

OFFICIAL STATEMENT

New Issue

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

**\$39,960,000**

**MASTER LEASE CERTIFICATES OF PARTICIPATION  
OF 2015, SERIES A**

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

**STATE OF WISCONSIN**

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

**Dated: Delivery Date**

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

**Ratings** AA- Fitch Ratings  
AA- Kroll Bond Rating Agency, Inc.  
Aa3 Moody's Investors Service, Inc.  
AA- Standard & Poor's Ratings Services

**Tax Exemption** Interest on the Certificates is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 10-12.*  
Interest on the Certificates is not exempt from current State of Wisconsin income or franchise taxes—*See page 12.*

**Redemption** *Optional*— The Certificates maturing on or after September 1, 2021 are callable at par on March 1, 2021 or any date thereafter. *See pages 3-4.*  
*Mandatory*—Master lease certificates of participation of all series, including the Certificates, are subject to mandatory redemption at par upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease—*See page 4.*

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

**State Budget** The enactment and administration of the State budget are subject to various constitutional and statutory provisions—*See pages 7-8.*

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

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

**First Interest Payment Date** September 1, 2015

**Denominations** Multiples of \$5,000

**Closing/Delivery/Settlement** On or about July 8, 2015

**Bond Counsel** Foley & Lardner LLP

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

**Issuer Contact** Wisconsin Capital Finance Office  
(608) 267-0374; [DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

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

**2014 Annual Report** This Official Statement incorporates by reference **Parts I, II, and IV** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014.

The prices and yields listed on the **inside front cover** were determined on June 23, 2015 at negotiated sale.

**BAIRD**

**Siebert Brandford Shank & Co., L.L.C.**

**U.S. Bancorp Investments, Inc.**

June 23, 2015

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND OTHER INFORMATION

**\$39,960,000**

**MASTER LEASE CERTIFICATES OF PARTICIPATION  
OF 2015, SERIES A**

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

**STATE OF WISCONSIN**

Acting by and through the Department of Administration

<u>CUSIP</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Optional Call Date</u>	<u>Call Price</u>
977087 HA6	September 1, 2015	\$ 2,310,000	2.00%	0.23%	100.260%	Not Callable	-
977087 HJ7	March 1, 2016	2,620,000	2.00	0.40	101.032	Not Callable	-
977087 HB4	September 1, 2016	2,650,000	3.00	0.60	102.739	Not Callable	-
977087 HK4	March 1, 2017	2,690,000	4.00	0.86	105.123	Not Callable	-
977087 HC2	September 1, 2017	2,740,000	4.00	0.98	106.400	Not Callable	-
977087 HL2	March 1, 2018	2,685,000	4.00	1.28	107.056	Not Callable	-
977087 HD0	September 1, 2018	1,340,000	4.00	1.38	108.040	Not Callable	-
977087 HM0	March 1, 2019	990,000	4.00	1.57	108.579	Not Callable	-
977087 HE8	September 1, 2019	1,010,000	4.00	1.62	109.507	Not Callable	-
977087 HN8	March 1, 2020	995,000	5.00	1.86	113.915	Not Callable	-
977087 HF5	September 1, 2020	1,010,000	3.00	1.91	105.317	Not Callable	-
977087 HP3	March 1, 2021	1,025,000	5.00	2.09	115.422	Not Callable	-
970087 HG3	September 1, 2021	1,050,000	5.00	2.14	115.134	<sup>(a)</sup> March 1, 2021	100%
977087 HQ1	March 1, 2022	975,000	5.00	2.32	114.105	<sup>(a)</sup> March 1, 2021	100
977087 HH1	September 1, 2022	1,000,000	5.00	2.34	113.991	<sup>(a)</sup> March 1, 2021	100
977087 HR9	March 1, 2023	14,870,000	5.00	2.32	114.105	<sup>(a)</sup> March 1, 2021	100

<sup>(a)</sup> These Certificates priced to the March 1, 2021 first optional call date.

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

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

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

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

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

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

The Honorable Scott Walker  
Governor  
State of Wisconsin

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Mr. Scott A. Neitzel  
Secretary  
Department of Administration

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

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

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**Bond Counsel**  
Foley & Lardner LLP

**Financial Advisor**  
Acacia Financial Group, Inc.

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

## SUMMARY DESCRIPTION OF CERTIFICATES

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

Principal Amount and Description:	\$39,960,000 Master Lease Certificates of Participation of 2015, Series A (State of Wisconsin)
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about July 8, 2015)
Record Date:	February 15 and August 15
Interest Payments:	March 1 and September 1, commencing September 1, 2015.
Maturities:	March 1 and September 1, commencing September 1, 2015 and ending March 1, 2023.
Redemption:	<i>Optional</i> —The Certificates maturing on or after September 1, 2021 are callable at par on March 1, 2021 or any date thereafter.— <i>See pages 3-4.</i> <i>Mandatory</i> —Master lease certificates of participation of all series, including the Certificates, are subject to mandatory redemption at par upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease— <i>See page 4.</i>
Form:	Book-entry-only— <i>See pages 4-5.</i>
Paying Agent:	All payments of the principal of, and interest on, the Certificates will be paid by U.S. Bank National Association, as Trustee. All payments initially will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Certificates evidence proportionate interests in certain Lease Payments under the State's Master Lease Program. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture for the Program. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation. As of June 1, 2015, the principal amount of all outstanding master lease certificates of participation was \$115.6 million— <i>See pages 5-8.</i>
State Budget:	The State budget is the legislative document that authorizes amounts of State expenditures for the two fiscal years in the biennium, based on the amount of revenues (primarily taxes) projected to be received. The executive budget for the 2015-17 biennium was introduced on February 3, 2015 and is currently under review by the Legislature— <i>See pages 7-8.</i>
Continuing Authority of Budget:	Under State law, in the event a budget is not in effect at the start of a fiscal year, the prior fiscal year's budget serves as the budget until a new budget is enacted— <i>See page 7.</i>

Fiscal Controls and Priority of Payments:	If an emergency arises which requires payments in excess of available money, the Secretary of Administration has statutory power to order reductions in the appropriations of State agencies (which represent less than one-third of the General Fund budget). In addition, the Secretary of Administration may set priorities for payments from the General Fund as well as prorate certain payments. The Wisconsin Statutes provide an order of preference for all payments from the General Fund. The Master Lease provides that, if such an emergency arises, then the Secretary of Administration will establish a priority schedule for payments that gives Lease Payments due under the Master Lease a high priority. However, the Secretary of Administration is required to give higher priority to payments on outstanding State general obligations, operating notes, and employee payroll— <i>See pages 7-8.</i>
Authority for Issuance:	The State entered into the Master Lease under Section 16.76 of the Wisconsin Statutes.
Purpose:	Funding Lease Schedules previously financed through a revolving credit facility and paying costs of issuance for the Certificates— <i>See pages 2-3.</i>
Additional Certificates:	Additional master lease certificates of participation may be issued.
Tax Exemption:	Interest on the Certificates is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <i>See pages 10-12.</i>  Interest on the Certificates is not exempt from current State of Wisconsin income or franchise taxes— <i>See page 12.</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1.</i>
2014 Annual Report:	This Official Statement incorporates by reference, and makes updates and additions to, <b>Parts I, II, and IV</b> of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014.

# OFFICIAL STATEMENT

**\$39,960,000**

## MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2015, SERIES A

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

### STATE OF WISCONSIN

Acting by and through the Department of Administration

## INTRODUCTION

This Official Statement provides information about the \$39,960,000 Master Lease Certificates of Participation of 2015, Series A (**Certificates**) that represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Third Amended and Restated Master Lease, dated April 28, 2000 (**Master Lease**), between a predecessor-in-interest of U.S. Bank National Association (**Lessor**), as lessor, and the State, acting by and through the State of Wisconsin Department of Administration (**Department of Administration**), as lessee (**Lessee**).

This Official Statement includes by reference **Parts I, II, and IV** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 (**2014 Annual Report**).

The Certificates are issued pursuant to and secured by the **Master Indenture**, dated July 1, 1996, among Firststar Bank Milwaukee, N.A., Firststar Trust Company, and the Lessee, and Supplemental Indenture No. 2015-A (**Supplemental Indenture**), dated July 8, 2015, among the Lessor, U.S. Bank National Association, as trustee (**Trustee**), and the Lessee. The Master Indenture established a trust (**Trust**) that consists of lease schedules to the Master Lease (**Lease Schedules**), rent, being the amount payable to the Lessor on each payment date during the term of the Master Lease, as shown in the related Lease Schedule, including interim rent and any additional rent, and any other amount payable under a Lease Schedule (**Lease Payments**), the tangible property and, in certain situations, intangible property or prepaid service items, acquired by the State pursuant to the Lease Schedules (**Leased Items**), and other property and rights related to those Lease Schedules. *All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture.*

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

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

## THE STATE

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

Information concerning the State and its financial condition is included as **APPENDIX A**, which incorporates by reference Part II of the 2014 Annual Report. **APPENDIX A** also includes updates and additions to Part II of the 2014 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2014-15 fiscal year and General Fund tax collection projections for the 2014-15 fiscal year and 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (LFB) on January 23, 2015 (**January 2015 LFB Report**) and further addressed in a LFB memorandum dated May 6, 2015 (**May 2015 LFB Memorandum**).
- General Fund information for the 2014-15 fiscal year through April 30, 2015, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2014-15 fiscal year and the 2015-16 fiscal year, which is presented on a cash basis.
- Information about the executive budget bill for the 2015-17 biennium.

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

*Contact:* State of Wisconsin Department of Administration  
Attn: Capital Finance Office  
*Mail:* 101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
*Phone:* (608) 267-0374  
*E-mail:* [DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
*Web site:* [www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

## THE MASTER LEASE PROGRAM

The Department of Administration created the Master Lease program (**Program**) in 1992 by entering into the Master Lease. The Program permits the State to acquire Leased Items for all State agencies through installment purchase contracts. As of June 1, 2015, the total amount of originations completed through the Program was \$684.7 million, and the principal amount of outstanding master lease certificates of participation was \$115.6 million. The Program continues to be used to originate Lease Schedules.

Information concerning the Program is included as **APPENDIX B**, which includes by reference Part IV of the 2014 Annual Report. **APPENDIX B** also includes changes and additions to Part IV of the 2014 Annual Report.

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

*Contact:* State of Wisconsin Department of Administration  
Attn: Capital Finance Office  
*Mail:* 101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
*Phone:* (608) 267-0374  
*E-mail:* [DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
*Web site:* [www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

## PLAN OF FINANCE

### General

The Certificates are being issued to provide funding with interest based on long-term, tax-exempt, fixed interest rates for Lease Schedules previously financed through a revolving credit facility in which the State



pays interest based on short-term, taxable, variable interest rates, and to pay costs of issuance for the Certificates. See “**SECURITY FOR CERTIFICATES; Two-Phase Financing Structure**”.

**Sources and Uses**

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

Sources:	
Principal Amount of Certificates .....	\$39,960,000.00
Original Issue Premium .....	<u>3,780,924.65</u>
Total Sources .....	<u>\$43,740,924.65</u>
Uses:	
Funding Lease Schedules.....	\$43,355,083.96
Cost of Issuance .....	212,930.42
Underwriter’s Discount.....	<u>172,910.27</u>
Total Uses .....	<u>\$43,740,924.65</u>

**THE CERTIFICATES**

**General**

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

The Certificates will be dated their date of delivery and will bear interest from that date payable on March 1 and September 1 of each year, beginning on September 1, 2015.

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

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

**Ratings**

The following ratings have been assigned to the Certificates:

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

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time. Any downgrade or withdrawal of a rating may adversely affect the market price of the Certificates. The State may elect not to continue requesting ratings on the Certificates from any particular rating organization, or may elect to request ratings on the Certificates from a different rating organization.

**Redemption Provisions**

*Optional Redemption*

The Certificates maturing on or after September 1, 2021 may be redeemed on March 1, 2021 or any date thereafter, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Department of

Administration may decide whether to redeem Certificates, and the Capital Finance Director may direct the amounts and maturities of the Certificates to be redeemed.

#### *Mandatory Redemption*

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

#### *Selection of Certificates*

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

#### *Notice of Redemption*

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

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

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

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

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

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

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

#### *Payment*

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

#### *Notices and Voting Rights*

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

#### *Redemption*

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

#### *Discontinued Service*

In the event that participation in DTC's book-entry system were to be discontinued without a successor securities depository being appointed, certificates would be executed and delivered to DTC Participants.

### *Further Information*

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

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

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

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

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

Payment of interest due on the Certificates would be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the record date—which is the 15th day (whether or not a business day) of the calendar month before the interest payment date.

If less than all Certificates of a given maturity were being redeemed, Certificates would be selected for redemption by lot.

Any redemption notice would be mailed, postage prepaid, between 30 and 60 days before the redemption date, to the registered owners of any Certificates to be redeemed and would be sent to the Municipal Securities Rulemaking Board. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the Certificates would still be effective even if the notice were not mailed. A redemption notice could be revoked by mailing a notice, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any Certificates to have been redeemed and by sending the notice to the Municipal Securities Rulemaking Board. The mailing, however, would not be a condition to the revocation; the revocation would still be effective even if the notice were not mailed. Interest on any Certificate called for redemption would cease to accrue on the redemption date so long as the Certificate was paid or money was provided for its payment.

## **SECURITY FOR CERTIFICATES**

### **General**

The Certificates represent proportionate interests in Lease Payments required to be made by the State under the Master Lease. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. The scheduled Lease Payments are sufficient to pay when due the principal of, and interest on, all then outstanding series of master lease certificates of participation, including the Certificates. Lease Payments are due on September 1 and March 1 of each fiscal year.

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

### **Common Pool of Collateral**

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

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

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

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

### **Reserve Fund**

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

### **Governmental Use**

The State will certify that each Leased Item will be used to perform a governmental function. Many of the Leased Items will perform critical governmental functions, but the State will not certify that the Leased Items perform any "essential" functions. Examples of Leased Items currently held through the Trust include components of the State's integrated tax collection and processing system, components of the State's central mainframe computer, technology upgrades and equipment for various information technology initiatives, and energy conservation projects for State-owned buildings. The Leased Items held through the Trust also include components of a comprehensive information technology system that allows the State to centrally manage finance, budget, procurement, business intelligence, and human resource functions. Based on preliminary approvals, approximately \$84 million of additional components of this system may be funded through future Lease Schedules. See **APPENDIX B** for a detailed listing of all outstanding Lease Schedules.

### **Centralized Control and Review**

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

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

The State generally uses a two-phase financing structure for the Program. In the first (or acquisition) phase, all Leased Items are initially financed with proceeds from a revolving credit facility. The revolving credit facility is a line of credit, and the State, acting on behalf of the Trustee, requests draws from the revolving credit facility to pay for the acquisition of Leased Items. Master lease certificates of participation have been issued to the provider of the revolving credit facility to evidence the State's repayment of balances under the facility. The provider of the facility is currently PNC Bank, National Association, and the scheduled termination date of the facility is September 1, 2016. The State pays interest on funds drawn from the facility based on a taxable variable interest rate, and the repayment term under the facility can extend for up to three years after the scheduled termination date.

In the second phase, the State, acting on behalf of the Trustee, may sell additional master lease certificates of participation (such as the Certificates) with interest payments based on a fixed (and most likely tax-exempt) interest rate to fund all, or a portion of, the Lease Schedules previously funded with proceeds from the revolving credit facility. Since the proceeds of master lease certificates of participation being used as part of the second phase are immediately applied to acquire existing Lease Schedules, the proceeds of the Certificates are not subject to nonorigination risk. Prior to the issuance of the Certificates, fixed-rate master lease certificates of participation were most recently issued to fund Lease Schedules in November 2014.

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

### **Budget Process**

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

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

See **APPENDIX A** for additional information on the State’s budget process, the status of the 2015-17 biennial budget, and remedies available when the General Fund is in a negative cash position.

#### *Continuing Authority of Budget*

State law provides that in the event a budget is not in effect at the start of a fiscal year, the prior fiscal year’s budget serves as the budget until such time a new budget is enacted. The continuing authority of existing appropriations until a new budget is adopted helps to protect against the effect of a delay in the adoption of a budget. The 2013-15 biennial budget of the State was enacted on July 1, 2013, which was the start of the biennium. Of the ten prior biennial budgets, the 2009-11 and 2011-13 biennial budgets were also enacted prior to the start of the biennium; however, each of the eight biennial budgets prior to the 2009-11 biennium was enacted after the start of the biennium, with the latest date after the start of a biennium being October 26, 2007 (for the 2007-09 biennium), which was nearly four months after the start of that biennium.

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

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

- All direct and indirect payments of the principal of, and interest on, State general obligation debt have first priority and may not be prorated or reduced.
- All direct and indirect payments of the principal of, and interest on, operating notes have second priority and may not be prorated or reduced.
- All State employee payrolls have third priority and may be prorated or reduced.

- All other payments shall be paid in a priority determined by the Secretary of Administration and may be prorated or reduced.

