

OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2015 Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement. Unless otherwise indicated, capitalized terms are defined in **APPENDIX C**.

\$133,235,000

STATE OF WISCONSIN

CLEAN WATER REVENUE REFUNDING BONDS, 2015 SERIES 1

Dated: Date of Delivery

Due: June 1, as shown on the front cover

Ratings AA+ Fitch Ratings
Aa1 Moody's Investors Service, Inc.
AA+ Standard & Poor's Ratings Services

Tax Exemption Interest on the 2015 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. —*Pages 13-14.*

Interest on the 2015 Bonds is not exempt from current State of Wisconsin income or franchise taxes—*Page 14.*

Redemption The 2015 Bonds maturing on or after June 1, 2025 are callable at par on June 1, 2024 or any date thereafter —*Page 3.*

Security The 2015 Bonds are payable solely from (1) Pledged Loan Repayments, (2) amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and (3) any other Pledged Receipts. As of June 1, 2015, the Milwaukee Metropolitan Sewerage District and the State were expected to provide 32% and 18%, respectively, of the funds applied to pay debt service on the Outstanding Bonds—*Pages 7-10.*

Priority The 2015 Bonds are issued on a parity with all other Bonds previously or hereafter issued under the General Resolution —*Page 7.*

Purpose Proceeds of the 2015 Bonds are being used for the current and advance refunding of previously issued Bonds and to pay Costs of Issuance —*Pages 1-3.*

Interest Payment Dates June 1 and December 1, commencing December 1, 2015

Closing/Settlement On or about July 15, 2015

Denominations Multiples of \$5,000

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

Bond Counsel Foley & Lardner LLP

Issuer Contact Wisconsin Capital Finance Office
(608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov

Book-Entry System The Depository Trust Company—*Pages 4-5.*

2014 Annual Report This Official Statement incorporates by reference, and makes updates and additions to, **Parts I, II, III, and VI** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014.

The prices and yields listed below were determined on June 18, 2015 at negotiated sale. The 2015 Bonds were purchased at an aggregate purchase price of \$155,954,028.69.

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional	
						Call Date (June 1)	Call Price
977092 WK7	2017	\$ 1,730,000	5.00%	0.73%	107.948%	Not Callable	-
977092 WL5	2018	5,625,000	5.00	1.07	111.106	Not Callable	-
977092 WM3	2019	19,350,000	5.00	1.30	113.946	Not Callable	-
977092 WN1	2020	16,105,000	5.00	1.54	116.197	Not Callable	-
977092 WP6	2021	10,560,000	5.00	1.79	117.831	Not Callable	-
977092 WQ4	2022	11,360,000	5.00	2.02	119.043	Not Callable	-
977092 WR2	2023	14,115,000	5.00	2.17	120.388	Not Callable	-
977092 WS0	2024	12,665,000	5.00	2.35	121.120	Not Callable	-
977092 WT8	2025	13,320,000	5.00	2.48	119.967	(a) 2024	100%
977092 WU5	2026	13,540,000	5.00	2.59	119.001	(a) 2024	100
977092 WV3	2027	7,245,000	5.00	2.71	117.958	(a) 2024	100
977092 WW1	2028	7,620,000	5.00	2.81	117.098	(a) 2024	100

(a) These 2015 Bonds are priced to the June 1, 2024 first optional call date.

Citigroup	BofA Merrill Lynch
Academy Securities	Goldman, Sachs & Co
RBC Capital Markets	Ramirez & Co., Inc. Stifel

June 18, 2015

This document is called an official statement because it is the only document the State has authorized for providing information about the 2015 Bonds. This document is not an offer or solicitation for the 2015 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2015 Bonds, and anything else related to the offering.

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 the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

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

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

No dealer, broker, sales representative, or other person has been authorized by the State to give any information or to make any representations about the 2015 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the 2015 Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly incorporated.

In connection with the offering of the 2015 Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2015 Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the 2015 Bonds to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the **front cover** hereof and such public offering prices may be changed from time to time by the Underwriters.

TABLE OF CONTENTS

	Page		Page
STATE OFFICIALS PARTICIPATING IN THE		Build America Bonds.....	10
ISSUANCE AND SALE OF THE 2015 BONDS.....	ii	Additional Bonds	10
SUMMARY DESCRIPTION OF THE 2015 BONDS	iii	OTHER MATTERS.....	11
INTRODUCTION.....	1	Borrowing Plans for 2015	11
PLAN OF FINANCE.....	1	Underwriting	11
Current Refunding.....	1	Reference Information About 2015 Bonds.....	11
Advance Refunding	2	Financial Advisor	11
Sources and Uses of Funds	2	Verification of Mathematical Computations	11
2015 BONDS	3	Legal Investment.....	12
General	3	Certain Legal Matters.....	12
Redemption Provisions	3	Absence of Litigation.....	12
Payment of 2015 Bonds.....	4	Tax Exemption	13
Ratings.....	4	State of Wisconsin Income and Franchise Taxes	14
Book-Entry-Only Form.....	4	CONTINUING DISCLOSURE.....	14
Possible Discontinuance of Book-Entry-Only System.....	5	FURTHER INFORMATION	15
ENVIRONMENTAL IMPROVEMENT FUND.....	6	APPENDIX A – INFORMATION ABOUT THE CLEAN	
CLEAN WATER FUND PROGRAM	6	WATER FUND PROGRAM.....	A-1
Changes Under Consideration.....	7	APPENDIX B – INFORMATION ABOUT THE STATE.....	B-1
SECURITY	7	APPENDIX C – DEFINITIONS OF CERTAIN TERMS	C-1
Funding Levels.....	8	APPENDIX D – EXPECTED FORM OF BOND	
Loans	8	COUNSEL OPINION	D-1
Subsidy Fund.....	8	APPENDIX E – OUTSTANDING BONDS	
Loan Credit Reserve Fund	9	REFUNDED BY 2015 BONDS	E-1
State Financial Participation	9		
Milwaukee Metropolitan Sewerage District.....	10		

