	9/1/97	5,827.75	1,694.80
#95-28	9/1/97	118,000.34	58,437.84
#95-29	3/1/98	29,518.75	17,706.06
#95-30	3/1/98	353,091.13	215,595.51
#95-32	3/1/00	97,928.00	78,087.78
#95-33	3/1/00	60,000.00	48,131.96
#95-35	9/1/98	910,000.00	626,350.01
#95-36	9/1/97	18,680.43	9,626.51
#95-37	9/1/99	7,000.00	5,419.48

<u>Lease Schedule</u>	<u>Maturity Date</u>	<u>Original Amount Financed</u>	<u>Principal Balance</u> <sup>(a)</sup>
#95-38	9/1/99	71,431.60	56,329.72
#95-39	9/1/00	140,260.04	101,790.81
#95-40	9/1/99	389,225.08	308,069.06
#95-41	9/1/98	158,637.17	111,921.82
#95-43	9/1/97	169,109.22	92,799.35
#95-44	9/1/98	221,086.00	159,428.27
#95-45	9/1/00	373,664.06	319,368.41
#95-46	9/1/99	96,202.00	77,526.28
#95-47	9/1/99	46,820.00	38,167.30
#95-48	9/1/98	86,906.52	64,213.81
#95-49	9/1/99	118,555.61	97,692.23
#95-50	9/1/00	170,331.26	148,459.83
#95-51	9/1/98	82,395.00	63,184.59
#95-52	9/1/98	87,898.00	67,396.58
#95-53	9/1/98	285,047.39	218,804.76
#95-54	9/1/98	42,174.00	32,337.29
#95-55	9/1/98	169,275.25	131,243.05
#95-56	9/1/98	62,650.00	48,607.77
#95-57	9/1/98	701,562.00	473,129.19
#95-58	9/1/98	514,177.00	405,952.89
#96-02	9/1/99	41,754.00	35,963.55
#96-03	9/1/02	164,140.00	153,921.75
#96-04	9/1/00	65,336.32	58,557.17
#96-05	3/1/00	962,816.00	729,987.49
#96-06	3/1/99	81,107.80	68,532.88
#96-07	3/1/99	144,000.00	122,565.89
#96-08	3/1/99	761,848.00	651,908.07
#96-09	3/1/01	53,010.00	48,732.07
#96-10	3/1/01	73,303.81	63,812.19
#96-13	3/1/99	68,766.06	59,868.09
#96-16	3/1/00	67,251.00	62,045.90
#96-17	3/1/01	254,892.90	242,382.94
#96-18	3/1/01	105,462.17	100,286.16
#96-19	3/1/01	44,348.47	42,038.27
#96-20	3/1/97	925,000.00	578,780.17
#96-21	3/1/99	187,933.07	169,745.16
#96-23	3/1/01	277,808.00	265,405.06
#96-24	3/1/99	59,980.50	54,528.42
#96-25	3/1/98	218,055.00	125,618.52
#96-26	3/1/03	49,600.00	48,109.66
#96-27	3/1/00	2,309,606.00	2,185,444.84
#96-28	3/1/97	152,146.00	100,524.02
#96-29	3/1/01	135,000.00	129,453.51
#96-30	3/1/03	146,821.55	81,082.31

<u>Lease Schedule</u>	<u>Maturity Date</u>	<u>Original Amount</u>	
		<u>Financed</u>	<u>Principal Balance</u> <sup>(a)</sup>
#96-31	3/1/99	1,200,000.00	1,101,065.47
#96-32	3/1/99	163,115.97	152,935.40
#96-33	3/1/99	157,586.25	149,772.40
#96-35	3/1/03	121,662.64	102,201.21
#96-38	3/1/99	83,120.40	78,846.75
#96-39	3/1/00	221,183.35	214,031.98
#96-40	3/1/03	74,700.00	73,912.52
#96-41	3/1/99	132,223.50	125,667.24
#96-42	3/1/01	472,500.00	465,295.24
#96-43	3/1/03	31,245.00	30,882.44
#96-44	3/1/01	59,945.00	58,734.32
#96-45	3/1/99	95,201.55	92,385.91
#96-46	3/1/99	84,422.10	81,925.26
#96-47	3/1/03	236,615.97	234,919.17
#96-48	3/1/00	209,580.86	205,540.97
#96-49	3/1/03	97,715.00	97,014.28
#96-50	3/1/00	131,750.00	129,210.38
#96-51	3/1/99	73,508.99	71,334.91
#96-52	3/1/03	112,621.50	111,321.29
#96-53	9/1/99	164,845.94	165,689.65
#96-54	9/1/99	87,384.67	87,832.21
#96-55	3/1/99	25,458.00	24,678.50
#96-56	3/1/03	129,291.31	127,890.77
#96-57	9/1/99	124,922.23	125,521.86
#96-58	9/1/99	52,500.16	52,752.16
#96-59	3/1/00	494,296.62	484,336.47
#96-61	3/1/03	531,916.34	534,573.05
#96-62	9/1/99	115,684.46	115,973.67
#96-63	3/1/00	57,832.00	57,832.00
#96-64	9/1/03	221,176.04	221,176.04
#96-65	3/1/03	17,688.00	17,688.00
#96-66	9/1/99	162,814.00	162,814.00
#96-67	3/1/99	140,790.00	62,790.00
#96-68	3/1/99	39,457.06	39,457.06
#96-69	9/1/97	1,609,000.00	1,609,000.00
#96-70	3/1/00	103,087.25	103,087.25
#96-71	3/1/03	5,657.00	5,657.00
#96-72	9/1/97	504,000.00	504,000.00
#96-73	9/1/03	168,597.60	168,597.60
#96-74	3/1/00	126,891.83	126,891.83
#96-75	9/1/03	163,543.44	163,543.44
#96-76	9/1/99	70,514.09	70,514.09
		<u>\$ 63,291,996.80</u>	<u>\$ 38,127,851.45</u>