Payments described by the first three statutory priorities must be made before Lease Payments may be made under the Master Lease; however, the Master Lease includes representations that, if an emergency arises that requires the Department of Administration to draw vouchers for payment that will be in excess of available moneys, then the Secretary of Administration will establish a priority schedule for the other payments that gives Lease Payments due under the Master Lease a high priority. A similar covenant regarding priority of payment has also been made with respect to the State's general fund annual appropriation bonds. Before the Secretary of Administration may establish a priority schedule for the other payments, the Secretary of Administration is required to consult with the State Treasurer and to notify the Legislature's Joint Committee on Finance. The Secretary of Administration may not proceed with the priority schedule until the Legislature's Joint Committee on Finance either (1) holds a meeting to review the proposal, which meeting must occur within two working days after notification of the priority schedule, or (2) does not schedule a meeting to review the proposal within two working days after notification of the priority schedule.

## **RISK FACTORS**

### **Nonappropriation**

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

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

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

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

Although the State has made certain representations that each Leased Item serves a governmental function, and although many Leased Items serve critical functions, it should be assumed that the State could function without any Leased Item.

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

Although the State has provided a security interest in the Leased Items to the Trustee (for the benefit of the owners of all master lease certificates of participation), the Certificates are not offered on the basis of the collateral value of the Leased Items or the value of any other pledged asset (other than the Lease Payments). Though the term of the Lease Schedule is not permitted to exceed the useful life of the Leased Item, it should not be assumed that the value of the Leased Item at any particular time will exceed the portion of the remaining Lease Payments that will be applied to principal or that the existence of any excess would motivate the State to continue making Lease Payments. Typically it is difficult to realize the full value of collateral through sale of the collateral, and some of the Leased Items, such as service contracts, intangible



property, or tangible property that is incorporated into real estate, may be impossible or difficult to sell or have little or no value to a third party purchaser.

Records that evidence the security interest are kept by the Department of Administration, separate and apart from the central record system of security interests under the Uniform Commercial Code kept by the State of Wisconsin Department of Financial Institutions.

### **Tax Exemption**

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

### **Applicability of Securities Law**

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

## **OTHER INFORMATION**

### **Borrowing Plans for 2015**

This is the first series of master lease certificates of participation to be issued in calendar year 2015. A revolving credit facility with PNC Bank, National Association is used by the State for origination of Lease Schedules. A master lease certificate of participation was previously issued to the bank to evidence a proportionate interest in the Lease Payments associated with such facility. The amount and timing of any additional series of master lease certificates of participation to be issued in this calendar year depend on the amount and timing of originations under the Program. See **“SECURITY FOR CERTIFICATES; Two-Phase Financing Structure”**.

### **Underwriting**

The Certificates are being purchased by the **Underwriters listed on the front cover**, for which Robert W. Baird & Co. Incorporated is acting as the representative (**Representative**). The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the State at an aggregate purchase price of \$43,568,014.38, reflecting an original issue premium of \$3,780,924.65, and an underwriters' discount of \$172,910.27. The Underwriters have agreed to reoffer the Certificates at the public offering prices or yields set forth on the **inside front cover**.

The Certificates may be offered and sold to certain dealers (including dealers depositing the Certificates into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions. Certain of the Underwriters may have entered into retail distribution agreements with third party broker-dealers, under which the Underwriters may distribute municipal securities to retail investors through the respective financial advisors or electronic trading platforms of such third party broker-dealers. As part of these arrangements, the Underwriters may share a portion of their underwriting compensation with such third party broker-dealers.

Certain legal matters will be passed upon for the Underwriters by their counsel, Whyte Hirschboeck Dudek S.C.

### **Reference Information About the Certificates**

Information about the Certificates is provided for reference in the following table and the table on the **inside front cover**. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the CUSIP numbers are subject to change after issuance of the Certificates, and neither the State nor the Underwriters takes responsibility for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices. For the Certificates subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

**\$39,960,000**  
**Master Lease Certificates of Participation of 2015, Series A**  
**(State of Wisconsin)**

**Dated and Delivery Date: On or about July 8, 2015**

**First Interest Date: September 1, 2015**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield at Issuance</b>	<b>Price at Issuance</b>	<b>First Optional Call Date</b>	<b>Call Price</b>
977087 HA6	September 1, 2015	\$ 2,310,000	2.00%	0.23%	100.260%	Not Callable	-
977087 HJ7	March 1, 2016	2,620,000	2.00	0.40	101.032	Not Callable	-
977087 HB4	September 1, 2016	2,650,000	3.00	0.60	102.739	Not Callable	-
977087 HK4	March 1, 2017	2,690,000	4.00	0.86	105.123	Not Callable	-
977087 HC2	September 1, 2017	2,740,000	4.00	0.98	106.400	Not Callable	-
977087 HL2	March 1, 2018	2,685,000	4.00	1.28	107.056	Not Callable	-
977087 HD0	September 1, 2018	1,340,000	4.00	1.38	108.040	Not Callable	-
977087 HM0	March 1, 2019	990,000	4.00	1.57	108.579	Not Callable	-
977087 HE8	September 1, 2019	1,010,000	4.00	1.62	109.507	Not Callable	-
977087 HN8	March 1, 2020	995,000	5.00	1.86	113.915	Not Callable	-
977087 HF5	September 1, 2020	1,010,000	3.00	1.91	105.317	Not Callable	-
977087 HP3	March 1, 2021	1,025,000	5.00	2.09	115.422	Not Callable	-
970087 HG3	September 1, 2021	1,050,000	5.00	2.14	115.134	<sup>(a)</sup> March 1, 2021	100%
977087 HQ1	March 1, 2022	975,000	5.00	2.32	114.105	<sup>(a)</sup> March 1, 2021	100
977087 HH1	September 1, 2022	1,000,000	5.00	2.34	113.991	<sup>(a)</sup> March 1, 2021	100
977087 HR9	March 1, 2023	14,870,000	5.00	2.32	114.105	<sup>(a)</sup> March 1, 2021	100

<sup>(a)</sup> These Certificates priced to the March 1, 2021 first optional call date.

### **Financial Advisor**

Acacia Financial Group, Inc. (**Financial Advisor**) serves as a financial advisor to the State with respect to the issuance and sale of the Certificates. The Financial Advisor has provided advice on the Program and the structure of the Certificates, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the Certificates by the Underwriters.

### **Legal Opinions**

#### *Bond Opinion*

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

#### *Attorney General*

The Attorney General will deliver an opinion to the effect that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Certificates, and there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Certificates, (2) the validity of the Certificates or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Certificates, or (3) the pledge or application of any moneys or security provided for the payment of the Certificates.

### **Tax Exemption**

#### *Federal Income Tax*

In the opinion of Bond Counsel, under existing law, the portion of rent under the Lease Schedules constituting interest paid by the Lessee and received as interest on the Certificates is excluded from gross



income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The State must comply with certain requirements of the Internal Revenue Code for interest on the Certificates to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Certificates to be included in gross income for federal income tax purposes, perhaps even starting from the date the Certificates are issued. No provision is made for an increase in interest rates or a redemption of the Certificates in the event interest on the Certificates is included in gross income.

The opinion of Bond Counsel will be based on legal authorities that are current as of its date, will cover certain matters not directly addressed by those authorities, and will represent Bond Counsel's judgment regarding the proper treatment of the Certificates for federal income tax purposes. It will not be binding on the Internal Revenue Service (IRS) or the courts, and it will not be a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials without independently undertaking to verify them.

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

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, owners of the Certificates would have little or no right to participate in an IRS examination of the Certificates. Moreover, it may not be practicable to obtain judicial review of IRS positions with which the State disagrees. Any action of the IRS, including selection of the Certificates for examination, the conduct or conclusion of such an examination, or an examination of obligations presenting similar tax issues, may affect the marketability of the Certificates and may cause the State or the owners of the Certificates to incur significant expense.

Current and future legislative proposals, if enacted into law, may cause the interest on the Certificates to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Certificates from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the marketability of the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors about federal legislative proposals.

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

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

#### *Premium Certificates*

Under existing law, no deduction is allowed for any amortizable bond premium on the Certificates. The excess of the issue price of a Certificate over the principal amount of that Certificate is the amortizable bond premium. The issue price of the Certificates having a common maturity date and interest rate generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of the Certificates of such maturity were first sold. Based on representations from the Underwriters, the State expects the issue price of each maturity of the Certificates to be the Price at Issuance set forth in the table under **“OTHER INFORMATION; Reference Information About the Certificates”**.

During each taxable year, an owner of Certificates with amortizable bond premium must reduce his, her, or its tax basis in the Certificate by the amount of the amortizable bond premium that is allocable to the portion of that taxable year during which the owner owned the Certificate. The adjusted tax basis in a

Certificate will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Certificate.

Owners of Certificates purchased at a premium should consult their own tax advisors with respect to the federal tax consequences of owning such Certificates, including computation of their tax basis and the effect of any purchase of Certificates that is not made in the initial offering at the issue price. Owners of such Certificates should also consult their own tax advisors with respect to the state and local tax consequences of owning those Certificates.

## CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Certificates, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will file the Annual Report with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. [Part I of the 2014 Annual Report](#), which contains information on the undertaking, is included by reference as part of this Official Statement.

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

State of Wisconsin Department of Administration  
Attn: Capital Finance Office  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 267-0374  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the MSRB. In the last five years, the State has not failed to comply in any material respect with this, or any similar, undertaking. During that period, rating agencies have changed their respective ratings with respect to various bond insurers. Certain obligations previously issued by the State were insured by policies issued by these bond insurers, and the State did not file notice of those rating changes, based on a determination that the changes were not material. On July 31, 2014, the State filed with the MSRB through its EMMA system, as a technical clarification, a written notice of those rating changes of bond insurers where the rating before the change was above the underlying rating of the respective State obligations.

Dated: June 23, 2015

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

/s/ SCOTT A. NEITZEL

Scott A. Neitzel, Secretary  
State of Wisconsin Department of Administration

## APPENDIX A

### INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) contained in [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 \(2014 Annual Report\)](#), which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part II of the 2014 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2014-15 fiscal year and General Fund tax collection projections for the 2014-15 fiscal year and 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on January 23, 2015 (**January 2015 LFB Report**) and further addressed in a LFB memorandum dated May 6, 2015 (**May 2015 LFB Memorandum**).
- General Fund information for the 2014-15 fiscal year through April 30, 2015, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2014-15 fiscal year and the 2015-16 fiscal year, which is presented on a cash basis.
- Information about the executive budget bill for the 2015-17 biennium.

[Part II of the 2014 Annual Report](#) contains general information about the State. More specifically, that part presents information about the following matters:

- State's revenue and expenditures
- State's operations, financial procedures, accounting, and financial reporting
- Organization of, and services provided by, the State
- Budget process and fiscal controls
- State budget (including results of fiscal year 2013-14 and State budget for fiscal year 2014-15)
- Potential effects of litigation
- State obligations
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to [Part II of the 2014 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2014, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

The 2014 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system, and also is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

Copies of the 2014 Annual Report may also be obtained from:

State of Wisconsin Department of Administration  
Attn: Capital Finance Office  
101 E. Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 267-0374  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

The State has independently provided, starting in July 2001, monthly reports on general fund financial information. The State did not provide such reports during the period of June, 2013 until March, 2014, at which time it resumed the preparation of such reports. These monthly reports are not required by any of the State's undertakings to provide information concerning the State's securities. These monthly reports are available on the State's Capital Finance Office web site that is listed above and also filed as additional voluntary information with the MSRB through its EMMA system; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2014 Annual Report. The State is not obligated to provide such monthly reports now or at any time in the future.

After publication and filing of the 2014 Annual Report, certain changes or events have occurred that affect items discussed in the 2014 Annual Report. Listed below, by reference to particular sections of Part II of the 2014 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

This Official Statement may include changes or additions based on information released after the date of the Preliminary Official Statement (June 15, 2015). Any such change or addition is identified accordingly.

**State Budget; Budget for 2014-15 Fiscal Year** (Part II; Page 33). Update with the following information:

*January 2015 LFB Report – General Fund Condition Statement*

The January 2015 LFB Report included an estimated General Fund condition statement for the 2014-15 fiscal year. The table on the following page includes this updated General Fund condition statement for the 2014-15 fiscal year and shows a projected ending net balance of negative \$283 million.

The table on the following page also includes, for comparison, the actual General Fund condition statement for the 2013-14 fiscal year and the estimated General Fund condition statements for the 2014-15 fiscal year from the 2013-15 biennial budget (2013 Wisconsin Act 20), as approved on May 6, 2014 by the Legislature's Joint Committee on Finance (JCF), and from a report provided by the State of Wisconsin Department of Administration (DOA) on November 20, 2014 (**November 2014 DOA Report**).

*Other Developments*

The revenues included in the November 2014 DOA Report and the January 2015 LFB Report do not include any amounts for tribal gaming. This was due to one of the larger tribal governments withholding its payment due in the 2013-14 fiscal year while the Governor considered an application for a new off-reservation casino in the State. On January 23, 2015, the Governor announced that he had rejected this application, and on the same date, that tribal government made the 2013-14 payment that it had been withholding. This late payment, and receipt of a payment due in the 2014-15 fiscal year, could increase revenues by approximately \$50 million compared to the revenues included in the projected General Fund condition statement in the January 2015 LFB Report.

On January 23, 2015, the State of Wisconsin Department of Revenue (**Department of Revenue** or **DOR**) provided a letter to the Secretary of Administration stating that its analysis shows estimated General Fund

tax collections for the 2014-15 fiscal year of \$14.568 billion, or approximately \$99 million more than the projected \$14.470 billion included in the January 2015 LFB Report.

Finally, the executive budget bill for the 2015-17 biennium, as released by the Governor on February 3, 2015, incorporates an estimated 2014-15 fiscal year gross ending balance of \$0.3 million.

*Statutory Controls*

As outlined in the 2014 Annual Report, the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget, which the Legislature did for the 2014-15 fiscal year. The Wisconsin Statutes provide that, following the enactment of the budget, if 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), then no approval of expenditure estimates can occur. Further, the Secretary of Administration must notify the Governor and the Legislature, and the Governor must submit a bill correcting the imbalance. If the Legislature is not in session, then the Governor must call a special session to take up the matter. At this time, the Secretary of Administration has not made such a determination.

The Secretary of Administration is empowered to utilize fiscal controls and other measures provided by Wisconsin Statutes to address any projected shortfall. If after utilization of fiscal controls and other measures provided to the Secretary of Administration, the final budgetary expenses of any fiscal year exceed available revenues, then the Legislature must take action to balance the budget in the succeeding fiscal year.

**PROJECTED GENERAL FUND CONDITION STATEMENT  
2014-15 FISCAL YEAR  
(in Millions)**

	2013-14 Annual Fiscal <u>Report</u>	2013-15 Biennial <u>Budget</u>	2014-15 Fiscal Year		
			JCF <u>May 2014</u>	November 2014 DOA <u>Report</u>	January 2015 LFB <u>Report</u>
<b>Revenues</b>					
Opening Balance	\$ 759.2	\$ 463.5	\$ 724.3	\$ 516.9	\$ 516.9
Prior Year Designation	18.7				
Taxes	13,948.1	14,517.5	14,724.6	14,643.3	14,469.8
Department Revenues					
Tribal Gaming		27.0	23.5		
Other	<u>587.2</u>	<u>534.2</u>	<u>535.2</u>	<u>507.6</u>	<u>504.9</u>
Total Available	15,313.3	15,542.3	16,007.7	15,667.8	15,491.6
<b>Appropriations</b>					
Gross Appropriations	15,043.2	15,433.4	15,883.1	15,817.2	15,883.2
2013 Wisconsin Act 9		10.6			
Transfers to Other Funds	40.4	143.8	143.8	169.6	169.6
Compensation Reserves	57.8	133.1	133.1	133.1	133.1
Less: Sum Sufficient Reestimates					(82.1)
Less: Biennial Appro. Adjustments					(4.4)
Less: Lapses	<u>(345.2)</u>	<u>(334.9)</u>	<u>(317.7)</u>	<u>(320.0)</u>	<u>(324.4)</u>
Net Appropriations	14,796.4	15,386.0	15,842.3	15,799.9	15,775.0
<b>Balances</b>					
Gross Balance	516.9	156.3	165.3	(132.1)	(283.4)
Less: Req. Statutory Balance	<u>n/a</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>n/a</u>
Net Balance, June 30	\$ 516.9	\$ 91.3	\$ 100.3	\$ (197.1)	\$ (283.4)

**State Budget; Revenue Projections for 2014-15 Fiscal Year** (Part II; Pages 33-34). Update with the following information:

*May 2015 LFB Memorandum – General Fund Tax Collections*

The May 2015 LFB Memorandum addresses the status of estimated General Fund tax collections for the 2014-15 fiscal year, as included in the January 2015 LFB Report. While not quantified, LFB notes that it is possible that General Fund tax collections in the 2014-15 fiscal year may exceed the estimate included in the January 2015 LFB Report.

*January 2015 LFB Report – General Fund Tax Collections*

The January 2015 LFB Report included estimates of General Fund tax collections for the 2014-15 fiscal year, which are \$14.470 billion, or an increase of \$522 million (or 3.7%) from actual collections in the 2013-14 fiscal year, but a decrease of \$173 million from the projections provided by DOR in the November 2014 DOA Report. The following table includes a summary of the estimated General Fund tax collections for the 2014-15 fiscal year, and also includes, for comparison, the actual General Fund tax collections for the 2013-14 fiscal year and the projected General Fund tax collections for the 2014-15 fiscal year included in the 2013-15 biennial budget (2013 Wisconsin Act 20), as approved by JCF in May, 2014, and provided by DOR for the November 2014 DOA Report.

The projections in the following table further reflect (i) certain reduced General Fund taxes in the 2013-15 biennial budget (2013 Wisconsin Act 20), (ii) adjustments on or after April 1, 2014 by DOR to the individual income tax withholding tables to reflect the recent changes in tax rates and tax brackets, and (iii) legislation enacted on March 24, 2014 that further reduced certain General Fund taxes.

**ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS  
2014-15 FISCAL YEAR  
(in Millions)**

	2013-14 <u>Actual</u>	Budget <u>2013 Act 20</u>	JCF <u>May 2014</u>	DOR <u>Nov. 2014</u>	Jan. 2015 <u>LFB Report</u>
Individual Income	\$ 7,061.4	\$ 7,651.0	\$ 7,514.1	\$ 7,499.8	\$ 7,350.0
Sales and Use	4,628.3	4,607.2	4,808.4	4,819.7	4,880.0
Corp. Income & Franchise	967.2	993.8	1,099.9	1,008.3	935.0
Public Utility	361.0	355.9	358.3	371.9	377.9
Excise					
Cigarettes	573.0	541.4	570.0	577.2	556.5
Liquor & Wine	49.0	66.7	69.8	70.2	69.3
Tobacco Products	67.7	51.5	48.3	48.7	47.6
Beer	9.0	9.0	8.9	8.8	8.8
Insurance Company	165.8	168.0	172.0	173.6	176.0
Miscellaneous Taxes	<u>65.8</u>	<u>73.0</u>	<u>74.9</u>	<u>65.1</u>	<u>68.7</u>
<b>TOTAL</b>	<b>\$13,948.1</b>	<b>\$14,517.5</b>	<b>\$14,724.6</b>	<b>\$14,643.3</b>	<b>\$14,469.8</b>

A complete copy of the January 2015 LFB Report is included at the end of this [Appendix A](#). In addition, the State has filed the January 2015 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on [pages A-1 and A-2](#).

**State Budget; Budget for 2015-17 Biennium** (Part II; Pages 34-35). Update with the following information, which updates information included in the Preliminary Official Statement, dated June 15, 2015:

*2015-17 Executive Budget*

The Governor’s executive budget for the 2015-16 and 2016-17 fiscal years was released on February 3, 2015. The Governor’s executive budget bill was introduced in both houses of the Legislature and referred to the JCF for review (2015 Wisconsin Senate Bill 21). The JCF has completed public hearings and has nearly completed executive sessions on the executive budget.

Both detailed and summary information about the Governor's executive budget for the 2015-17 biennium can be obtained from the following websites:

<http://legis.wisconsin.gov/lfb/publications/budget/2015-17%20Budget/Pages/Governor.aspx>

<http://doa.wi.gov/divisions/budget-and-finance/biennial-budget>

After JCF completes its review and changes to the Governor's executive budget, any changes will be contained in a substitute amendment to the executive budget bill. It is expected that LFB will provide a summary of such substitute amendment. Finally, after the 2015-17 biennial budget has been adopted by the Legislature and enacted into law, with any vetoes by the Governor, LFB will provide a summary of such enacted 2015-17 biennial budget. When available, these summaries will be available from the following website:

<http://legis.wisconsin.gov/lfb/publications/budget/2015-17%20Budget/Pages/publications.aspx>

The websites included above are identified for the convenience of the reader only and are not incorporated by reference into this Official Statement. In addition, the Governor's executive budget for the 2015-17 biennium has been filed with the MSRB through its EMMA system, and additional information about the executive budget is available from the State as provided on [pages A-1 and A-2](#). The State also intends to file the enacted 2015-17 biennial budget with the MSRB through its EMMA system.

Based on LFB's summary of the Governor's executive budget for the 2015-17 biennium, the following table includes the estimated General Fund condition statement for the 2015-16 and 2016-17 fiscal years.

**Estimated General Fund Condition Statement  
2015-16 and 2016-17 Fiscal Years  
(in Millions)**

	<u>Governor's Executive Budget 2015-16 Fiscal Year</u>	<u>Governor's Executive Budget 2016-17 Fiscal Year</u>
<b>Revenues</b>		
Opening Balance	\$ 0.3	\$ 92.0
Taxes	15,190.8	15,827.2
Department Revenues		
Tribal Gaming	23.5	24.1
Other	<u>507.3</u>	<u>499.1</u>
Total Available	15,721.7	16,442.5
<b>Appropriations</b>		
Gross Appropriations	15,876.0	16,961.3
Transfers	38.0	39.6
Compensation Reserves	10.7	18.6
Less: Lapses	<u>(295.0)</u>	<u>(700.0)</u>
Net Appropriations	15,629.7	16,319.5
<b>Balances</b>		
Gross Balance	92.0	123.0
Less: Required Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 27.0	\$ 58.0

*2015-17 General Fund Tax Collections*

While not quantified, the May 2015 LFB Memorandum notes that the growth rate for estimated General Fund tax collections in the 2015-16 and 2016-17 fiscal years may be reduced from that assumed in the January 2015 LFB Report.

Taking into account the May 2015 LFB Memorandum and estimated General Fund tax collections for the 2014-15 fiscal year, LFB concludes that the estimates in the January 2015 LFB Report for the three year period are still reasonable and should not be adjusted.



The January 2015 LFB Report included estimates of General Fund tax collections for the 2015-16 and 2016-17 fiscal years in the amounts of \$15.146 billion and \$15.719 billion, respectively. These amounts were \$111 million and \$66 million, respectively, greater than projections provided by DOR in the November 2014 DOA Report.

The Governor's executive budget for the 2015-17 biennium includes certain provisions that would affect the General Fund tax collections for that biennium. The following table includes a summary of the estimated General Fund tax collections for the 2015-16 and 2016-17 fiscal years as included in the Governor's executive budget for the 2015-17 biennium and, for comparison, the estimated General Fund tax collections for the same fiscal years as set forth in the January 2015 LFB Report and as provided by DOR for the November 2014 DOA Report.

**ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS  
2015-16 AND 2016-17 FISCAL YEARS  
(in Millions)**

	<u>2015-16 Fiscal Year</u>			<u>2016-17 Fiscal Year</u>		
	DOR	Jan. 2015	Executive	DOR	Jan. 2015	Executive
	<u>Nov. 2014</u>	<u>LFB Report</u>	<u>Budget</u>	<u>Nov. 2014</u>	<u>LFB Report</u>	<u>Budget</u>
Individual Income	\$ 7,787.8	\$ 7,845.0	\$ 7,848.3	\$8,174.0	\$ 8,255.0	\$ 8,268.3
Sales and Use	4,954.7	5,030.0	5,054.2	5,142.8	5,190.0	5,224.1
Corp. Income & Franchise	970.0	970.0	986.9	999.8	960.0	1,021.0
Public Utility	364.5	366.8	366.8	368.9	373.4	373.4
Excise						
Cigarettes	574.6	551.0	551.0	565.9	545.5	545.5
Liquor & Wine	72.8	71.4	71.4	75.8	73.6	73.6
Tobacco Products	50.7	48.6	48.6	52.1	49.6	49.6
Beer	8.7	8.6	8.6	8.4	8.4	8.4
Insurance Company	184.4	181.0	181.0	195.8	187.0	187.0
Miscellaneous Taxes	<u>67.2</u>	<u>73.9</u>	<u>73.9</u>	<u>69.4</u>	<u>76.3</u>	<u>76.3</u>
TOTAL	\$15,035.4	\$15,146.3	\$15,190.8	\$15,652.9	\$15,718.8	\$15,827.2

**General Fund Information; General Fund Cash Flow** (Part II; Pages 42-53). The following tables provide updates and additions to various tables containing General Fund information for the 2014-15 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, the following tables include information through April 30, 2015 and projected General Fund information (cash basis) for the remainder of the 2014-15 fiscal year. In addition, many of the following tables include projected General Fund information for the 2015-16 fiscal year, which is presented on a cash basis.

The 2014-15 fiscal year results, projections, and estimates in the following tables (except where noted in such tables) reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), the impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues in the January 2015 LFB Report.

The 2015-16 fiscal year projections and estimates in the following tables reflect the Governor's executive budget for the 2015-17 biennium and the estimated General Fund tax revenues in the January 2015 LFB Report.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis. The State can have a negative cash balance at the end of a fiscal year.



The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect and may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect.

If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

**Table II-11; General Fund Cash Flow (Part II; Page 45).** Replace with the following updated tables.

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2014 TO APRIL 30, 2015  
PROJECTED GENERAL FUND CASH FLOW; MAY 1, 2015 TO JUNE 30, 2015<sup>(a)</sup>**

(Amounts in Thousands)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
<b>BALANCES<sup>(a)(b)</sup></b>												
<b>Beginning Balance</b>	\$ 1,500,597	\$ 621,109	\$ 756,170	\$ 1,729,087	\$ 2,072,479	\$ 1,847,944	\$ 1,201,953	\$ 2,162,015	\$ 1,884,580	\$ 1,218,387	\$ 1,501,617	\$ 1,778,699
<b>Ending Balance<sup>(c)</sup></b>	621,109	756,170	1,729,087	2,072,479	1,847,944	1,201,953	2,162,015	1,884,580	1,218,387	1,501,617	1,778,699	1,221,512
<b>Lowest Daily Balance<sup>(c)</sup></b>	474,074	404,168	756,170	1,530,791	1,689,582	743,846	1,201,952	1,884,579	1,020,531	865,557	1,078,384	646,038
<b>RECEIPTS</b>												
<b>TAX RECEIPTS</b>												
Individual Income	\$ 626,833	\$ 390,635	\$ 915,187	\$ 654,655	\$ 441,890	\$ 714,038	\$ 996,881	\$ 637,145	\$ 831,546	\$ 1,293,430	\$ 355,466	\$ 856,523
Sales & Use	462,971	453,323	455,697	456,193	432,190	401,625	486,898	374,866	352,849	420,413	420,827	451,553
Corporate Income	52,188	37,424	211,697	41,057	19,493	192,904	36,648	35,594	235,115	53,465	24,374	161,664
Public Utility	130	-	120	1,191	184,956	124	90	1	49	1,275	173,543	805
Excise	67,966	60,757	64,696	61,704	60,015	53,433	58,670	47,320	52,594	60,493	54,952	59,808
Insurance	1,680	4,088	12,290	3	1,895	13,649	9,831	21,449	6,576	12,187	791	16,239
<b>Subtotal Tax Receipts</b>	\$ 1,211,768	\$ 946,227	\$ 1,659,687	\$ 1,214,803	\$ 1,140,439	\$ 1,375,773	\$ 1,589,018	\$ 1,116,375	\$ 1,478,729	\$ 1,841,263	\$ 1,029,953	\$ 1,546,592
<b>NON-TAX RECEIPTS</b>												
Federal	\$ 810,205	\$ 834,417	\$ 968,988	684,990	\$ 644,460	\$ 710,538	\$ 950,927	\$ 833,415	\$ 704,361	\$ 690,057	\$ 766,872	\$ 669,170
Other & Transfers	501,229	144,917	681,077	497,759	320,689	383,155	372,813	604,961	412,421	497,436	377,352	488,300
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Non-Tax Receipts</b>	\$ 1,311,434	\$ 979,334	\$ 1,650,065	\$ 1,182,749	\$ 965,149	\$ 1,093,693	\$ 1,323,740	\$ 1,438,376	\$ 1,116,782	\$ 1,187,493	\$ 1,144,224	\$ 1,157,470
<b>TOTAL RECEIPTS</b>	\$ 2,523,202	\$ 1,925,561	\$ 3,309,752	\$ 2,397,552	\$ 2,105,588	\$ 2,469,466	\$ 2,912,758	\$ 2,554,751	\$ 2,595,511	\$ 3,028,756	\$ 2,174,177	\$ 2,704,062
<b>DISBURSEMENTS</b>												
Local Aids	\$ 1,441,859	\$ 150,140	\$ 753,269	\$ 77,962	\$ 859,761	\$ 1,247,477	\$ 185,941	\$ 645,375	\$ 1,363,068	\$ 101,079	\$ 155,788	\$ 1,863,487
Income Maintenance	883,285	628,138	674,194	724,905	642,959	749,144	745,401	698,831	697,885	740,807	643,826	303,112
Payroll and Related	277,483	399,958	274,523	631,072	308,187	431,543	474,119	503,796	281,894	503,420	375,614	480,969
Tax Refunds	94,130	95,975	81,377	117,186	104,514	168,934	92,063	490,238	514,846	501,268	133,733	108,239
Debt Service	238,014	-	-	126,795	-	-	-	-	-	534,810	99,444	257
Miscellaneous	467,919	516,289	553,472	376,240	414,702	518,360	455,172	493,946	404,011	364,142	488,690	505,185
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	\$ 3,402,690	\$ 1,790,500	\$ 2,336,835	\$ 2,054,160	\$ 2,330,123	\$ 3,115,458	\$ 1,952,696	\$ 2,832,186	\$ 3,261,704	\$ 2,745,526	\$ 1,897,095	\$ 3,261,249

(a) The results, projections, or estimates in this table reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), the withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues included in the January 2015 LFB Report. The projections or estimates in this table do not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The ending monthly balances of designated funds ranged from \$1.2 billion to \$1.9 billion during the 2012-13 fiscal year, ranged from \$1.2 billion to \$1.9 billion during the 2013-14 fiscal year, and are expected to range from \$1.1 billion to \$1.8 billion for the 2014-15 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$25 million during the 2014-15 fiscal year.

(c) While no negative cash positions have occurred or are currently projected, the Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. For the 2014-15 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2014-15 fiscal year are approximately \$1.429 billion and \$477 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

**PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2015 TO JUNE 30, 2016<sup>(a)</sup>**

(Amounts in Thousands)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
<b>BALANCES<sup>(a)(b)</sup></b>												
<b>Beginning Balance</b>	\$ 1,221,511	\$ 375,577	\$ 789,887	\$ 1,405,501	\$ 1,586,153	\$ 1,534,046	\$ 841,395	\$ 1,793,691	\$ 1,771,030	\$ 876,999	\$ 1,044,556	\$ 1,631,680
<b>Ending Balance<sup>(c)</sup></b>	375,577	789,887	1,405,501	1,586,153	1,534,046	841,395	1,793,691	1,771,030	876,999	1,044,556	1,631,680	971,536
<b>Lowest Daily Balance<sup>(c)</sup></b>	299,725	138,930	522,972	1,028,298	1,405,929	(88,084)	629,304	1,650,280	871,724	646,394	562,379	(68,325)
<b>RECEIPTS</b>												
<b>TAX RECEIPTS</b>												
Individual Income	\$ 635,284	\$ 547,435	\$ 811,485	\$ 534,226	\$ 728,968	\$ 618,108	\$ 1,023,366	\$ 775,148	\$ 689,159	\$ 1,189,665	\$ 665,929	\$ 783,022
Sales & Use	482,403	465,204	467,628	468,367	450,713	413,434	498,262	378,697	363,248	437,168	434,876	469,009
Corporate Income	42,727	39,056	195,617	40,540	23,957	195,940	44,916	33,940	237,920	72,369	30,034	192,280
Public Utility	126	-	116	1,156	179,523	120	87	1	48	11,241	168,446	782
Excise	61,964	63,279	64,941	56,356	61,133	55,386	57,671	50,125	48,394	55,040	55,109	62,932
Insurance	1,728	4,204	12,639	3	1,949	14,037	10,110	22,058	6,763	15,059	814	16,700
<b>Subtotal Tax Receipts</b>	\$ 1,224,232	\$ 1,119,178	\$ 1,552,426	\$ 1,100,648	\$ 1,446,243	\$ 1,297,025	\$ 1,634,412	\$ 1,259,969	\$ 1,345,532	\$ 1,780,542	\$ 1,355,208	\$ 1,524,725
<b>NON-TAX RECEIPTS</b>												
Federal	\$ 869,808	\$ 776,440	\$ 1,111,460	\$ 721,720	\$ 704,552	\$ 694,885	\$ 1,049,596	\$ 910,649	\$ 778,557	\$ 741,079	\$ 792,464	\$ 693,371
Other & Transfers	514,361	316,664	559,381	589,765	338,009	428,529	400,195	641,829	464,450	440,928	436,134	477,926
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Non-Tax Receipts</b>	\$ 1,384,169	\$ 1,093,104	\$ 1,670,841	\$ 1,311,485	\$ 1,042,561	\$ 1,123,414	\$ 1,449,791	\$ 1,552,478	\$ 1,243,007	\$ 1,182,007	\$ 1,228,598	\$ 1,171,297
<b>TOTAL RECEIPTS</b>	\$ 2,608,401	\$ 2,212,282	\$ 3,223,267	\$ 2,412,133	\$ 2,488,804	\$ 2,420,439	\$ 3,084,203	\$ 2,812,447	\$ 2,588,539	\$ 2,962,549	\$ 2,583,806	\$ 2,696,022
<b>DISBURSEMENTS</b>												
Local Aids	\$ 1,453,911	\$ 145,818	\$ 781,317	\$ 118,972	\$ 884,389	\$ 1,312,714	\$ 193,579	\$ 646,599	\$ 1,263,054	\$ 118,169	\$ 147,743	\$ 1,875,048
Income Maintenance	1,036,399	744,822	782,765	812,897	752,563	805,288	839,641	771,680	842,313	775,709	735,338	380,959
Payroll and Related	400,940	260,608	381,422	621,546	350,287	397,874	462,713	438,306	475,242	493,804	389,280	495,557
Tax Refunds	96,483	98,374	83,411	120,116	107,127	173,157	85,778	456,768	479,696	410,519	124,603	100,849
Debt Service	-	5,882	-	169,381	7,054	258	-	5,882	-	537,195	124,347	257
Miscellaneous	466,602	542,468	578,738	388,569	439,491	423,800	550,196	515,873	422,265	459,596	475,371	503,496
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	\$ 3,454,335	\$ 1,797,972	\$ 2,607,653	\$ 2,231,481	\$ 2,540,911	\$ 3,113,091	\$ 2,131,907	\$ 2,835,108	\$ 3,482,570	\$ 2,794,992	\$ 1,996,682	\$ 3,356,166