<sup>(a)</sup> Principal balance as of September 1, 1996, except for Lease Schedules #96-63 through #96-76, which were originated after September 1, 1996 and include the principal amount as of the Lease Schedule origination date.

Source: Wisconsin Department of Administration.

## **Appendix F**

# **STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES**

### **General Organization**

The executive branch is under the direction of the Governor. He is assisted by five elected constitutional officers, 18 departments (including two headed by other constitutional officers) and 14 independent agencies. The constitutional officers are the Governor, Lieutenant Governor, Attorney General, State Treasurer, Secretary of State and Superintendent of Public Instruction, each of whom is elected to a four-year term. The Governor and Lieutenant Governor are elected on the same ballot.

The Governor is the chief executive officer of the State. The Lieutenant Governor serves as Acting Governor during the absence or incapacity of the Governor. The Attorney General heads the Department of Justice, which provides all state agencies with legal advice and counsel. The State Treasurer receives and disburses all money of the State Treasury in accordance with law. The Secretary of State keeps a record of the official acts of the Legislature and executive agencies. The Superintendent of Public Instruction heads the Department of Public Instruction, which supervises the operations of and establishes standards for schools throughout the State.

The legislative branch consists of the Legislature and its subordinate service agencies. The Legislature is bicameral, composed of the Senate and the Assembly. The 33 members of the Senate serve staggered four-year terms and the 99 Representatives of the Assembly serve identical two-year terms. Both the Senate and the Assembly operate on a committee system. The Legislature's biennial session begins in odd-numbered years on the first Tuesday after the eighth day of January. By a joint resolution, the biennial session is divided into floor periods interspersed with committee work periods. In odd-numbered years, the floor periods generally cover six months, while in even-numbered years the floor periods usually run for shorter periods. The Legislature also meets in special session when so called by the Governor, at which time it may transact only that business for which the special session is called.

The judicial branch consists of the Supreme Court, composed of seven justices who are elected statewide for staggered ten-year terms; the Court of Appeals, composed of 16 judges who are elected statewide for staggered six-year terms sitting in three-judge panels; and 69 circuit courts (the State's trial courts), each with one or more judges who are locally elected for six-year terms. The circuit courts are administered from ten administrative districts. All costs of these courts are paid by the State.

### **Budgeting Process and Fiscal Controls**

The State Constitution requires the Legislature to enact a balanced budget. The State's fiscal year runs from July 1 through June 30 of the following year. State law establishes procedures for the budget's enactment. The Secretary of Administration, under the direction of the Governor, compiles all budget information and prepares an executive budget consisting of the planned operating expenditures and revenues of all State agencies. The Department of Revenue furnishes forecasts of tax revenues to the Department of Administration. The budget is submitted to the Legislature on or about February 15 of each odd-numbered year. The Legislature's Joint Committee on Finance reviews the executive budget and reports its findings to the full Legislature, usually in the form of a substitute budget bill. Upon concurrence by both houses of the Legislature in the appropriations and revenue measures embodied in the budget bill, the entire bill is submitted to the Governor. The Governor is empowered to sign the bill into law or

to veto all or part of the bill. If the Governor vetoes any portions, those items may be reconsidered in accordance with the rules of each house and, if approved by two-thirds of the members of each house, will become law notwithstanding the Governor's veto. In the event that 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 as a new one is enacted.