(a) The projections or estimates in this table reflect the proposed executive budget for the 2015-17 biennium (2015 Wisconsin Senate Bill 21) and the estimated General Fund tax revenues included in the January 2015 LFB Report. The May 2015 LFB Memorandum notes, while not quantified, that the growth rate for General Fund tax collections in the 2015-16 fiscal year may be reduced. The projections or estimates in this table do not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The ending monthly balances of designated funds ranged from \$1.2 billion to \$1.9 billion during the 2013-14 fiscal year, and are expected to range from \$1.1 billion to \$1.8 billion for the 2014-15 fiscal year and from \$1.0 billion to \$1.8 billion for the 2015-16 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$25 million during the 2015-16 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. For the 2015-16 fiscal year, based on the proposed executive budget for the 2015-17 biennium, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2015-16 fiscal year would be approximately \$1.429 billion and \$476 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

**Table II-12; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 47).** Replace with the following updated table.

**GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE  
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR<sup>(a)</sup>  
(Cash Basis)  
As of April 30, 2015  
(Amounts in Thousands)**

	<u>2013-14 Fiscal Year through April, 2014</u>		<u>2014-15 Fiscal Year through April, 2015</u>				Difference FY14 Actual to FY15 Actual
	<u>Actual</u>		<u>Actual<sup>(b)</sup></u>	<u>Estimate<sup>(b)</sup></u>	<u>Variance</u>	<u>Adjusted Variance<sup>(c)</sup></u>	
<b>RECEIPTS</b>							
<b>Tax Receipts</b>							
Individual Income	\$ 7,804,166	\$ 7,502,240	\$ 7,371,791	\$ 130,449	\$ 130,449	\$ (301,926)	
Sales	4,068,508	4,297,025	4,229,090	67,935	67,935	228,517	
Corporate Income	879,305	915,585	827,058	88,527	88,527	36,280	
Public Utility	201,814	187,936	212,028	(24,092)	(24,092)	(13,878)	
Excise	579,411	587,648	570,582	17,066	17,066	8,237	
Insurance	89,457	83,648	96,016	(12,368)	(12,368)	(5,809)	
<b>Total Tax Receipts</b>	<b>\$ 13,622,661</b>	<b>\$ 13,574,082</b>	<b>\$ 13,306,565</b>	<b>\$ 267,517</b>	<b>\$ 267,517</b>	<b>\$ (48,579)</b>	
<b>Non-Tax Receipts</b>							
Federal	\$ 7,622,100	\$ 7,832,358	\$ 7,979,439	\$ (147,081)	\$ (147,081)	\$ 210,258	
Other and Transfers	4,188,928	4,416,457	4,113,746	302,711	302,711	227,529	
Note Proceeds	-	-	-	-	-	-	
<b>Total Non-Tax Receipts</b>	<b>\$ 11,811,028</b>	<b>\$ 12,248,815</b>	<b>\$ 12,093,185</b>	<b>\$ 155,630</b>	<b>\$ 155,630</b>	<b>\$ 437,787</b>	
<b>TOTAL RECEIPTS</b>	<b>\$ 25,433,689</b>	<b>\$ 25,822,897</b>	<b>\$ 25,399,750</b>	<b>\$ 423,147</b>	<b>\$ 423,147</b>	<b>\$ 389,208</b>	
<b>DISBURSEMENTS</b>							
Local Aids	\$ 6,453,699	\$ 6,825,931	\$ 6,998,043	\$ 172,112	\$ 172,112	\$ 372,232	
Income Maintenance	6,834,116	7,185,549	7,417,822	232,273	232,273	351,433	
Payroll & Related	3,933,056	4,138,560	4,154,374	15,814	15,814	205,504	
Tax Refunds	2,513,086	2,260,531	2,075,757	(184,774)	(184,774)	(252,555)	
Debt Service	955,971	899,619	809,233	(90,386)	(90,386)	(56,352)	
Miscellaneous	4,451,355	4,511,688	4,779,040	267,352	267,352	60,333	
Note Repayment	-	-	-	-	-	-	
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 25,141,283</b>	<b>\$ 25,821,878</b>	<b>\$ 26,234,269</b>	<b>\$ 412,391</b>	<b>\$ 412,391</b>	<b>\$ 680,595</b>	
<b>2014-15 FISCAL YEAR VARIANCE YEAR-TO-DATE</b>				<b>\$ 835,538</b>	<b>\$ 835,538</b>		

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) The results, projections, and estimates in this table for the 2014-15 fiscal year reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues in the January 2015 LFB Report.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances, if any, to more accurately reflect the variance between the estimated and actual amounts.

**Source: Wisconsin Department of Administration**

**Table II-13; General Fund Monthly Cash Position** (Part II; Page 48). Replace with the following updated table.

**GENERAL FUND MONTHLY CASH POSITION<sup>(a)</sup>**  
**July 1, 2013 through April 30, 2015 – Actual**  
**May 1, 2015 through June 30, 2016 – Estimated<sup>(b)</sup>**  
**(Amounts in Thousands)**

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts<sup>(c)</sup></u>	<u>Disbursements<sup>(c)</sup></u>	
2013	July.....	\$ 1,826,568	\$ 2,612,216	\$ 3,479,525	
	August.....	959,259	1,942,353	1,805,260	
	September.....	1,096,352	3,301,997	2,422,051	
	October.....	1,976,298	2,359,585	1,745,587	
	November.....	2,590,296	2,087,185	2,476,392	
	December.....	2,201,089	2,402,394	2,738,822	
	2014	January.....	1,864,661	3,079,425	1,964,632
		February.....	2,979,454	2,494,932	2,538,836
		March.....	2,935,550	2,385,627	3,251,761
		April.....	2,069,416	2,767,975	2,718,417
		May.....	2,118,974	2,107,332	2,164,396
		June.....	2,061,910	2,836,257	3,397,570
July.....		1,500,597	2,523,202	3,402,690	
August.....		621,109	1,925,561	1,790,500	
September.....		756,170	3,309,752	2,336,835	
October.....		1,729,087	2,397,552	2,054,160	
November.....		2,072,479	2,105,588	2,330,123	
December.....		1,847,944	2,469,466	3,115,458	
2015	January.....	1,201,952	2,912,758	1,952,696	
	February.....	2,162,014	2,554,751	2,832,186	
	March.....	1,884,579	2,595,511	3,261,704	
	April.....	1,218,386	3,028,756	2,745,526	
	May.....	1,501,616	2,174,177	1,897,095	
	June.....	1,778,698	2,704,062	3,261,249	
	July.....	1,221,511	2,608,401	3,454,335	
	August.....	375,577	2,212,282	1,797,972	
	September.....	789,887	3,223,267	2,607,653	
	October.....	1,405,501	2,412,133	2,231,481	
	November.....	1,586,153	2,488,804	2,540,911	
	December.....	1,534,046 <sup>(d)</sup>	2,420,439	3,113,091	
2016	January.....	841,394	3,084,203	2,131,907	
	February.....	1,793,690	2,812,447	2,835,108	
	March.....	1,771,029	2,588,539	3,482,570	
	April.....	876,998	2,962,549	2,794,992	
	May.....	1,044,555	2,583,806	1,996,682	
	June.....	1,631,679 <sup>(d)</sup>	2,696,022	3,356,166	

- <sup>(a)</sup> The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).
- <sup>(b)</sup> The results, projections, or estimates in this table for the 2014-15 fiscal year reflect the budget bill for the 2013-15 biennium, impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues in the January 2015 LFB Report. The projections or estimates in this table for the 2015-16 fiscal year reflect the proposed executive budget for the 2015-17 biennium (2015 Wisconsin Senate Bill 21) and the estimated General Fund tax revenues included in the January 2015 LFB Report.
- <sup>(c)</sup> Operating notes have not been issued for the 2013-14 or 2014-15 fiscal years, and at this time are not expected to be issued for the 2015-16 fiscal year.
- <sup>(d)</sup> At some period during this month, the General Fund was, or is projected to be, in a negative cash position. The Wisconsin Statutes provide certain administrative remedies for periods when the General Fund is in a negative cash position. Based on the proposed executive budget for the 2015-17 biennium, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 9% of the total general purpose revenue appropriations then in effect. For the 2015-16 fiscal year this amount is projected to be \$1.429 billion. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of total general purpose revenue appropriations for a period of up to 30 days. For the 2015-16 fiscal year this amount is projected to be \$476 million. If the amount available for temporary reallocation to the General Fund is insufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Source: Wisconsin Department of Administration

**Table II-14; Cash Balances in Funds Available for Temporary Reallocation** (Part II; Page 49).  
 Replace with the following updated table.

**CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION<sup>(a)</sup>**  
**July 31, 2013 to April 30, 2015 – Actual**  
**May 31, 2015 to June 30, 2016 – Estimated**  
**(Amounts in Millions)**

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (LGIP), and the second table does include LGIP balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of \$2.113 billion during November 2011 to a high of \$3.464 billion during February 2013. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

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

<u>Month (Last Day)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
January .....		\$ 1,465	\$ 1,264	\$ 1,465
February .....		1,518	1,368	1,518
March .....		1,534	1,406	1,534
April .....		1,644	1,415	1,644
May .....		1,620	1,620	1,620
June .....		1,533	1,533	1,533
July .....	\$ 1,557	1,396	1,395	
August .....	1,569	1,311	1,569	
September .....	1,616	1,373	1,616	
October .....	1,419	1,294	1,419	
November .....	1,454	1,266	1,454	
December .....	1,518	1,346	1,518	

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

<u>Month (Last Day)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
January .....		\$ 4,586	\$ 4,198	\$ 4,586
February .....		4,642	4,464	4,642
March .....		4,884	4,688	4,884
April .....		4,605	4,354	4,605
May .....		4,173	4,173	4,173
June .....		4,012	4,012	4,012
July .....	\$ 4,865	4,588	4,588	
August .....	4,283	3,879	4,283	
September .....	4,005	3,821	4,005	
October .....	3,615	3,438	3,615	
November .....	3,614	3,440	3,614	
December .....	4,255	3,965	4,255	

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

**Source: Wisconsin Department of Administration**

**Table II-15; General Fund Recorded Revenues** (Part II; Page 51). Replace with the following updated table.

**GENERAL FUND RECORDED REVENUES<sup>(a)</sup>**  
**(Agency-Recorded Basis)**  
**July 1, 2014 to April 30, 2015 compared with previous year**

	Annual Fiscal Report Revenues <u>2013-14 Fiscal Year<sup>(b)</sup></u>	Projected Revenues <u>2014-15 Fiscal Year<sup>(c)</sup></u>	Recorded Revenues July 1, 2013 to <u>April 30, 2014<sup>(d)</sup></u>	Recorded Revenues July 1, 2014 to <u>April 30, 2015<sup>(e)</sup></u>
Individual Income Tax .....	\$ 7,061,390,000	\$ 7,514,100,000	\$ 5,640,441,009	\$ 5,819,247,536
General Sales and Use Tax .....	4,628,338,000	4,808,400,000	3,412,912,092	3,604,848,078
Corporate Franchise and Income Tax .....	967,184,000	1,099,900,000	724,287,678	704,793,269
Public Utility Taxes .....	360,967,000	358,300,000	197,548,782	196,686,848
Excise Taxes .....	698,687,000	697,000,000	522,000,278	520,145,164
Inheritance Taxes .....	(78,000)	-	19,928	(123,171)
Insurance Company Taxes .....	165,765,000	172,000,000	111,596,995	133,266,972
Miscellaneous Taxes .....	65,848,000	74,900,000	80,639,639	64,872,495
<b>SUBTOTAL</b> .....	<u>13,948,101,000</u>	<u>14,724,600,000</u>	<u>10,689,446,401</u>	<u>11,043,737,189</u>
Federal and Other Inter- Governmental Revenues <sup>(f)</sup> .....	10,168,393,000	10,022,639,400	8,397,433,979	8,457,728,619
Dedicated and Other Revenues <sup>(g)</sup> .....	<u>5,649,427,000</u>	<u>4,773,215,600</u>	<u>4,744,497,253</u>	<u>4,960,435,880</u>
<b>TOTAL</b> .....	<u>\$ 29,765,921,000</u>	<u>\$ 29,520,455,000</u>	<u>\$ 23,831,377,633</u>	<u>\$ 24,461,901,688</u>

- (a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2013-14 fiscal year, dated October 15, 2014.
- (c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2013-15 biennial budget (2013 Wisconsin Act 20), the estimated General Fund tax revenues included in a memorandum provided by LFB in January, 2014, the impacts of withholding table changes that DOR made on or after April 1, 2014, and the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), but do not reflect the estimated General Fund tax revenues, as provided by DOR, in the November 2014 DOA Report or the estimated General Fund tax revenues in the January 2015 LFB Report.
- (d) The amounts shown are 2013-14 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.
- (e) The amounts shown are 2014-15 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.
- (f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.
- (g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

**Source: Wisconsin Department of Administration**

**Table II-16; General Fund Recorded Expenditures by Function** (Part II; Page 53). Replace with the following updated table.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION<sup>(a)</sup>**  
**(Agency-Recorded Basis)**  
**July 1, 2014 to April 30, 2015 compared with previous year**

	Annual Fiscal Report Expenditures 2013-14 Fiscal Year <sup>(b)</sup>	Appropriations 2014-15 Fiscal Year <sup>(c)</sup>	Recorded Expenditures July 1, 2013 to April 30, 2014 <sup>(d)</sup>	Recorded Expenditures July 1, 2014 to April 30, 2015 <sup>(e)</sup>
Commerce.....	\$ 197,230,000	\$ 227,465,900	\$ 135,625,547	\$ 174,417,979
Education.....	12,451,421,000	12,993,697,600	9,587,346,454	10,211,887,767
Environmental Resources.....	434,226,000	395,938,000	402,838,492	305,644,128
Human Relations & Resources .....	13,384,219,000	12,754,047,600	11,160,685,494	11,671,467,913
General Executive.....	1,001,832,000	1,123,118,300	883,984,086	870,564,558
Judicial.....	126,672,000	135,823,100	101,114,954	107,209,818
Legislative.....	65,525,000	74,923,700	49,172,880	49,021,792
General Appropriations.....	2,296,866,000	2,374,477,200	2,280,477,314	2,250,298,470
<b>TOTAL.....</b>	<b>\$ 29,957,991,000</b>	<b>\$ 30,079,491,400</b>	<b>\$ 24,601,245,221</b>	<b>\$ 25,640,512,425</b>

- (a) The expenditures in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2013-14 fiscal year, dated October 15, 2014.
- (c) The results and estimates included in this table reflect the 2013-15 biennial budget (2013 Wisconsin Act 20).
- (d) The amounts shown are 2013-14 fiscal year expenditures as recorded by all State agencies.
- (e) The amounts shown are 2014-15 fiscal year expenditures as recorded by all State agencies.

**Source: Wisconsin Department of Administration**

**State Obligations; Employee Pension Funds** (Part II; Pages 65-68). Update with the following information:

Annual annuity adjustments for the remainder of calendar year 2015 were announced by the Wisconsin Retirement System (WRS) on March 18, 2015, and include an increase of 2.9% for retirees in the WRS Core Retirement Trust.

**Statistical Information; Table II-39; Unemployment Rate Comparison** (Part II; Page 86). Replace with the following updated table.



**UNEMPLOYMENT RATE COMPARISON<sup>(a)</sup>**  
**By Month 2010 to 2015**  
**By Quarter 2006 to 2009**

	<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>	
	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>
January .....	5.4	6.1	6.5	7.0	8.0	8.5	7.7	8.8	8.5	9.8	10.0	10.6
February ....	5.6	5.8	6.8	7.0	8.2	8.1	8.0	8.7	8.6	9.5	10.3	10.4
March .....	5.4	5.6	6.6	6.8	7.7	7.6	7.7	8.4	8.3	9.2	10.1	10.2
April .....	4.4	5.1	5.6	5.9	7.2	7.1	6.8	7.7	7.5	8.7	8.8	9.5
May .....			5.4	6.1	6.7	7.3	6.7	7.9	7.3	8.7	8.3	9.3
June .....			5.7	6.3	7.0	7.8	7.4	8.4	8.0	9.3	8.5	9.6
July .....			5.5	6.5	6.8	7.7	7.2	8.6	7.6	9.3	8.2	9.7
August .....			5.2	6.3	6.2	7.3	6.8	8.2	7.3	9.1	7.9	9.5
September..			4.7	5.7	5.9	7.0	6.1	7.6	6.8	8.8	7.3	9.2
October.....			4.5	5.5	5.7	7.0	5.9	7.5	6.6	8.5	7.2	9.0
November..			4.7	5.5	5.8	6.6	6.2	7.4	6.5	8.2	7.5	9.3
December ..			<u>4.7</u>	<u>5.4</u>	<u>5.8</u>	<u>6.5</u>	<u>6.6</u>	<u>7.6</u>	<u>6.6</u>	<u>8.3</u>	<u>7.4</u>	<u>9.1</u>
Annual Average.....			5.5	6.2	6.8	7.4	6.9	8.1	7.5	8.9	8.5	9.6
	<b>2009 Quarters</b>		<b><u>WI</u></b>	<b><u>U.S.</u></b>	<b>2008 Quarters</b>		<b><u>WI</u></b>	<b><u>U.S.</u></b>				
I .....			8.7	8.8	I .....			5.1	5.3			
II .....			9.0	9.1	II .....			4.4	5.2			
III .....			8.8	9.6	III .....			4.5	6.0			
IV .....			8.4	9.5	IV .....			5.3	6.6			
	<b>2007 Quarters</b>		<b><u>WI</u></b>	<b><u>U.S.</u></b>	<b>2006 Quarters</b>		<b><u>WI</u></b>	<b><u>U.S.</u></b>				
I .....			5.6	4.8	I .....			5.4	5.0			
II .....			4.9	4.4	II .....			4.7	4.6			
III .....			4.5	4.7	III .....			4.4	4.7			
IV .....			4.1	4.6	IV .....			4.2	4.2			

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

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

# Legislative Fiscal Bureau

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*State of Wisconsin*

January 23, 2015

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

Dear Representative Nygren and Senator Darling:

Annually, this office prepares general fund revenue and expenditure projections for the Legislature prior to commencement of legislative deliberations on the state's budget.

In the odd-numbered years, our report includes estimated revenues and expenditures for the current fiscal year and tax collection projections for each year of the next biennium. This report presents the conclusions of our analysis.

## **Comparison with the Administration's November 20, 2014, Report**

On November 20, 2014, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified general fund revenue and expenditure projections for the 2014-15 fiscal year and the 2015-17 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

Our analysis indicates that for the three-year period, aggregate general fund tax collections vary by only \$3.3 million from the November 20 report. However, our annual projections compared to the administration's estimates are \$173.5 million lower in 2014-15, \$110.9 million higher in 2015-16, and \$65.9 million higher in 2016-17.

Based upon the November report, the administration's general fund condition statement for 2014-15 reflects a gross ending balance (June 30, 2015) of -\$132.1 million.

Our analysis indicates a gross balance of -\$283.4 million for 2014-15. This is \$151.3 million below that of the administration's report. The 2014-15 general fund condition statement is shown in Table 1.

**TABLE 1**

**Estimated 2014-15 General Fund Condition Statement**

	<u>2014-15</u>
<b>Revenues</b>	
Opening Balance, July 1	\$516,891,000
Taxes	14,469,800,000
Departmental Revenues	
Tribal Gaming	0
Other	<u>504,934,500</u>
Total Available	\$15,491,625,500
<b>Appropriations</b>	
Gross Appropriations	\$15,883,157,300
Transfers to Transportation Fund	169,587,100
Compensation Reserves	133,056,500
Biennial Appropriation Adjustment	-4,395,000
Sum Sufficient Reestimates	-82,011,800
Less Lapses	<u>-324,403,800</u>
Net Appropriations	\$15,774,990,300
<b>Balance</b>	-\$283,364,800

The factors that cause the \$151.3 million variance are as follows. First, based on economic forecasts and tax collections to date, the estimated tax collections of this memorandum are \$173.5 million below the projections of the November 20 report. Second, departmental revenues (non-tax amounts deposited into the general fund) are projected to be \$2.7 million less than the estimate of the administration. Third, it is estimated that net appropriations will be \$24.9 million below the amount reflected in the administration's report. The primary reason for this difference is a reduction of \$18.4 million in debt service payments.

It should be noted that in both the November 20 report and this analysis no amounts are shown for tribal gaming revenues for the 2014-15 fiscal year. In 2013-14, no tribal gaming revenues were deposited into the general fund. This was primarily due to the Potawatomi Tribe withholding its 2013-14 payment. It is unknown, at this time, if the Tribe will make a payment in 2014-15 and, if so, at what amount.

**Revenue Shortfall Provisions**

As shown in Table 1, the 2014-15 fiscal year is projected to end with a balance of -\$283.4 million. Section 16.50(7) of the statutes establishes a process if there is a revenue shortfall. Under this provision, if at any time after enactment of the biennial budget the Secretary of the Department of Administration determines that previously authorized expenditures will exceed revenues in either year of the biennium by more than 0.5% of the estimated general fund

appropriations for that fiscal year, the Secretary is required to immediately notify the Governor, the presiding officer of each house of the Legislature, and the Joint Committee on Finance of the revenue shortfall. Following this notification, the Governor is required to submit to the Legislature a bill containing the Governor's recommendations for correcting the imbalance between projected revenues and authorized expenditures.

The projected general fund balance for 2014-15 is estimated to be -\$283.4 million. Consequently, authorized expenditures exceed revenues by more than 0.5%. As indicated, if the s. 16.50(7) process is to be implemented, the Secretary of the Department of Administration must first submit notification of the shortfall to the Governor and Legislature.

## **General Fund Tax Revenues**

The following sections present information related to general fund tax revenues for 2014-15 and the 2015-17 biennium. The information provided includes a review of the U.S. economy in 2014, a summary of the national economic forecast for 2015 through 2017, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

### **Review of the National Economy in 2014**

In January, 2014, this office prepared updated revenue estimates for the 2013-15 biennium based on IHS Global Insight, Inc.'s January, 2014, forecast for the U.S. economy. That forecast called for real growth in gross domestic product (GDP) of 2.7% in 2014 and 3.2% in 2015. Global Insight incorporated the following assumptions into its forecast for 2014: (a) that the federal discretionary spending level agreed upon in the Bipartisan Budget Act would remain in place; (b) emergency unemployment benefits would not be extended; (c) the Federal Reserve would reduce the amount of long-term securities it purchased by \$10 billion per month following each meeting; and (d) Brent spot prices for crude oil would remain between \$99 and \$108 per barrel. Global Insight also noted that projecting growth in the first quarter of 2014 was complicated by the impacts of a number of significant changes to federal programs, such as the start-up of the federal exchanges under the Affordable Care Act and the expiration of emergency unemployment benefits. In addition, the build-up of excess business inventory during the third quarter of 2013 and the October federal government shutdown were expected to be a drag on real GDP growth in the fourth quarter of 2013.

Real GDP contracted in the first quarter of 2014 by 2.1%, the sharpest quarterly decline in growth since the 2008-2009 recession. However, Global Insight noted that the contraction in the first quarter was primarily a function of the inventory cycle and abnormal weather. Inventory accumulation during the second half of 2013, which was a drag on first quarter 2014 growth rather than on the fourth quarter of 2013 as previously forecasted, coupled with an unseasonably cold winter during the first quarter of 2014, were the primary causes of the first quarter contraction rather than underlying weakness in the economy. Growth rebounded sharply over the next two quarters, ending 2014 with real GDP growth of 2.4%, which was 0.3 percentage points lower than was forecast in January, 2014. The second and third quarters of 2014 showed strong growth of 4.6% and 5.0%, but growth slowed to 2.6% in the fourth quarter. Slower growth in the fourth quarter of 2014 was affected by a reduction in federal defense spending,

which subtracted an estimated 1.4 percentage points from the quarterly growth rate.

Private sector employment grew in 2014 at the fastest pace since the recession, as an average of nearly 207,000 jobs per month were added. Despite these payroll gains, the labor force participation rate continued to decline to 61.4%, which is more than three percentage points lower than the pre-recession rate of 64.6% in 2007. Consumer spending accelerated in 2014, with growth in personal consumption expenditures (PCE) of 3.9% in 2014. PCE growth was strongest for net purchases of used motor vehicles and motor vehicle leasing.

Federal fiscal policy and Fed monetary policy were consistent with Global Insight's assumptions in its January, 2014, forecast. Discretionary spending remained at the levels agreed upon in the Bipartisan Budget Act and the emergency unemployment insurance benefits were not extended. A number of temporary tax breaks that were scheduled to expire following calendar year 2013 were extended through 2014 under the Tax Increase Prevention Act of 2014, including the federal research and development credit, bonus depreciation, higher Section 179 expensing limits, the deduction for state and local sales taxes, and certain deductions related to education. The Federal Reserve's tapering of long-term securities purchases, which began following the Fed's meeting in December of 2013, was completed following its October, 2014, meeting. Prior to tapering, the Fed was purchasing long-term securities of \$85 billion per month to keep downward pressure on interest rates to support the economic recovery.

Oil prices were in line with Global Insight's January, 2014, forecast during the first three quarters, but declined significantly during the fourth quarter of 2014. Brent spot oil prices were expected to be between \$99/barrel and \$108/barrel at the end of 2014; however, the Brent spot price in the fourth quarter of 2014 averaged \$78/barrel and continued to decline, ending 2014 at \$56/barrel. As of mid-January, average U.S. gasoline prices had, in turn, declined by \$1.55/gallon from their June 30, 2014, peak and were \$1.17/gallon below prior-year levels. According to Global Insight, reduced oil prices have been caused by increased U.S. production, OPEC countries continuing to retain market share rather than cutting production, and weak non-U.S. economic growth, particularly in Europe and China, reducing demand for oil. Lower gasoline prices provide consumers increased disposable income that can be used for other discretionary spending.

### **National Economic Forecast**

Global Insight's January, 2015, forecast calls for accelerated economic growth in 2015, followed by slower, but positive growth in 2016 and 2017. The main drivers of faster growth in the short term are expected to be continued lower gasoline prices, income gains, and positive consumer sentiment. Conversely, low energy prices are expected to reduce investment in industrial equipment and nonresidential structures, particularly in the mining and petroleum sectors.

Global Insight must make certain assumptions regarding fiscal policy, monetary policy, foreign economic growth, and changes in commodity prices when constructing its forecast for the national economy. The forecast assumes that Congress will increase the debt ceiling prior to the mid-March 2015 deadline, rather than default on federal obligations, and that the Federal

Reserve will begin increasing the federal funds rate in June of 2015. It is also assumed that real GDP among major trading partners of the United States and other important trading partners will grow at average annual rates of 2.0% and 4.3%, respectively, over the next decade. In addition, the trade-weighted value of the dollar is expected to appreciate 5.7% in 2015. Finally, it is assumed that oil prices will bottom out in the second quarter of 2015, and then rise throughout the remainder of the forecast period. After averaging \$100/barrel in 2014, the Brent spot price is expected to average \$64/barrel in 2015, \$75/barrel in 2016, and \$84/barrel in 2017. Over the longer term, prices are expected to continue rising to \$145/barrel by 2024.

*Gross Domestic Product.* It is estimated that real GDP grew by 2.4% in 2014. Global Insight expects accelerated GDP growth of 3.1% in 2015, primarily caused by lower energy prices, which stimulates growth by increasing the amount of disposable income that consumers can spend on discretionary purchases. Real GDP is expected to grow at a rate of 2.7% in 2016 and 2017. Growth in nominal (current-dollar) GDP is expected to track a similar course, accelerating from 4.0% in 2014 to 4.9% in 2015, followed by a slight slowdown to 4.6% in 2016 and 2017.

*Consumer Prices.* The consumer price index (CPI) increased by 1.6% in 2014. Global Insight expects the CPI to remain nearly flat in 2015 at 0.1% growth, before increasing at a 2.3% pace in 2016 and 2.4% in 2017. The anticipated decrease in consumer prices in 2015 primarily reflects the aforementioned decline in energy prices. After rising by 2.4% in 2014, food prices are expected to increase by between 1.5% and 2.0% through 2017. As in recent years, core inflation (which excludes food and energy) is expected to be approximately 2.0% per year.

*Monetary Policy.* The Federal Reserve began tightening monetary policy from its very accommodative position following the Federal Open Markets Committee (FOMC) meeting in December of 2013. Prior to that meeting, the Fed had been purchasing \$45 billion of long-term Treasuries and \$40 billion of mortgage-backed securities each month in a process known as quantitative easing. These purchases were intended to exert downward pressure on interest rates in support of the economic recovery. After its meeting in December of 2013, the Fed began reducing these purchases until they were terminated in late October of 2014.

In addition to quantitative easing, the Fed has maintained the federal funds rate at less than 0.25% since early 2009. At its meeting in December of 2014, the Fed indicated that it would be appropriate to maintain the 0% to 0.25% target for the federal funds rate for a considerable time following the termination of quantitative easing. Based on this guidance, Global Insight expects the first rate increase to occur in June of 2015. As the impact of oil price declines diminishes, Global Insight expects that additional gradual increases will occur throughout the remainder of the forecast period. The average federal funds rate is expected to increase from 0.09% in 2014 to 0.44% in 2015, 1.56% in 2016, and 3.33% in 2017.

Among other benchmark interest rates in 2014, the yield on 10-year U.S. Treasury notes averaged 2.54% and the rate for a 30-year conventional fixed-rate mortgage averaged 4.17%. Global Insight expects average annual yields on 10-year U.S. Treasury notes to increase over the forecast period to 2.68% in 2015, 3.59% in 2016, and 4.21% in 2017. The average annual interest rate on 30-year conventional fixed-rate mortgages is expected to follow a similar pattern, rising to 4.35% in 2015, 5.43% in 2016, and 6.10% in 2017.

*Personal Consumption Expenditures.* Nominal PCE rose by an estimated 3.9% in 2014. Sales of items generally subject to the state sales tax (most durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 3.4% in 2014, while sales of nontaxable items (food for home consumption, gasoline, certain medical equipment and products, and most services) grew 4.2%.

Global Insight expects that wage gains in 2015 and 2016 should outpace consumer price increases. In 2015, growth in nominal PCE is projected to remain at 3.9% before accelerating to 4.9% in 2016 and 2017. Purchases of items subject to the state sales tax are expected to grow at a faster rate in 2015, led by strong growth in sales of new and used light trucks and motor vehicle leasing services. Sales of taxable goods and services are anticipated to grow 4.5% in 2015, 4.3% in 2016, and 4.6% in 2017. Conversely, expenditures for goods and services that are generally not subject to sales tax are expected to grow at a slower rate in 2015, before growing at a faster pace in 2016 and 2017. The forecast for nontaxable items is significantly affected by the anticipated drop and rebound in oil prices, which affect personal consumption expenditures of gasoline and other energy products. Sales of nontaxable goods and services are expected to increase by 3.5% in 2015, 5.4% in 2016, and 5.2% in 2017.

*Personal Income.* Personal income grew by an estimated 3.9% in 2014. Global insight expects personal income growth to accelerate through the forecast period, with growth of 4.4% in 2015, 5.0% in 2016, and 5.5% in 2017. Growth in personal income will be driven primarily by higher private sector wages and personal interest income over the forecast period.

*Employment.* The average unemployment rate for 2014 was 6.2%, an improvement from a rate of 7.4% in 2013. The unemployment rate is expected to continue to decline through the forecast period, dropping to an average rate of 5.5% in 2015, 5.3% in 2016, and 5.2% in 2017. The labor force participation rate has fallen each year from 2006 through 2014, declining a total of 3.2 percentage points from 64.6% to 61.4%. This trend is expected to reverse over the forecast period, with the labor force participation rate increasing to 61.6% in 2015, 61.8% in 2016, and 62.0% in 2017.

Total nonfarm payrolls reached their first quarter 2008 pre-recession peak of 138.3 million during the second quarter of 2014. Global Insight expects total nonfarm payrolls to continue growing over the forecast period, increasing to average payrolls of 141.7 million in 2015, 144.2 million in 2016, and 146.0 million in 2017. Private sector payrolls, which reached their prerecession level in the first quarter of 2014, increased 2.5 million in 2014 and are expected to increase an additional 2.8 million in 2015, 2.4 million in 2016, and 1.6 million in 2017. Public sector payrolls grew by an estimated 37,000 in 2014, and are expected to continue growing by 59,000 in 2015, 87,000 in 2016, and 210,000 in 2017 due to increases in state and local employment. Federal employment is expected to decline slightly. Public sector payrolls are not expected to reach prerecession levels over the forecast period.