A BALANCED BUDGET IS MANDATED IN ARTICLE VIII, SECTION 5 OF THE WISCONSIN CONSTITUTION. THIS SECTION REQUIRES THE LEGISLATURE TO PROVIDE AN ANNUAL TAX SUFFICIENT TO MEET THE ESTIMATED EXPENSES OF THE STATE EACH YEAR, INCLUDING DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATIONS. SHOULD A DEFICIENCY OCCUR IN ANY YEAR, THE LEGISLATURE MUST LEVY TAXES SUFFICIENT TO COVER BOTH THE DEFICIT AND THE ESTIMATED EXPENSES OF THE ENSUING YEAR.

The State Constitution provides that no money shall be paid out of the Treasury except as appropriated by law. The Statutes require that the Secretary of Administration and the State Treasurer must approve all payments. The Secretary of Administration is also responsible for audit of expenditures prior to disbursement. The Legislative Audit Bureau has postaudit responsibility.

The Department of Administration maintains separate accounts for all appropriations, showing the amounts appropriated, the amounts allotted, the amounts encumbered, the amounts expended and certain other data necessary to the financial management and control of all State accounts. The Department of Administration also maintains the general ledgers of the General Fund and all other funds of the State.

State law prohibits the enactment of legislation which would cause the estimated General Fund balance to be less than 1% of the general purpose revenue appropriations for that fiscal year. For the 1995-96 fiscal year and 1996-97 fiscal year, the statutorily required reserves are \$83 million and \$92 million respectively. The effect of the State law provision is to divide the year-ending General Fund balance into two components: the statutorily required reserve and the amount above such reserve.

Should estimated revenues prove to be less than anticipated in the budget or should expenditures for open-ended appropriations be greater than anticipated, the budget could move out of balance. The Statutes provide that if, following the enactment of the budget, the Secretary of Administration determines that budgeted expenditures will exceed revenues by more than one-half of one percent of general purpose revenues (consisting of general taxes, miscellaneous receipts and revenues collected by state agencies which lose their identity and are available for appropriation by the Legislature), no action can be taken regarding approval of expenditure estimates. Further, the Secretary of Administration must notify the Governor, the Legislature and its Joint Committee on Finance, and the Governor must submit a bill correcting the imbalance. If the Legislature is not in session, the Governor must call a special session to take up the matter.

The Secretary of Administration also has statutory power to order reductions in the appropriations of state agencies (which represent less than one-third of the General Fund budget). The Secretary of Administration may also temporarily reallocate free balances of certain funds to other funds which have insufficient balances and, further, may prorate or defer certain payments in the event current or projected balances are insufficient to meet current obligations. In such an event, the Department of Administration may also request the issuance of operating notes by the Building Commission.

## **Accounting and Financial Reporting**

### *Statutory Basis*

The State accounts for, reports and budgets its operations as set forth in the statutes. Except as noted in the following paragraph, under statutory accounting, receipts are recorded only at the time money or checks are deposited in the State Treasury, and disbursements are recorded only at the time a check is drawn. As a result, actions and circumstances, including discretionary decisions by certain governmental officials, can affect the timing of payments and deposits and therefore can significantly affect the amounts reported in a fiscal year

For budgeting and constitutional compliance purposes, the State's records are maintained in conformity with statutory requirements. The more important legal provisions are:

- (1) In all cases the date of the contract or order determines the fiscal year in which it is charged unless it is determined that the purpose of the contract or order is to prevent lapsing of appropriations or to otherwise circumvent budgeting intent.
- (2) The current year records must remain open until July 31 to permit departments to certify for payment bills applicable to the year ended June 30 and to deposit revenues applicable to such year, with the following exceptions: amounts withheld for income taxes prior to July 1 and taxes imposed on sales prior to July 1 are deemed to be accrued tax receipts as of the close of the fiscal year, provided such revenue is deposited on or before August 15.
- (3) On July 31 all outstanding encumbrances entered for the previous year must be transferred to the new fiscal year and an equivalent prior year appropriation balance must also be forwarded to the current year.
- (4) Revenues and expenditures are reported on a net basis. Overcollections refunded are deducted from revenues and overpayments collected are deducted from expenditures.
- (5) General Fund investments are carried at the lower of cost or par with discounts, premiums and earnings recorded on an accrual basis.

### *Generally Accepted Accounting Principles*

Beginning with the fiscal year ending June 30, 1990, the State has accounted for and reported on its operations using generally accepted accounting principles ("GAAP"). For the fiscal year ended June 30, 1995 the State has prepared a Comprehensive Annual Financial Report ("CAFR") in accordance with GAAP. The General Purpose Financial Statements section of the CAFR has been audited and is presented in APPENDIX A.