*Housing.* The housing market showed mixed growth in 2014. Average interest rates for conventional 30-year fixed-rate mortgages increased slightly from 4.0% to 4.2%. Sales of new and existing homes decreased by 2.7%, as sales of existing homes declined by 151,000 while sales of new homes increased by 3,000. Sales of new and existing homes are expected to grow

by 10.4% in 2015 and 7.4% in 2016, and then decline by 1.3% in 2017. Conversely, at 993,000, the number of housing starts grew by 6.9% in 2014, and is expected to continue strong growth of 169,000 additional starts in 2015, 186,000 in 2016, and 148,000 in 2017. It should be noted that sales of new and existing homes and the number of housing starts remain 36% and 52% below 2005 peak levels, respectively, and Global Insight believes that single-family home sales have reached a new normal level, given the recent rate of household formation.

Home prices continued to climb in 2014 by 6.3%, but at a slower pace than in 2013. Growth in home prices is expected to decelerate in the first two years of the forecast, increasing by 4.4% in 2015, 2.0% in 2016, and 3.6% in 2017. Unlike new and existing home sales and housing starts, overall home prices now exceed pre-recession levels.

*Corporate Profits.* In 2014, before-tax profits grew at a relatively fast pace of 9.1% over the prior year. Global Insight projects that before-tax profits will grow at a 5.5% rate in 2015, but then contract by 0.1% in 2016 and 5.8% in 2017. Economic profits, which are not affected by federal tax laws, grew by 0.7% in 2014 and are expected to show strong growth of 10.6% in 2015, slower growth of 1.8% in 2016, and contract by 3.9% in 2017. Both before-tax and economic profits are expected to grow in 2015, primarily from accelerated GDP growth, but are expected to decline in the future years due to anticipated higher business costs from rising oil prices, rising corporate interest payments, and rising wage growth in a tightening labor market. Before-tax profits are expected to contract faster than economic profits due to the scheduled expiration of a number of temporary federal business tax provisions.

*Business Investment.* Business investment in equipment showed growth of 7.2% in 2014, and is expected to show continued, strong growth of 7.8% in 2015, 7.6% in 2016, and 5.8% in 2017. Investment in nonresidential structures grew by 10.8% in 2014, but is expected to decelerate sharply to 0.3% growth in 2015 before rebounding to growth of 6.1% in 2016 and 11.9% in 2017. Global Insight notes that lower oil prices, uncertainty over single-family housing starts, weak foreign economic growth, and appreciation of the U.S. dollar are expected to drag on equipment spending over the first three quarters of 2015.

According to Global Insight, the reduction in growth of nonresidential structures is primarily caused by an anticipated decline in mining and petroleum investment, which grew by 10.2% in 2014 but is expected to contract by 14.3% in 2015 and 1.2% in 2016 before growing by 11.2% in 2017. The forecasted drop in investments for nonresidential structures is the flipside to lower energy prices. The steep decline in oil prices will likely make U.S. shale oil extraction less profitable. The mining and petroleum sector accounted for 30% of total nonresidential structure investment in 2014, and Global Insight notes that the expected decline in drilling activity in response to lower oil prices will be a drag on GDP growth of 0.35 percentage points during the first two quarters of 2015.

*International Trade.* Exports increased \$77 billion (3.4%) in 2014 compared to increased imports of \$89 billion (3.2%), which increased net imports by \$12 billion. Weak foreign growth (particularly in Europe and China), continued U.S. growth, and a stronger dollar are likely to cause international trade to be a drag on U.S. economic growth as imports strengthen over the medium-term of the forecast period. The recent decline in oil prices coupled with increased



domestic production in North Dakota and Texas, which have reduced crude oil imports to the slowest pace since February, 1993, are expected to cause a drop in 2015 net imports, with oil imports bottoming out in the second quarter of 2015. The dollar value of imports is expected to decline by 1.9% in 2015 (primarily caused by a 39.9% drop in the total value of petroleum imports) before increasing 6.7% in 2016 and 7.6% in 2017. The dollar value of exports is expected to continue growing over the forecast period, with growth of 3.0% in 2015, 5.2% in 2016, and 5.5% in 2017.

The projections outlined above, which reflect Global Insight's baseline forecast, are summarized in Table 2.

**TABLE 2**

**Summary of National Economic Indicators**  
**IHS Global Insight, Inc., Baseline Forecast, January, 2015**  
**(\$ in Billions)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Nominal Gross Domestic Product	\$17,441.3	\$18,301.4	\$19,149.2	\$20,037.1
Percent Change	4.0%	4.9%	4.6%	4.6%
Real Gross Domestic Product	\$16,089.0	\$16,587.5	\$17,031.2	\$17,486.1
Percent Change	2.4%	3.1%	2.7%	2.7%
Consumer Prices (Percent Change)	1.6%	0.1%	2.3%	2.4%
Personal Income	\$14,715.3	\$15,355.6	\$16,125.5	\$17,015.8
Percent Change	3.9%	4.4%	5.0%	5.5%
Personal Consumption Expenditures	\$11,928.4	\$12,394.4	\$13,006.4	\$13,646.4
Percent Change	3.9%	3.9%	4.9%	4.9%
Economic Profits	\$2,121.2	\$2,345.9	\$2,389.3	\$2,296.3
Percent Change	0.7%	10.6%	1.8%	-3.9%
Unemployment Rate	6.2%	5.5%	5.3%	5.2%
Total Nonfarm Payrolls (millions)	138.88	141.71	144.20	145.96
Percent Change	1.8%	2.0%	1.8%	1.2%
Light Vehicle Sales (millions)	16.41	16.89	17.24	17.49
Percent Change	5.7%	2.9%	2.1%	1.4%
Sales of New and Existing Homes (millions)	5.356	5.911	6.348	6.265
Percent Change	-2.7%	10.4%	7.4%	-1.3%
Housing Starts (millions)	0.994	1.163	1.349	1.497
Percent Change	6.9%	17.0%	16.0%	11.0%

Global Insight's forecast also includes an optimistic scenario and a pessimistic scenario. The January, 2015, forecast assigns a 15% probability to the former. Under the optimistic

scenario, oil prices are lower than the baseline forecast, and U.S. drilling activity remains higher than anticipated as producers assume the current price per barrel of oil is temporary. Reduced oil prices encourage additional consumer spending on other items. Expanded monetary policy successfully stimulates growth in the Eurozone and emerging markets implement structural reforms to increase labor productivity, which results in an appreciation of foreign currencies relative to the dollar. Under this scenario, higher exports lead to significant domestic wage and payroll gains. Real GDP growth increases under the optimistic scenario to 4.0% in 2015, 3.9% in 2016, and 3.4% in 2017.

Under the pessimistic scenario (also assigned a 15% probability), household formation declines as compared to the baseline, partly because of poor wage growth, which depresses housing starts. Declining stock prices lower consumer confidence, causing consumption to fall compared to the baseline forecast. Slower foreign growth in the pessimistic scenario further weakens businesses, which slows payroll growth, and the Federal Reserve elects to maintain a near-zero level for the federal funds rate until 2017. Real GDP growth is reduced under the pessimistic scenario to 1.9% in 2015, 0.8% in 2016, and 1.8% in 2017.

### General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2014-15 and each year of the 2015-17 biennium. Over the three-year period, these estimates are \$3.3 million higher than the projections released by the Department of Revenue (DOR) last November. By year, the new estimate for 2014-15 is \$173.5 million lower than DOR's estimate, while the new estimates for 2015-16 and 2016-17 are higher than DOR's figures by \$110.9 million and \$65.9 million, respectively.

**TABLE 3**

### Projected General Fund Tax Collections (Millions)

	<u>2013-15 Biennium</u>		<u>2015-17 Biennium</u>	
	<u>2013-14</u> <u>Actual</u>	<u>2014-15</u> <u>Estimated</u>	<u>2015-16</u> <u>Estimated</u>	<u>2016-17</u> <u>Estimated</u>
Individual Income	\$7,061.4	\$7,350.0	\$7,845.0	\$8,255.0
Sales and Use	4,628.3	4,880.0	5,030.0	5,190.0
Corporate Income & Franchise	967.2	935.0	970.0	960.0
Public Utility	361.0	377.9	366.8	373.4
Excise				
Cigarettes	573.0	556.5	551.0	545.5
Tobacco Products	67.7	69.3	71.4	73.6
Liquor and Wine	49.0	47.6	48.6	49.6
Beer	9.0	8.8	8.6	8.4
Insurance Company	165.8	176.0	181.0	187.0
Miscellaneous Taxes	<u>65.8</u>	<u>68.7</u>	<u>73.9</u>	<u>76.3</u>
Total	\$13,948.1	\$14,469.8	\$15,146.3	\$15,718.8
Change from Prior Year		521.7	676.5	572.5
Percent Change		3.7%	4.7%	3.8%

In 2014-15, the total variance of \$173.5 million is due primarily to the individual income tax and the corporate income and franchise tax. The new projection of individual income tax collections in that year is lower than DOR's estimate by \$149.8 million and the new estimate for the corporate tax is \$73.3 million lower. These figures reflect more recent collections data. Smaller differences are estimated for the other tax sources and in each of the two years of the next biennium.

With the exception of Section 179 expensing, which is discussed below, all of the estimates reflect year-to-date collections data, the most recent national economic forecast, and all federal and state tax law changes enacted to-date.

Section 179 of the Internal Revenue Code allows taxpayers to claim an immediate deduction for the cost of acquiring certain types of business property, instead of depreciating such property over its useful life. There is a limit on the annual amount that may be deducted (deduction limit), which is decreased on a dollar-for-dollar basis if the taxpayer's total annual investment in eligible property exceeds a specified threshold (investment limit). Beginning in 2003, the permanent deduction limit was scheduled to be \$25,000 and the investment limit was scheduled to be \$200,000. However, Congress enacted a number of temporary increases to these limits in an effort to stimulate business investment. Although these increases have been enacted with sunset dates, subsequent federal legislation has continued or increased the higher limits each year since 2003. Most recently, the deduction limit of \$500,000 and the investment limit of \$2 million were extended to tax year 2014 under the federal Tax Increase Prevention Act of 2014, which was passed in late December. These limits were first enacted in 2010 and have been extended twice since then. Beginning in 2014, state law automatically conforms to the federal Section 179 provisions. The revised individual and corporate income tax estimates shown in Table 3 reflect the higher deduction and investment limits in 2014, and assume that they will be continued indefinitely. This assumption reflects the expectation that Congress will continue to extend these provisions as it has done since 2003.

**Individual Income Tax.** Individual income tax revenues are estimated to total \$7,350.0 million in 2014-15, which represents a 4.1% increase relative to income tax collections in 2013-14 of \$7,061.4 million. Individual income tax revenues are estimated at \$7,845.0 million in 2015-16 and \$8,255.0 million in 2016-17. These amounts represent increases of 6.7% in the first year and 5.2% in the second year.

The January, 2015, Global Insight forecast projects national personal income growth of 3.9% in 2014, 4.4% in 2015, 5.0% in 2016, and 5.5% in 2017. However, personal income includes both taxable components, such as wage and salary disbursements, and nontaxable components, such as employer contributions for employee fringe benefits and government transfer payments to individuals. The taxable components of personal income are estimated to increase by 3.9% in 2014, 4.6% in 2015, 5.3% in 2016, and 5.7% in 2017. Personal income, as measured by the U.S. Bureau of Economic Analysis, does not include income from capital gains realizations, which are subject to state and federal taxation.

Year-to-date income tax receipts through December are 6.4% below 2013-14 collections. However, this growth rate is significantly affected by changes to the withholding tables that were

implemented last April. Over the remainder of 2014-15, it is anticipated that collections will increase by 15.1% due to several factors. First, refunds for tax year 2014 will be significantly reduced and final payments will be increased because of the decreased amount of withholding taxes paid since last April. Also, beginning in April, 2015, growth in withholding collections should improve significantly because the current-year receipts will no longer be compared to collections that were based on the previous, higher withholding tables. In addition, it is believed that federal tax increases enacted late in 2012 induced taxpayers to realize additional investment income in that year, which otherwise would have been realized in 2013. This is believed to have artificially suppressed collections last Spring, which should lead to a "bounce-back" this year. These positive impacts will be partially offset by the effects of state tax reductions, primarily the decrease in the bottom marginal tax rate enacted in 2013 Act 145 and the continued phase-in of the manufacturing and agriculture credit. As noted, for the entire year, income tax collections in 2014-15 are expected to be 4.1% higher than in 2013-14.

An above-average growth rate of 6.7% is estimated for 2015-16, primarily because a large one-time revenue loss associated with the withholding table changes will no longer occur. In 2016-17, the increase in individual income tax collections is estimated to more closely approximate the increase in personal income, as a more normal pattern of growth in tax collections returns.

**General Sales and Use Tax.** State sales and use tax revenues totaled \$4,628.3 million in 2013-14, and are estimated at \$4,880.0 million for 2014-15. The estimate represents an increase of 5.4% over the prior year. Sales tax revenues in the next biennium are estimated at \$5,030.0 million in 2015-16 and \$5,190.0 million in 2016-17, reflecting growth of 3.1% and 3.2%, respectively.

Sales tax collections through December, 2014, are 4.7% higher than the same period in 2013 and are projected to accelerate to 6.0% for the remainder of the 2014-15 fiscal year.

**Corporate Income/Franchise Tax.** Corporate income/franchise taxes are estimated to decrease from \$967.2 million in 2013-14 to \$935.0 million in 2014-15. Corporate income/franchise tax revenues are forecast to increase to \$970.0 million in 2015-16 and decrease to \$960.0 million in 2016-17. This represents a decrease in revenues of 3.3% in 2014-15, followed by a 3.7% increase in 2015-16 and a decrease of 1.0% in 2016-17.

The estimate for 2014-15 is based, in part, on year-to-date corporate income/franchise collections. Through December, 2014, collections were 8.5% lower when compared to the same period in 2013-14. A number of tax law changes, including the phase-in of the manufacturing and agriculture tax credit, the expansion of the historic rehabilitation tax credit, and the automatic adoption of federal law changes to Section 179 expensing provisions, will reduce corporate income/franchise tax collections in 2014-15.

Projected corporate income/franchise tax revenues for 2015-16 and 2016-17 reflect the forecast for economic profits through the remainder of the forecast period. The forecast incorporates state tax law changes that are anticipated to have an impact on future state tax revenues, such as the continued increase in the manufacturing and agriculture tax credit and the

expiration of a number of business tax credits pursuant to 2013 Wisconsin Act 20. As previously noted, it is assumed that Congress will continue to extend the current Section 179 provisions through the forecast period, which would automatically be adopted under state law and cause further reductions in state corporate income/franchise tax revenues over the 2015-17 biennium.

**Public Utility Taxes.** Public utility taxes are estimated at \$377.9 million in 2014-15, \$366.8 million in 2015-16, and \$373.4 million in 2016-17. These estimates represent year-to-year changes of 4.7% in 2014-15, -2.9% in 2015-16, and 1.8% in 2016-17. The gross revenues tax group comprises about 70% of estimated collections over the three-year period, and private light, heat, and power companies are the largest taxpayer group among gross revenues taxpayers. As such, they exert considerable influence on total utility collections, and private light, heat, and power company tax collections are estimated to increase 4.3% in 2014-15, decrease 1.4% in 2015-16, and increase 3.4% in 2016-17. This pattern is influenced by cold weather and increased natural gas prices in the first quarter of 2014, more normal winter weather and lower natural gas prices in subsequent periods, and declining or low growth in commercial and industrial electricity sales due to a sluggish recovery from the economic downturn. Companies subject to a state ad valorem tax comprise the other group of taxpayers with public utility tax liabilities. Collections from these taxpayers are estimated to increase 6.0% in 2014-15, but then decrease by 6.7% in 2015-16 and 1.8% in 2016-17. The decreases result from falling ad valorem tax rates and the loss of tax base due to depreciation and obsolescence.

**Excise Tax Revenues.** General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2013-14, excise tax collections totaled \$698.7 million. Of this amount, \$573.0 million (approximately 82%) was from the excise tax on cigarettes. Excise tax revenues are estimated at \$682.2 million in 2014-15, which represents reduced revenue of 2.4%. The estimated reduction in excise tax revenues in 2014-15 is primarily from weak growth through December, 2014, in year-to-date cigarette tax collections, which are currently 3.1% lower than collections over the same period in 2013. Excise tax revenues over the next biennium are estimated at \$679.6 million in 2015-16 and \$677.1 million in 2016-17, which reflects reduced revenue of 0.4% in 2015-16 and 2016-17.

**Insurance Premiums Taxes.** Insurance premiums taxes are projected to increase from \$165.8 million in 2013-14 to \$176.0 million in 2014-15, \$181.0 million in 2015-16, and \$187.0 million in 2016-17. The 2014-15 estimate is based, in part, on year-to-date insurance premiums tax collection growth of 7.6%, whereas the estimates for 2015-16 and 2016-17 reflect historic growth trends and industry forecasts of premiums growth for most lines of insurance. The estimates reflect annual growth in insurance premiums tax revenues of 6.2% in 2014-15, 2.8% in 2015-16, and 3.3% in 2016-17.

**Miscellaneous Taxes.** Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were \$65.8 million in 2013-14, of which 78% was generated through the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2014, miscellaneous taxes are projected to increase to \$68.7 million in 2014-15, which represents a 4.5% increase from 2013-14 collections. Miscellaneous taxes are estimated to increase to \$73.9 million in 2015-16 and \$76.3 million in 2016-17,

primarily due to an anticipated continuation of the housing recovery.