Financial statements prepared in accordance with GAAP differ from those prepared in accordance with the Statutes. A notable difference pertains to the general-fund balance. The undesignated balance for the fiscal year ended June 30, 1995 was a surplus of \$401 million on the statutory basis. Under GAAP the balance at June 30, 1995 was a deficit of \$1.1 billion. The difference results primarily because GAAP recognizes accrued liabilities that are not taken into account under the statutory basis. The single largest accrued liability for the fiscal year ended June 30, 1995 was \$506 million and related to the State's payment of shared revenues to municipalities and counties. Determining this liability is difficult for several reasons including the lack of a specific pronouncement from the Governmental Accounting Standards Board concerning accounting for state and local government shared revenues.



The State continues to use the statutory basis for both budgeting and constitutional compliance purposes. The State has not taken any steps to eliminate the GAAP deficit, and it is unlikely that it will do so in the future.

## FINANCIAL INFORMATION

The State’s financial condition is reported on a statutory basis in its Annual Fiscal Report, which is published each year on or before October 15. In addition, financial statements are prepared on a GAAP basis. Interim reporting of revenues and expenditures is provided through the State budget process; however, the interim reporting format corresponds to the budget appropriation schedule rather than to the format of the Annual Fiscal Report or the CAFR. This makes comparisons of final and interim reports difficult. Similarly, the estimated revenues and expenditures budgeted for the current and future years are not directly comparable to the actual expenditures reported in the Annual Fiscal Report or the CAFR.

### Revenue Structure

The State has an extremely diverse revenue-raising structure. Approximately thirty-eight percent of the total revenue is derived from the various taxes levied by the State. The remainder comes from the federal government and from various kinds of fees, licenses, permits and service charges paid by users of specific services, privileges or facilities. Table F-1 contains the specific sources of revenue and the amounts raised from each source for each of the last five years. There can be no assurance that historical data with respect to such revenues are necessarily indicative of future receipts.

#### *Tax Structure*

The State’s tax structure has a diverse underlying base consisting of income, general and special product sales and property value. Approximately one-half of all general-fund taxes collected by the State are returned to local units of government. The remaining funds are used for State programs. A brief description of each tax follows.

#### *Individual Income Tax*

The current tax brackets and rates are as follows:

<u>Taxable Income Brackets</u>		
<u>Single</u>	<u>Married Filing Jointly<sup>(a)</sup></u>	<u>Marginal Tax Rate</u>
\$0-7,500	\$0-10,000	4.90%
7,501-15,000	10,001-20,000	6.55
15,001+	20,001+	6.93

<sup>(a)</sup> Brackets for married filing separately are half of married filing jointly.

#### *Corporate Franchise and Income Taxes*

Both the franchise tax measured by net income and the income tax are levied at a rate of 7.9% of corporate net income.

#### *Public Utility Taxes*

There are two methods used for taxing public utilities. An ad valorem method on property is used for pipeline companies, conservation and regulation companies, railroads and airlines. Revenue received from railroads and airlines is deposited in the Transportation Fund; all other revenues are deposited to the General Fund. The State assesses the value of the property; then the average statewide property tax rate is applied to derive the tax. The gross receipts tax on telephone companies for local service ranges from 2.813% for gross revenues of less than \$10,000 to 5.6% for gross revenues in excess of \$500,000. The tax on toll service (long distance calls) ranges from 2.813% if toll revenues are less than \$25,000 to 7.8% if toll revenues exceed

\$800,000. The gross receipts tax is 3.19% for electric cooperatives. Light, heat and power companies pay a gross receipts license fee at the rates of 0.97% of revenues from gas services and 3.19% of revenues from electric services. Each year's fee is based on revenues collected in the previous year.

#### *General Sales and Use Tax*

A 5% tax is imposed on the sale or use of services and all tangible personal property unless specifically exempted. The most notable exemptions are food, prescription drugs and motor and heating fuel.

#### *Excise Taxes*

Taxes are levied on four products. Cigarettes are taxed at the rate of 38 cents per pack of 20. Liquor is taxed on the basis of alcoholic content (25 cents, 45 cents or \$3.25 per gallon). The tax is collected from wholesalers. Beer is taxed at the rate of \$2 per barrel, and the tax is paid monthly by brewers. Tobacco products other than cigarettes are taxed at the rate of 20% of the manufacturer's list price. The tax is collected from distributors and subjobbers.

#### *Motor Fuel Tax*

Motor fuel is taxed at the rate of 23.7 cents per gallon. Each April a formula based on highway maintenance costs and fuel consumption is used to adjust the motor fuel tax. The tax is collected from the wholesaler but is specifically passed through to the user. The revenues are deposited in the segregated Transportation Fund, where they are used primarily for highway purposes.

#### *Inheritance and Gift Taxes*

Effective January 1, 1992 both the inheritance tax and gift tax were eliminated. The phaseout of the taxes began in 1988. The State continues to receive some revenue as estates are probated.