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

Sincerely,

A handwritten signature in black ink that reads "Bob". The letters are cursive and stylized, with the "B" being particularly large and the "o" and "b" following in a fluid, connected script.

Robert Wm. Lang  
Director

RWL/sas  
cc: Members, Wisconsin Legislature

## APPENDIX B

### INFORMATION ABOUT THE MASTER LEASE PROGRAM

This Appendix includes by reference information concerning the Master Lease Program (**Program**) and master lease certificates of participation, as contained in [Part IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 \(2014 Annual Report\)](#), which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part IV of the 2014 Annual Report.

Part IV to the 2014 Annual Report contains information about the Program and master lease certificates of participation. More specifically, that part presents information about the following matters:

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

The 2014 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system, and is also available from the part of the Capital Finance Office web site called “Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin.” The Capital Finance Office web site is located at the following address:

[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

Copies of the 2014 Annual Report may also be obtained from:

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

After publication and filing of the 2014 Annual Report, certain changes or events have occurred that affect items discussed in the 2014 Annual Report. Listed below, by reference to particular sections of Part IV of the 2014 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB through its EMMA system, some of which may be notices that are not required to be filed under the State’s undertakings.

**Outstanding Master Lease Schedules; Table IV-3 (Part IV–Pages 134-142).** Update with the following, which is a summary of all outstanding Lease Schedules (not just those funded with proceeds of the Certificates):

**OUTSTANDING MASTER LEASE SCHEDULES  
(As of June 1, 2015)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
00-081	8/7/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	\$ 501,520.00	\$ 23,616.66
00-097	9/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	364,820.00	16,194.35
00-108	10/16/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	413,798.00	18,395.94
00-120	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	276,714.00	12,317.55
00-121	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	292,169.21	13,005.73
00-128	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	364,307.50	16,247.77
00-132	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	78,880.00	3,517.98
00-135	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	182,598.00	8,160.52
00-142	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	516,614.64	23,088.15
00-144	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	391,860.00	17,512.69
00-146	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	351,434.00	15,720.51
00-147	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	216,443.15	9,682.05
00-148	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	79,455.00	3,554.24
00-149	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	3,802.25
01-001	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	33,274.50	1,492.64
01-007	2/1/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	794,500.00	68,969.21
01-009	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	140,829.20	6,317.18
01-010	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,062.00	11,486.20
01-011	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	3,812.88
01-025	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	160,584.00	14,026.51
01-029	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,912.00	11,606.07
01-030	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	129,036.87	5,829.28
01-031	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	93,375.00	8,160.50
01-036	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	92,000.00	4,156.12
01-039	4/17/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	53,534.00	2,425.12
01-050	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	50,477.20	2,292.48
01-051	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	24,025.89	1,091.15
01-052	5/9/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	484,510.00	42,558.82
01-059	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	153,466.00	13,533.47
01-069	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	319,552.00	28,179.82
01-073	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	13,500.00	1,195.41
01-080	6/28/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	36,145.20	1,655.37
01-081	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	442,300.00	39,165.17
01-092	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	138,000.00	12,311.70
01-094	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 1	307,262.00	27,412.46
01-106	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	28,700.00	2,568.81
01-107	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	278,000.00	24,882.51
01-110	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	435,980.00	39,151.17
01-117	9/28/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	20,965.00	974.28
01-120	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	45,000.00	4,041.02
01-122	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	62,800.00	5,639.46
01-125	9/28/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	666,242.00	86,482.96
01-133	11/21/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	487,245.20	63,629.95
01-138	11/21/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	334,050.00	30,188.67
01-147	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	51,210.00	4,648.92
01-152	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	587,298.00	53,315.64
02-005	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	1,022,343.35	118,253.42
02-013	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	1,081,226.20	125,064.35
02-014	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	81,075.00	6,490.04
02-015	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	227,500.00	18,211.30
02-020	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	21,655.60	905.65
02-025	2/21/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	100,000.00	8,046.39
02-028	2/21/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	196,496.80	22,842.99
02-029	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	10,083.54	421.67
02-043	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	225,000.00	18,396.02
02-044	4/26/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	429,034.20	50,657.38
02-048	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	85,858.00	7,019.74
02-050	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	1,307,850.00	198,818.77
02-051	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	825,640.24	125,513.45
02-052	5/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	250,000.00	38,244.21
02-055	5/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	142,872.90	16,983.21
02-056	5/24/2002	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	32,340.00	2,662.44
02-059	5/31/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	696,128.00	106,629.20
02-061	6/18/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	127,832.05	15,282.51
02-062	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	250,000.00	38,448.97
02-063	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	206,800.00	31,804.99
02-064	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	31,000.00	2,567.20
02-071	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	185,490.00	15,371.28



**OUTSTANDING MASTER LEASE SCHEDULES—Continued**  
(As of June 1, 2015)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
02-083	7/16/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	\$ 79,754.00	\$ 12,350.96
02-084	7/16/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	1,006,392.00	121,253.60
02-085	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	49,230.00	5,975.21
02-086	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	124,032.00	19,344.07
02-087	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	175,328.20	21,280.10
02-088	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	382,687.28	59,684.03
02-089	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	120,000.00	18,715.24
02-090	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	229,500.00	27,855.12
02-104	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	682,701.48	106,352.80
02-105	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	222,320.50	26,952.91
02-106	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	105,963.42	12,846.45
02-107	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	553,036.00	86,153.24
02-108	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	575,550.00	89,660.51
02-109	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	419,000.00	50,797.27
02-111	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	96,300.00	15,001.84
02-112	9/13/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	597,251.20	112,193.58
02-126	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	30,641.00	4,762.19
02-127	10/24/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	361,201.60	67,693.51
02-128	10/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	100,000.00	12,095.20
02-129	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	75,000.00	11,656.46
02-132	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	1,077,876.00	167,522.46
02-143	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	63,250.00	9,813.93
02-146	11/19/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	90,000.00	10,867.57
02-147	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	59,634.00	9,252.84
02-148	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	171,500.00	26,610.12
02-152	12/30/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	13,010.00	1,129.23
02-156	12/30/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	189,187.30	36,892.11
02-157	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	120,000.00	19,376.56
02-158	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	130,075.00	16,323.31
02-159	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	103,000.00	16,631.53
02-163	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	42,633.43	5,350.15
03-001	1/24/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	41,851.50	8,209.53
03-003	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	51,670.00	8,394.00
03-004	1/24/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	222,760.00	28,129.52
03-005	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	82,800.00	13,451.24
03-016	2/28/2003	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	55,150.00	4,863.33
03-017	2/28/2003	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	16,880.00	2,766.69
03-020	2/28/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	69,900.00	15,931.31
03-032	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	85,000.00	14,087.29
03-033	4/14/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	38,911.40	7,782.68
03-034	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	157,664.00	26,130.09
03-035	4/14/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	35,496.15	4,575.45
03-046	7/31/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	52,680.00	12,437.12
03-052	5/27/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	306,308.00	39,929.96
03-061	6/19/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	189,775.00	24,868.81
03-062	7/10/2003	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	27,851.81	3,669.44
03-066	7/10/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	19,432.00	3,289.56
03-076	7/31/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	250,000.00	42,556.85
03-093	10/27/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	163,040.00	39,373.38
03-099	11/13/2003	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	130,000.00	27,289.54
03-100	12/11/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	758,482.00	104,297.53
03-101	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	254,050.00	44,816.50
03-102	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	75,617.00	13,339.44
04-006	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	31,633.00	5,692.28
04-012	2/24/2004	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	277,000.00	38,877.72
04-013	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	278,200.00	50,061.36
04-017	4/22/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	163,226.00	29,843.01
04-021	4/22/2004	9/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	6,165.00	318.97
04-032	6/10/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	4,915.00	1,257.15
04-043	8/20/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	190,000.00	35,826.68
04-051	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	30,663.00	5,892.78
04-054	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	175,000.00	33,631.33
04-055	10/29/2004	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	28,051.00	6,474.88
04-061	11/30/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	42,765.00	11,406.07
05-009	3/17/2005	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	501,490.00	119,780.96
05-010	3/17/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	320,550.00	63,823.43
05-011	3/17/2005	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	290,000.00	45,201.48
05-022	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	547,825.00	110,300.92
05-023	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	387,180.00	78,042.47
05-047	9/7/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	165,000.00	34,262.90
05-055	11/23/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	170,643.00	36,112.51
06-002	1/11/2006	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	24,000.00	2,822.20
06-005	1/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	88,770.00	23,046.06
06-010	3/3/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	110,600.00	23,930.62
06-014	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	33,231.00	7,228.76
06-015	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	42,500.00	9,245.07
06-016	3/31/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	70,442.00	12,044.88
06-017	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	36,980.24

**OUTSTANDING MASTER LEASE SCHEDULES—Continued**  
(As of June 1, 2015)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
06-018	3/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	\$ 25,544.00	\$ 6,640.87
06-025	5/19/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	367,500.00	63,464.95
06-026	5/19/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	240,000.00	52,696.73
06-027	5/19/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,000.00	6,556.87
06-037	6/30/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	574,730.00	100,134.46
06-038	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	530,000.00	117,346.87
06-039	6/30/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	18,504.51
06-041	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	50,000.00	11,070.46
06-051	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	38,244.98
06-052	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	40,000.00	8,998.81
06-057	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	160,000.00	28,114.23
06-058	8/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	15,347.22
06-060	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	152,000.00	26,708.51
06-064	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	180,000.00	31,807.98
06-065	9/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	95,000.00	20,939.52
06-066	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	28,000.00	4,947.91
06-074	12/15/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	230,000.00	41,278.83
06-075	12/15/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	285,000.00	63,546.71
06-078	12/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	110,879.00	19,958.87
06-079	12/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	51,584.66
07-008	2/2/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	318,576.00	71,918.60
07-035	8/10/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	780,000.00	211,262.27
07-048	12/7/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	300,000.00	83,335.86
08-007	3/7/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	150,000.00	42,561.64
08-022	8/5/2008	9/1/2015	CNC Milling Machine	39,231.00	1,831.25
08-023	8/5/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	100,000.00	26,915.23
08-026	9/5/2008	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	12,912.00	3,029.63
08-033	11/26/2008	9/1/2015	Digital Microwave Equipment Replacement - Phase 2	1,442,233.00	105,356.71
08-034	11/26/2008	9/1/2015	Wisconsin Integrated Correction System (WICS) - Phase 1	3,990,331.85	291,495.98
08-035	11/26/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	64,088.32
09-005	2/6/2009	3/1/2016	Motor Coach Buses for Prisoner Transport	873,764.00	123,266.78
09-012	4/10/2009	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	99,440.00	29,124.07
09-015	4/30/2009	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	180,000.00	26,293.13
09-019	6/16/2009	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	270,000.00	40,204.93
09-021	6/30/2009	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	112,500.00	16,861.51
09-024	7/31/2009	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	737,500.00	112,314.62
09-028	8/31/2009	9/1/2015	Digital Radio Replacement	365,750.00	30,518.33
09-031	10/23/2009	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	600,000.00	94,955.23
09-032	11/16/2009	3/1/2016	Campus Vehicles (Truck-Grounds and SUV-Law Enforcement)	50,516.00	8,086.05
09-033	12/16/2009	3/1/2016	Campus Vehicles (Snowplow for truck)	4,597.45	747.28
10-002	1/15/2010	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	250,000.00	41,308.32
10-004	1/15/2010	3/1/2016	Statewide Vital Records Information System	119,079.90	19,675.96
10-005	1/15/2010	9/1/2015	Mobile Radio Replacement	707,548.40	54,648.19
10-006	2/16/2010	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	900,000.00	150,912.46
10-009	3/12/2010	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	1,000,000.00	170,030.70
10-019	4/30/2010	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	650,000.00	113,362.08
10-022	5/21/2010	3/1/2016	Statewide Vital Records Information System	38,894.50	6,861.93
10-027	6/18/2010	3/1/2017	Pneumatic Granular Fertilizer Applicator	59,349.45	18,111.37
10-036	7/26/2010	9/1/2015	Milk Carton Filling Machine	188,131.50	17,641.84
10-037	7/26/2010	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	900,000.00	123,546.37
10-041	8/16/2010	3/1/2016	Statewide Vital Records Information System	216,957.00	37,259.34
10-042	8/16/2010	9/1/2015	Information Technology (IT) Infrastructure FY10	215,019.00	20,400.18
10-044	8/16/2010	9/1/2015	Integrated Property Assessment System (IPAS)	434,002.00	41,176.45
10-047	9/15/2010	9/1/2015	IT Infrastructure FY10	900,349.43	86,959.88
10-049	9/15/2010	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	375,000.00	65,453.17
10-052	9/30/2010	9/1/2015	IT Infrastructure FY11	94,790.94	9,245.23
10-054	9/30/2010	3/1/2016	Statewide Vital Records Information System	8,188.00	1,441.91
10-055	10/15/2010	9/1/2017	Wisconsin Integrated Correction System (WICS) - Phase 2	1,643,868.00	565,656.80
10-058	10/29/2010	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	1,125,000.00	201,620.85
10-059	10/29/2010	9/1/2015	Milk Carton Filling Machine	94,065.75	9,353.19
10-060	10/29/2010	9/1/2015	IT Infrastructure FY11	120,998.79	12,031.22
10-064	11/15/2010	3/1/2016	Statewide Vital Records Information System	65,692.00	11,888.77
10-065	11/15/2010	9/1/2015	Milk Carton Filling Machine	56,439.45	5,672.52
10-066	11/15/2010	9/1/2015	Integrated Property Assessment System (IPAS)	796,995.00	80,102.92
10-067	11/15/2010	9/1/2015	IT Infrastructure FY11	1,002,370.34	100,744.40
10-070	11/30/2010	9/1/2015	IT Infrastructure FY11	316,054.04	32,093.44
10-071	11/30/2010	9/1/2017	Base Station Radios	1,366,000.00	480,442.81
10-072	11/30/2010	9/1/2015	IT Infrastructure FY10	19,499.50	1,980.07
10-074	12/15/2010	9/1/2015	Milk Carton Filling Machine	37,626.30	3,860.57
10-075	12/15/2010	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	450,000.00	82,983.66
10-079	12/15/2010	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	1,740,330.00	616,694.77
10-082	12/30/2010	9/1/2015	IT Infrastructure FY11	448,047.38	45,858.36
10-084	12/30/2010	3/1/2016	Statewide Vital Records Information System	393,848.00	73,319.62
11-002	1/27/2011	9/1/2017	Base Station Radios	444,243.15	160,870.42
11-004	1/27/2011	3/1/2016	Space and Leasing Software Package	91,441.00	17,328.93
11-005	1/27/2011	9/1/2015	IT Infrastructure FY11	391,950.56	41,439.52
11-010	2/16/2011	9/1/2015	IT Infrastructure FY11	182,746.79	19,574.09
11-016	2/28/2011	9/1/2015	IT Infrastructure FY11	62,093.83	6,716.00

**OUTSTANDING MASTER LEASE SCHEDULES—Continued**  
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<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
11-017	3/15/2011	3/1/2016	Space and Leasing Software Package	\$ 6,274.26	\$ 1,225.22
11-019	3/15/2011	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	193,370.00	71,685.02
11-020	3/15/2011	3/1/2016	Paper Cutter/Slicer/Creaser & Integrated Folder Attachment	59,516.00	11,622.19
11-023	3/31/2011	9/1/2015	IT Infrastructure FY11	206,374.84	22,791.72
11-025	4/15/2011	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	675,000.00	134,327.27
11-026	4/15/2011	9/1/2015	IT Infrastructure FY11	229,078.62	25,566.38
11-027	4/15/2011	3/1/2016	Statewide Vital Records Information System	252,717.30	50,291.59
11-028	4/29/2011	3/1/2016	LED Highway Sign	265,730.00	53,358.69
11-029	4/29/2011	9/1/2017	Grounds Vehicle and Accessories	45,648.61	17,490.91
11-033	4/29/2011	3/1/2016	Statewide Vital Records Information System	132,950.00	26,696.41
11-034	4/29/2011	9/1/2015	IT Infrastructure FY11	252,761.36	28,492.15
11-037	5/25/2011	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	281,250.00	57,437.28
11-038	5/25/2011	3/1/2016	Space and Leasing Software Package	7,438.77	1,519.16
11-040	5/25/2011	9/1/2015	IT Infrastructure FY11	9,500.00	1,091.13
11-041	6/15/2011	3/1/2016	Golf Course Maintenance Equipment	17,304.00	3,580.75
11-043	6/30/2011	3/1/2016	Golf Course Maintenance Equipment	108,306.11	22,637.99
11-044	6/30/2011	3/1/2016	Space and Leasing Software Package	4,500.00	940.58
11-045	6/30/2011	3/1/2016	Statewide Vital Records Information System	80,053.20	16,732.60
11-047	7/15/2011	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	593,750.00	125,457.85
11-048	7/15/2011	3/1/2016	Statewide Vital Records Information System	3,060.00	646.57
11-049	7/15/2011	9/1/2015	IT Infrastructure FY11	29,919.76	3,568.85
11-050	7/29/2011	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	630,000.00	134,350.03
11-051	8/15/2011	9/1/2016	Furniture & Moveable Medical Equipment - King Veterans Home	1,404,995.56	343,958.82
11-053	8/15/2011	9/1/2017	Hybrid Grounds Vehicles	269,350.00	69,695.74
11-055	8/15/2011	9/1/2015	Integrated Property Assessment System (IPAS)	572,316.00	69,799.05
11-057	8/31/2011	9/1/2016	Digital Production Color Printer & Imaging System	105,229.00	30,864.33
11-059	9/16/2011	9/1/2016	Vertical Mold Milling Machine	110,746.00	32,805.95
11-060	9/16/2011	9/1/2017	Base Station Radios	213,423.67	86,803.12
11-061	9/30/2011	9/1/2015	IT Infrastructure FY11	107,662.45	13,587.79
11-062	9/30/2011	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	720,000.00	160,015.94
11-064	10/31/2011	9/1/2015	Integrated Property Assessment System (IPAS)	525,800.00	67,919.77
11-066	11/15/2011	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	300,000.00	68,785.25
11-067	11/15/2011	9/1/2017	Base Station Radios	67,932.76	28,499.48
11-068	11/30/2011	3/1/2016	Statewide Vital Records Information System	47,873.70	11,094.32
11-070	12/16/2011	3/1/2016	Space and Leasing Software Package	11,291.00	2,646.18
11-071	12/30/2011	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	900,000.00	213,029.23
11-072	12/30/2011	3/1/2016	DOR ITS Phase 3-Wisconsin Income and Tax Processing System	1,000,000.00	236,699.15
11-073	12/30/2011	3/1/2016	Space and Leasing Software Package	2,600.00	615.42
12-001	1/17/2012	9/1/2015	IT Infrastructure FY11	35,963.55	4,391.97
12-002	1/31/2012	3/1/2016	Statewide Vital Records Information System	78,942.00	17,312.64
12-005	2/15/2012	3/1/2019	Dispatch Console Replacement	1,776,827.76	886,052.78
12-009	2/29/2012	3/1/2017	Semi-Trailer Forage Box	57,199.00	20,543.52
12-010	3/16/2012	9/1/2015	Integrated Property Assessment System (IPAS)	648,750.00	83,968.60
12-011	3/16/2012	9/1/2015	Ranger Laptop Replacement	193,473.00	8,881.62
12-012	3/30/2012	3/1/2017	Ozone Washing System	51,003.83	18,688.21
12-013	4/30/2012	3/1/2017	Liquid Manure Tanker	68,250.00	25,523.86
12-014	4/30/2012	3/1/2016	Space and Leasing Software Package	1,225.00	290.18
12-016	5/15/2012	3/1/2016	Statewide Vital Records Information System	130,500.00	31,329.50
12-017	6/15/2012	3/1/2016	Ranger Radio Replacement	219,302.52	13,806.43
12-019	6/15/2012	3/1/2016	Space and Leasing Software Package	2,800.00	690.54
12-020	6/15/2012	3/1/2017	Golf Course Maintenance Equipment	75,528.60	29,148.72
12-021	6/29/2012	3/1/2019	Wisconsin Integrated Correction System (WICS) - Phase 3	1,275,647.00	678,993.43
12-023	7/16/2012	3/1/2016	Statewide Vital Records Information System	63,000.00	16,023.83
12-024	7/16/2012	3/1/2017	Residence Hall Furniture	316,142.00	125,013.80
12-025	7/16/2012	3/1/2017	Golf Course Maintenance Equipment	20,628.15	8,157.09
12-027	8/15/2012	3/1/2016	Statewide Vital Records Information System	144,082.00	37,610.90
12-028	8/31/2012	9/1/2016	Fleet Vehicles	18,145.00	6,290.03
12-029	8/31/2012	9/1/2016	Ranger Radio Replacement	79,919.32	20,184.07
12-030	8/31/2012	3/1/2016	Statewide Vital Records Information System	42,150.00	11,345.68
12-031	10/31/2012	9/1/2015	PC Replacement (School of Business)	54,055.00	8,901.70
12-033	12/17/2012	9/1/2019	Portable Radio Replacement	1,206,063.10	723,817.39
12-034	12/17/2012	3/1/2016	Statewide Vital Records Information System	63,000.00	18,452.31
12-035	12/17/2012	9/1/2016	Fleet Vehicles	21,196.00	8,023.74
13-001	1/15/2013	3/1/2020	Potato Grader	54,600.00	36,647.60
13-002	1/31/2013	3/1/2016	Statewide Vital Records Information System	80,483.00	23,518.30
13-003	2/28/2013	9/1/2016	Fleet Vehicles	31,472.00	12,714.39
13-004	4/15/2013	3/1/2016	PC Replacement (Art Department)	12,312.00	4,076.00
13-005	5/15/2013	3/1/2017	Golf Course Maintenance Equipment	50,990.00	22,524.61
13-006	5/15/2013	3/1/2017	Golf Course Maintenance Equipment	9,900.00	4,903.29
13-007	5/15/2013	3/1/2016	Statewide Vital Records Information System	22,138.00	7,571.52
13-008	5/31/2013	9/1/2018	Delivery Vehicles	683,508.00	409,957.10
13-009	5/31/2013	9/1/2018	Golf Course Maintenance Equipment	70,070.89	42,027.40
13-010	6/14/2013	9/1/2028	State Transforming Agency Resources (STAR); ERP Software/Hardware	14,315,300.00	11,281,017.31
13-011	7/1/2013	9/1/2018	STAR Project; ERP Software, Hardware, and Services	1,606,208.91	999,759.62
13-012	7/1/2013	9/1/2018	Golf Course Maintenance Equipment	14,089.00	8,626.57
13-013	7/1/2013	9/1/2015	Integrated Property Assessment System (IPAS)	142,750.00	31,865.97
13-014	7/19/2013	9/1/2018	STAR Project; ERP Software, Hardware, and Services	1,148,211.55	722,627.58
13-015	8/1/2013	3/1/2018	Golf Course Maintenance Equipment	46,720.00	28,381.98

**OUTSTANDING MASTER LEASE SCHEDULES—Continued**  
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<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
13-017	9/16/2013	9/1/2028	STAR Project; ERP Software, Hardware, and Services	\$10,000,000.00	\$ 8,062,697.39
13-018	10/1/2013	3/1/2016	Statewide Vital Records Information System	392,274.00	157,439.17
13-019	10/1/2013	9/1/2017	Fleet Vehicles	41,042.00	24,664.01
13-020	10/1/2013	9/1/2020	Fleet Vehicles	37,942.00	27,284.49
13-021	11/1/2013	9/1/2017	Fleet Vehicles	86,516.00	53,285.46
13-022	11/15/2013	9/1/2018	Labor Market Information System	266,464.69	180,834.34
13-023	12/6/2013	9/1/2018	Labor Market Information System	355,286.25	244,560.56
13-024	12/6/2013	9/1/2016	Fleet Vehicles	23,816.00	12,981.57
13-025	12/23/2013	9/1/2017	Storage Hardware and Software	4,802,969.00	3,089,569.55
13-026	12/23/2013	9/1/2018	Labor Market Information System	177,643.13	123,703.27
14-001	1/31/2014	3/1/2017	Computer Storage Cluster	76,328.00	49,137.14
14-002	2/7/2014	9/1/2017	Storage Hardware and Software	107,100.00	73,074.51
14-003	2/7/2014	3/1/2021	Potato Grader	110,000.00	86,106.76
14-004	2/28/2014	3/1/2029	Star Project	1,049,735.00	856,421.72
14-005	4/1/2014	3/1/2023	Benefits Administration System	2,500,000.00	2,017,566.15
14-006	4/1/2014	3/1/2029	STAR Project; ERP Software and Services	1,266,560.00	1,042,265.20
14-007	4/1/2014	3/1/2029	STAR Project; ERP Software and Services	2,629.87	2,163.70
14-008	4/11/2014	3/1/2019	STAR Project; ERP Software and Services	63,111.00	47,197.39
14-009	4/11/2014	3/1/2016	Statewide Vital Records Information System	17,700.00	9,046.60
14-010	5/2/2014	3/1/2029	STAR Project; ERP Software and Services	1,779,630.00	1,477,163.57
14-011	5/2/2014	3/1/2018	Golf Course Maintenance Equipment	39,060.57	28,460.05
14-013	5/30/2014	3/1/2029	STAR Project; ERP Software and Services	2,211,085.00	1,849,629.31
14-014	5/30/2014	3/1/2018	Golf Course Maintenance Equipment	20,159.00	15,027.98
14-016	6/30/2014	3/1/2019	Wisconsin Integrated Correction System (WICS)	1,135,814.00	895,973.75
14-017	6/30/2014	9/1/2020	Patient Lifts - King Veterans Home	101,190.50	58,698.71
14-018	6/30/2014	3/1/2017	Business School Computers	31,148.92	22,243.60
14-019	6/30/2014	3/1/2023	Benefits Administration System	929,300.00	777,508.40
14-020	6/30/2014	3/1/2029	STAR Project; ERP Software and Services	3,150,758.69	2,643,544.49
14-021	6/30/2014	9/1/2018	Labor Market Information System	177,643.12	138,367.11
14-022	7/18/2014	3/1/2017	Computer Storage	149,761.16	114,911.14
14-023	7/18/2014	9/1/2020	Patient Lifts - King Veterans Home	113,916.90	96,335.51
14-024	8/8/2014	3/1/2029	Storage Hardware and Software	1,862,780.00	1,598,514.39
14-025	8/8/2014	9/1/2021	Biennial Budget System	335,859.30	284,311.80
14-026	9/16/2014	3/1/2029	Storage Hardware and Software	5,995,392.20	5,143,497.78
14-027	9/16/2014	3/1/2023	Benefits Administration System	1,761,132.00	1,510,270.72
14-028	9/16/2014	9/1/2019	Networking Equipment	380,835.80	315,022.62
14-029	10/1/2014	9/1/2018	Storage Hardware and Software	13,373,204.90	10,911,600.79
14-030	10/1/2014	9/1/2020	Patient Lifts - King Veterans Home	148,281.99	125,279.65
14-031	10/17/2014	3/1/2029	Storage Hardware and Software	2,459,415.00	2,108,669.01
14-032	6/30/2014	3/1/2019	Computer Software	941,472.00	775,308.86
14-033	11/18/2014	3/1/2029	STAR Project; ERP Systems Integrator	2,459,415.00	2,427,603.80
14-034	12/3/2014	3/1/2029	STAR Project; ERP Software and Services	2,459,415.00	2,432,118.86
14-035	12/3/2014	9/1/2017	Managed Computer Security	594,369.66	544,916.62
15-001	1/9/2015	3/1/2029	STAR Project; ERP Software and Services	2,459,415.00	2,443,116.15
15-002	2/13/2015	3/1/2029	STAR Project; ERP Software and Services	7,468,416.60	7,468,416.60
15-003	2/13/2015	3/1/2023	Integration Benefits Administration System	652,124.03	652,124.03
15-004	2/13/2015	9/1/2019	Wireless Mobile Microphones	282,452.10	282,452.10
15-005	2/13/2015	9/1/2021	Microwave Network Communications Equipment	1,228,998.25	1,228,998.25
15-006	3/16/2015	3/1/2029	STAR Project; ERP Software and Services	4,405,967.00	4,405,967.00
15-007	3/16/2015	9/1/2018	IT Storage Hardware and Software	1,333,701.84	1,333,701.84
15-008	3/16/2015	3/1/2018	Ultrasound Equipment	194,228.00	194,228.00
15-009	3/16/2015	3/1/2018	Ultrasound Equipment	137,945.50	47,945.50
15-010	4/21/2015	9/1/2018	Storage Hardware and Software	747,523.62	747,523.62
15-011	4/21/2015	9/1/2021	Microwave Network Hardware and Software	13,771.50	13,771.50
15-012	4/21/2015	3/1/2029	STAR Project; ERP Software and Services	4,584,263.80	4,584,263.80
15-013	4/21/2015	9/1/2018	Labor Market Information System	177,643.12	177,643.12
15-014	5/22/2015	9/1/2018	IT Storage Hardware and Software	151,226.85	151,226.85
15-015	5/22/2015	3/1/2018	Mainframe and Software Licenses	7,189,000.00	7,189,000.00
15-016	5/22/2015	3/1/2029	STAR Project; ERP Software and Services	3,557,638.40	3,557,638.40
					\$ 115,572,656.21

Note: The principal balance of the Lease Schedules in the above table is as of June 1, 2015. The principal balance of certain Lease Schedules in the above table reflects amortization at an assumed fixed interest rate; however, during the period that a Lease Schedule is funded with proceeds from the revolving credit facility, interest accrues and is based on a variable interest rate. As a result, the principal balances included in this table may change slightly when reconciled to reflect actual accrued interest. During a period of low interest rates, the principal balance of each Lease Schedule (and the corresponding series of master lease certificates of participation) may actually be slightly less than shown in the table as any payment in excess of the actual accrued interest is applied as principal prepayments. Final reconciliation of the actual to the assumed interest rates occurs with either the funding of Lease Schedules with master lease certificates of participation having fixed interest rates, such as the Certificates, or the last scheduled Lease Payment.

## APPENDIX C

### EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

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

Subject: \$39,960,000  
Master Lease  
Certificates of Participation of 2015, Series A  
(State of Wisconsin)

We have acted as bond counsel in connection with the issuance by U.S. Bank National Association, as trustee (the “**Trustee**”), of \$39,960,000 Master Lease Certificates of Participation of 2015, Series A (State of Wisconsin), dated the date hereof (the “**Certificates**”).

The Certificates are being issued pursuant to the Master Indenture, dated as of July 1, 1996 (the “**Indenture**”), by and among a predecessor-in-interest of U.S. Bank National Association (the “**Lessor**”), a predecessor-in-interest of the Trustee, and the State of Wisconsin, acting by and through the Department of Administration (the “**Lessee**”), as supplemented by Supplemental Indenture No. 2015-A, dated as of July 8, 2015 (the “**Supplemental Indenture**”), among the same parties or their successors-in-interest.

The Certificates evidence proportionate interests of the owners thereof in certain payments of rent to be made by the Lessee, under the Third Amended and Restated Master Lease #1992-1, dated as of April 28, 2000 (the “**Master Lease**”), by and between a predecessor-in-interest of the Lessor and the Lessee, which was entered into pursuant to Section 16.76, Wisconsin Statutes, as amended.

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

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

1. The Master Lease was duly authorized, executed, and delivered by the Lessee and, assuming due authorization, execution, and delivery thereof by the lessor thereunder, is valid and binding on the Lessee.
2. The Indenture and the Supplemental Indenture have been duly authorized, executed, and delivered by the Lessee, and, assuming due authorization, execution, and delivery thereof by the Trustee and the Lessor, the Indenture, as supplemented by the Supplemental Indenture, is valid and binding upon the Lessee.
3. The Certificates evidence valid and binding proportionate interests in, and rights to receive, the payments of rent under the Master Lease.
4. The Lessee is required to make the payments of rent from any source of legally available funds, subject to annual appropriation. The obligation of the Lessee to make the payments of rent does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any tax or for which the Lessee has levied or pledged any tax. The obligation of the Lessee to make the payments of

rent does not constitute public debt (as defined under Chapter 18 of the Wisconsin Statutes) of the Lessee or any of its political subdivisions.

5. The portion of rent designated as and constituting interest paid by the Lessee and received by the owners of the Certificates as interest is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, the interest portion of rent is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. This letter expresses no opinion as to the federal income tax consequences resulting from ownership of the Certificates or the receipt by owners thereof of payments on the Certificates following the termination of the Master Lease resulting from an event of nonappropriation or an event of default thereunder. The Lessee must comply with all requirements of the Internal Revenue Code that must be satisfied after the Certificates are issued for the interest portion of rent to be, or continue to be, excluded from gross income for federal income tax purposes. The Lessee has agreed to do so. A failure to comply may cause the interest portion of rent to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Certificates were issued. This letter expresses no opinion about other federal tax law consequences regarding the Certificates.

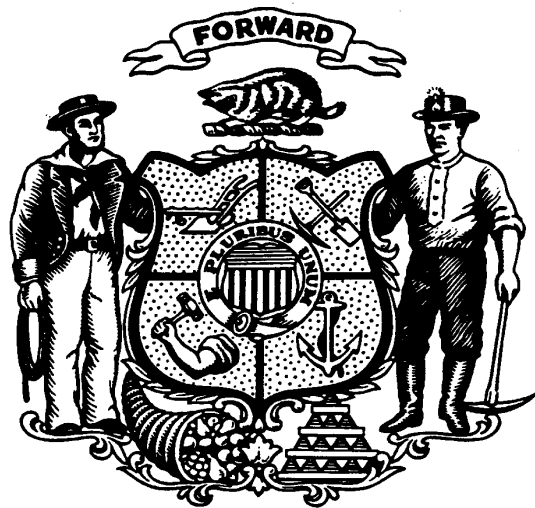
The rights of the owners of the Certificates and the enforceability of the Certificates and the Master Lease may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated June 23, 2015 or any other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement).

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law. In acting as bond counsel, we have established an attorney-client relationship solely with the Lessee.

Very truly yours,

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