#### *Insurance Company Premium Tax*

Wisconsin-based life insurance companies pay a tax of 2% of the premiums received less a credit equal to 50% of personal property taxes. (Small companies may choose to pay 2.5% of all income except premiums less the personal property tax credit.) Nondomestic life companies pay the 2% rate with no personal property tax credit.

Domestic casualty companies are taxed 2% on premiums received on fire insurance, while nondomestic casualty companies pay 2.375% on all forms of casualty premiums. The 2% tax levied on fire insurance premiums is redistributed to local governments as a "fire department dues" tax.

#### *Forest Tax*

The forest tax is the only State tax upon general property. It is a 2/10 mill levy on all taxable property in the State. The tax is collected from local taxing units. After its receipt in the General Fund, it is transferred to the segregated Conservation Fund.

#### *Pari-Mutuel Tax*

The pari-mutuel tax is a sliding rate based on the cumulative amount wagered at each track during the year. For horse racing the tax begins at 1% for wagered amounts in excess of \$50 million increasing to 3% for wagered amounts in excess of \$150 million. For dog racing the tax begins at 2% and increases to 8.67% for wagered amounts in excess of \$250 million. The revenues are deposited in the segregated Racing Fund.

#### *Homestead Tax Credit*

Property tax relief is provided to low-income home owners and renters through a homestead tax credit on state individual income taxes. The maximum household income limit is \$19,154. The maximum amount of aidable property taxes is \$1,450, and the amount of farm acreage on which

the property tax is based is 120 acres. For renters, the amount of rent allocated as property tax is 25%, or 20% if heat is included in rent. These credits are reflected as expenditures for budgeting purposes.

**Table F-1**

**REVENUES (ALL SOURCES) <sup>(a)</sup>**  
**1995-96 FROM 1991-92**

	<b>1995-96</b>	<b>1994-95</b>	<b>1993-94</b>	<b>1992-93</b>	<b>1991-92</b>
<b>State Collected Taxes</b>					
Individual Income.....	\$ 4,157,444,344	\$ 3,932,948,357	\$ 3,638,710,246	\$ 3,445,828,768	\$ 3,142,212,356
General Sales and Use.....	2,704,226,017	2,571,212,098	2,427,900,047	2,260,562,784	2,127,315,030
Corporate Franchise and Income.....	636,009,525	631,750,239	541,284,287	492,014,523	437,689,226
Public Utility.....	288,773,786	271,979,923	268,236,755	278,325,863	261,596,570
Excise.....	245,350,413	223,419,538	219,567,523	212,972,813	193,227,911
Inheritance and Gift .....	45,602,214	40,783,701	53,201,971	53,742,241	57,646,429
Insurance Companies.....	92,284,836	94,416,471	95,990,959	86,904,742	82,800,824
Motor Fuel.....	676,002,610	651,186,179	634,621,215	595,622,479	573,948,758
Forest.....	42,943,134	39,193,215	36,512,823	44,392,839	27,840,473
Miscellaneous.....	134,422,491	119,666,306	119,276,892	99,963,841	92,651,495
Subtotal.....	9,023,059,370	8,576,556,027	8,035,302,718	7,570,330,893	6,996,929,072
<b>Federal Aid</b>					
Medical Assistance.....	1,461,929,742	1,457,070,300	1,361,264,722	1,297,791,258	1,194,407,867
AFDC.....	188,491,658	212,576,642	236,096,288	338,804,634	335,789,338
Transportation.....	558,478,336	484,075,362	512,447,000	376,054,661	278,103,759
Education.....	739,728,615	705,186,682	656,580,271	620,772,533	582,376,885
Other.....	946,163,108	917,134,225	912,102,104	707,533,186	694,565,785
Subtotal.....	3,894,791,459	3,776,043,211	3,678,490,385	3,340,956,272	3,085,243,634
<b>Fees</b>					
University of Wisconsin System.....	460,539,331	459,980,731	454,232,963	432,655,703	414,689,429
Other.....	519,180,189	488,347,136	476,710,654	231,978,179	196,707,737
Subtotal.....	979,719,520	948,327,867	930,943,617	664,633,882	611,397,166
<b>Licenses and Permits</b>					
Vehicles and Drivers.....	249,312,483	249,461,275	250,475,479	237,786,472	226,827,627
Hunting and Fishing.....	49,602,129	47,357,165	50,822,937	48,929,766	45,937,891
Other.....	368,467,942	332,090,249	331,515,213	37,606,023	40,108,155
Subtotal.....	667,382,554	628,908,689	632,813,629	324,322,261	312,873,673
<b>Miscellany</b>					
Service Charges.....	439,035,773	424,749,482	406,308,823	782,624,054	714,587,820
Sales of Products.....	690,834,331	722,782,430	685,092,976	648,243,168	604,332,109
Investment Income.....	5,446,036,326	5,146,837,274	1,276,947,011	3,808,721,594	3,325,397,805
Gifts and Grants.....	210,638,629	176,311,213	165,759,549	192,434,750	145,008,468
Employe Benefit					
Contributions <sup>(b)</sup> .....	1,318,994,693	1,478,712,390	1,310,111,343	1,285,666,403	1,144,891,365
General Obligation Proceeds.....	330,950,056	324,941,338	243,711,514	300,031,476	375,768,222
Local Government					
Investment Pool.....					724,130,153
Other Revenues.....	438,067,477	493,451,382	368,652,742	517,943,464	183,117,131
Subtotal.....	8,874,557,285	8,767,785,509	4,456,583,958	7,535,664,909	7,217,233,073
<b>Summary</b>					
TOTAL NET REVENUE.....	23,439,510,188	22,697,621,303	17,734,134,307	19,435,908,217	18,223,676,618
Transfers.....	403,849,988	385,960,590	521,021,635	585,483,548	596,754,265
Gross Revenue.....	<u>\$ 23,843,360,176</u>	<u>\$ 23,083,581,893</u>	<u>\$ 18,255,155,942</u>	<u>\$ 20,021,391,765</u>	<u>\$ 18,820,430,883</u>

(a) The amounts shown are based on statutorily required accounting and not on GAAP. The amounts are unaudited.

(b) Figures include all State and non-State employer and employe contributions. State contributions for State employes totaled \$606,491,798 for 1995-96, \$583,132,459 for 1994-95, \$563,812,191 for 1993-94, \$536,795,313 for 1992-93, and \$472,340,981 for 1991-92.

Source: Wisconsin Department of Administration.

*Tax Collection Procedure (Delinquencies)*

When a taxpayer does not file a valid return when requested, the Department of Revenue estimates the amount of tax due and the taxpayer is sent an assessment of the amount owing with a due date for payment. From the time the assessment is received until the due date the taxpayer may appeal the amount stated to be owing. If at the due date no appeal has been made, the

account is then considered delinquent. Other delinquencies occur when a taxpayer fails to properly pay taxes on a return filed or undercomputes the tax due. In such a case, the taxpayer is billed for the shortfall. There is no appeal process in this circumstance.

The recording and collection of State taxes which are subject to collection problems (individual and corporate income, corporate franchise, sales and use taxes) are computerized. The payment records on delinquent accounts are stored centrally with district offices linked to the computer to follow the progress.

Collection of delinquencies begins with a notice of warrant, which is prepared centrally and then sent to the delinquent taxpayer. This notice informs the taxpayer that failure to pay within 30 days will result in a warrant being filed in the county of residence. When the warrant is filed with the clerk of court, a field referral is sent out to the district office in whose area the delinquent taxpayer resides and a field representative makes contact either by phone or in person. The field representative may schedule an informal hearing with the taxpayer. The information on the file is still retained centrally but details of the file are provided to the field representative. The field representative then tries to solicit payment in full or reach an agreement for payment in installments.

It may be determined that garnishment proceedings should be undertaken. In some cases provision is made for an individual's employer to withhold additional money from the salary check. If the delinquent taxpayer has a refund forthcoming from any tax other than that for which the taxpayer has been determined delinquent, the refund is offset against the delinquent balance.

In some cases it is unknown whether the taxpayer has any assets against which garnishment proceedings may be instituted. In these cases a supplemental hearing may be called before the court commissioner in the county of residence, and it might be determined that the taxpayer's affairs should be placed in receivership. If the taxpayer is without any assets at all, proceedings may be stayed and the account periodically reviewed for up to 10 years.

### **Expenditures**

State expenditures are categorized under nine functional categories and three distinct types of expenditures within each. The nine functional categories are described in APPENDIX D. The types of expenditures are defined below.

#### *State Operations*

Direct payments by State agencies to carry out State programs for such expenses as salaries, supplies, services, debt service and permanent property.

#### *Aids to Individuals and Organizations*

Payments from a State fund made directly to or on behalf of an individual or private organization (for example, Medicaid or student financial assistance).

#### *Local Assistance*

Payments from a State fund to or on behalf of local units of government and school districts, including payments associated with State programs administered by local governments and school districts, such as aid for families with dependent children and school aids.

Table F-2 shows the amounts expended by function and type for each of the last five years.



## Appendix G

### ECONOMIC ASSUMPTIONS

The following tables present national economic assumptions used in the Department of Revenue's revenue projections.

#### U.S. ECONOMIC FORECAST

	Calendar Year				
	1993	1994	1995	1996	1997
<b>Real GDP and its Components</b>					
<b>(Amounts in Billions of 1987 Dollars)</b>					
GDP .....	\$5,134.5	\$5,332.9	\$5,461.8	\$5,575.7	\$5,740.6
Percent Change .....	3.1	3.9	2.4	2.1	3.0
Consumption.....	3,458.7	3,578.0	3,676.3	3,751.3	3,865.5
Percent Change .....	3.3	3.4	2.7	2.0	3.0
Investment (including inventory) .....	819.9	946.1	974.5	975.8	1,039.8
Percent Change .....	13.0	15.4	3.0	0.1	6.6
Nonresidential Structures .....	147.7	150.0	165.3	173.1	172.1
Percent Change .....	-1.4	1.6	10.2	4.7	-0.5
Business Equipment .....	443.9	514.9	555.0	569.9	605.8
Percent Change .....	18.0	16.0	7.8	2.7	6.3
Residential Fixed .....	213.1	231.1	225.5	226.0	240.5
Percent Change .....	8.2	8.5	-2.4	0.2	6.4
Change in Inventory .....	15.3	50.0	28.7	6.8	21.1
Exports.....	602.5	647.5	693.4	746.5	789.6
Percent Change .....	4.1	7.5	7.1	7.7	5.8
Imports.....	676.4	761.1	815.2	845.3	908.7
Percent Change .....	10.7	12.5	7.1	3.7	7.5
Federal Government .....	356.7	337.6	326.7	322.7	312.7
Percent Change .....	-4.5	-5.4	-3.2	-1.2	-3.1
State and Local Government .....	573.1	585.0	606.2	624.8	641.7
Percent Change .....	1.7	2.1	3.6	3.1	2.7
GDP (Current Dollars).....	6,343.3	6,725.3	7,049.9	7,388.3	7,821.4
Percent Change .....	5.4	6.0	4.8	4.8	5.9
<b>Employment, Unemployment,</b>					
<b>Wages and Prices</b>					
Nonfarm Employment (millions) .....	110.5	113.4	115.9	117.6	119.6
Percent Change .....	1.8	2.6	2.3	1.4	1.8
Unemployment Rate (%) .....	7.4	6.1	5.8	6.1	6.0
Compensation per hour (%) .....	3.4	3.3	3.9	4.1	4.0
Consumer Price Index (%) .....	3.0	2.7	3.2	3.4	3.4
Producer Price Index (%) .....	1.5	1.4	3.3	2.7	2.8
GDP Price Deflator (%) .....	2.2	2.1	2.4	2.7	2.8
Industrial Production (% change) .....	4.1	5.9	3.1	1.5	4.1
<b>Money and Interest Rates</b>					
Money Supply (M2) (billions) .....	\$3,558.8	\$3,607.2	\$3,737.4	\$3,955.7	\$4,185.3
Percent Change .....	1.4	1.4	3.6	5.8	5.8
Prime Commercial Rate .....	6.0	7.1	8.9	8.1	7.8
3-Month Treasury Bills (rate) .....	3.0	4.2	5.6	4.9	4.9
30-Year U.S. Gvt. Bonds (rate) .....	6.6	7.4	8.1	7.4	7.2
G.O. AAA Municipals (rate) .....	5.4	5.7	6.2	6.0	5.9
New Conventional Mortgages (rate) .	7.2	7.5	8.4	8.2	8.2

**Income, Profits and Savings**  
**(Amounts in Billions)**

Personal Income .....	\$5,375.1	\$5,695.5	\$6,026.2	\$6,339.3	\$6,715.9
Percent Change .....	4.3	6.0	5.8	5.2	5.9
Personal Income (\$ 1987) .....	\$4,245.5	\$4,403.6	\$4,533.2	\$4,630.9	\$4,764.3
Percent Change .....	1.7	3.7	2.9	2.2	2.9
Savings Rate .....	4.1	4.0	4.1	4.2	4.0
Corporate Profits Before Tax .....	\$ 485.8	\$ 535.3	\$ 513.1	\$ 534.6	\$ 579.4
Percent Change .....	19.9	10.2	-4.2	4.2	8.4

Source: Data Resources, Inc., November 1994

**WISCONSIN EMPLOYMENT FORECAST**

	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>Annual Industry Detail Average</b>					
<b>(Thousands of Workers)</b>					
Manufacturing-Durable .....	331.2	341.0	341.6	331.8	330.1
Percent Change .....	1.6	2.9	0.2	-2.8	-0.5
Manufacturing-Nondurable .....	227.9	231.5	232.9	231.2	231.9
Percent Change .....	1.9	1.9	0.6	-0.7	0.3
Mining .....	2.3	2.3	2.3	2.3	2.3
Percent Change .....	1.8	-1.8	2.1	0.0	-0.3
Construction .....	93.1	98.4	102.1	103.1	104.7
Percent Change .....	2.7	5.8	3.7	1.0	1.6
Trans. & Utilities .....	113.3	113.6	113.7	113.3	114.1
Percent Change .....	3.0	0.3	0.1	-0.4	0.7
Finance, Insurance, Real Estate .....	130.6	133.4	136.5	139.3	141.9
Percent Change .....	2.8	2.2	2.4	2.0	1.9
Trade .....	552.9	561.8	578.8	592.0	603.7
Percent Change .....	1.0	1.6	3.0	2.3	2.0
Services .....	595.1	614.2	634.2	659.6	686.5
Percent Change .....	3.7	3.2	3.3	4.0	4.1
All Government .....	360.4	363.9	367.8	370.4	373.3
Percent Change .....	1.0	1.0	1.1	0.7	0.8
Total Employment (Nonfarm) .....	2,406.9	2,460.1	2,510.0	2,543.0	2,588.5
Percent Change .....	2.1	2.2	2.0	1.3	1.8

Source: Wisconsin Department of Revenue, Economic Outlook, November 1994

## WISCONSIN INCOME SUMMARY

	1993	1994	1995	1996	1997
<b>Components of Personal Income</b>					
<b>(Amounts in Billions)</b>					
Wages and Salaries .....	\$58.09	\$62.12	\$65.78	\$68.85	\$71.93
Other Labor Income .....	7.26	7.84	8.48	9.12	9.70
Farm Proprietor's Income .....	0.13	0.27	0.21	0.21	0.17
Nonfarm Proprietor's Income .....	5.62	6.06	6.18	6.31	6.60
Rental Income .....	0.54	0.68	0.73	0.78	0.98
Personal Dividend Income .....	3.57	3.82	3.99	4.10	4.24
Personal Interest Income .....	11.65	12.04	12.90	13.51	14.23
Transfer Payments .....	16.50	17.42	18.62	19.84	20.96
Residence Adjustment .....	1.46	1.56	1.64	1.71	1.78
Contributions to Social Insurance ..	4.95	5.37	5.76	6.09	6.41
Personal Income .....	99.86	106.42	112.58	108.50	124.17
Personal Taxes and Nontax Pmts ..	13.73	14.91	15.80	16.50	17.32
Disposable Personal Income .....	86.13	91.52	96.98	101.85	106.86
<b>Annual Rates of Change</b>					
<b>(Percent Change)</b>					
Wages and Salaries .....	5.0	6.9	5.9	4.7	4.5
Other Labor Income .....	9.0	7.9	8.3	7.5	6.4
Farm Proprietor's Income .....	-77.2	115.9	-22.6	1.2	-19.4
Nonfarm Proprietor's Income .....	8.5	7.8	2.1	2.1	4.7
Rental Income .....	352.0	26.1	8.7	6.5	24.3
Personal Dividend Income .....	13.1	6.9	4.6	2.8	3.3
Personal Interest Income .....	-3.7	3.4	7.2	4.7	5.3
Transfer Payments .....	5.7	5.6	6.9	6.5	5.7
Residence Adjustment .....	3.2	6.4	5.5	4.2	3.9
Contributions to Social Insurance ..	6.5	8.4	7.3	5.6	5.4
Personal Income .....	4.6	6.6	6.0	4.9	4.9
Personal Taxes and Nontax Pmts ...	7.8	8.6	6.0	4.4	5.0
Disposable Personal Income .....	4.1	6.3	6.0	5.0	4.9
<b>Inflation Adjusted Income</b>					
<b>Measures (1987 Dollars)</b>					
Real Personal Income (billions) .....	\$ 78.9	\$ 82.3	\$ 84.8	\$ 86.5	\$ 88.1
Percent Change .....	2.1	4.3	3.1	1.9	1.9
Real Personal Income per Capita .....	\$15,641.0	\$16,175.0	\$16,250.0	\$16,730.0	\$16,950.0
Percent Change .....	1.2	3.4	2.1	1.3	1.3
Per Capita Personal Income .....	\$19,803.0	\$20,920.0	\$21,965.0	\$22,904.0	\$23,891.0
Percent Change .....	3.7	5.6	5.0	4.3	4.3

**Source:** Wisconsin Department of Revenue, Wisconsin Economic Outlook, November 1994



The body of this Official Statement is contained in a separate file named OS96B-A.pdf. This file is available at the following location:  
<http://www.doa.state.wi.us/debf/capfin/wioscops.htm>

Inquiries should be directed to:

Capital Finance Office  
Department of Administration  
Division of Executive Budget and Finance  
101 East Wilson Street  
Madison, Wisconsin 53702

Phone:(608) 266-0374  
Fax: (608) 266-7645