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE 2015 BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	Term of Office Expires
Governor Scott Walker, Chairperson	January 7, 2019
Senator Terry Moulton, Vice-Chairperson	January 7, 2019
Senator Jerry Petrowski	January 7, 2019
Senator Janis Ringhand	January 7, 2019
Representative Mark Born	January 2, 2017
Representative Robb Kahl	January 2, 2017
Representative Rob Swearingen	January 2, 2017
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

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

Building Commission Secretary

Ms. Summer R. Strand, Administrator Division of Facilities Development Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration
-----------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------

OTHER PARTICIPANTS

Mr. Brad D. Schimel State Attorney General	January 7, 2019
Mr. Scott A. Neitzel, Secretary Department of Administration	At the pleasure of the Governor
Ms. Cathy Stepp, Secretary Department of Natural Resources	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

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

Mr. Aaron Heintz
Finance Programs Administrator
(608) 266-0739
aaron.heintz@wisconsin.gov

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

SUMMARY DESCRIPTION OF THE 2015 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed investment decision regarding the 2015 Bonds, a prospective investor should read the entire Official Statement

Description:	Clean Water Revenue Refunding Bonds, 2015 Series 1
Principal Amount	\$133,235,000
Denominations:	Multiples of \$5,000
Date of Issuance:	Date of delivery (On or about July 15, 2015)
Interest Payments:	June 1 and December 1, commencing December 1, 2015
Record Dates:	May 15 and November 15
Maturities:	June 1, 2017-2028
Redemption:	<i>Optional</i> —The 2015 Bonds maturing on or after June 1, 2025 are callable at par on June 1, 2024 or any date thereafter— <i>Page 3</i>
Form:	Book-entry-only— <i>Pages 4-5</i>
Trustee/Paying Agent:	All payments of principal of, and interest on, the 2015 Bonds will be made by U.S. Bank National Association, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security for Bonds:	The 2015 Bonds, and all other parity Bonds previously issued or to be issued in the future, are payable solely from: <ul style="list-style-type: none">• Pledged Loan Repayments,• Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and• Any other Pledged Receipts. As of June 1, 2015, the Milwaukee Metropolitan Sewerage District and the State were expected to provide 32% and 18%, respectively, of the funds applied to pay debt service on the Outstanding Bonds— <i>Pages 7-10</i>
Outstanding Parity Bonds:	\$706,345,000 as of June 1, 2015.
Authority for Issuance:	The 2015 Bonds are authorized under Chapter 18 and Sections 281.58 and 281.59, Wisconsin Statutes, and authorized and issued pursuant to the Resolution adopted by the Commission.
Purpose:	Proceeds of the 2015 Bonds are being used for the current and advance refunding of previously issued Bonds and to pay Costs of Issuance.
Additional Bonds:	Additional Bonds may be issued without limitation as to the amount, subject to any applicable statutory limitation, payable on a parity with the 2015 Bonds and all other Bonds previously issued, provided that the Loan Credit Reserve Fund Requirement and the Subsidy Fund Requirement are satisfied— <i>Page 10</i>
Tax Exemption:	Interest on the 2015 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <i>Pages 13-14</i> Interest on the 2015 Bonds is not exempt from current State of Wisconsin income or franchise taxes— <i>Page 14</i>
2014 Annual Report:	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014.
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>APPENDIX D</i>

OFFICIAL STATEMENT
\$133,235,000
STATE OF WISCONSIN
CLEAN WATER REVENUE REFUNDING BONDS, 2015 SERIES 1

INTRODUCTION

This Official Statement provides information about the \$133,235,000 Clean Water Revenue Refunding Bonds, 2015 Series 1 (**2015 Bonds**) to be issued by the State of Wisconsin (**State**). This Official Statement incorporates by reference, and makes updates and additions to, **Parts I, II, III, and VI** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 (**2014 Annual Report**).

The 2015 Bonds are authorized under the Wisconsin Statutes and a Clean Water Revenue Bond General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006 (**General Resolution**). The 2015 Bonds are being issued under a series resolution adopted by the Commission on April 29, 2015 (**Series Resolution**). The General Resolution and the Series Resolution are collectively referred to as the **Resolution**.

The Commission has authorized the State Department of Administration (**DOA**) to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated. Requests for additional information, including copies of the Resolution, Financial Assistance Agreements, or Municipal Obligations, may be directed to:

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

Unless otherwise indicated, capitalized terms used in this Official Statement are defined in **APPENDIX C**. Certain documents are expressly incorporated into this Official Statement by reference; however, all other web sites listed in this Official Statement are provided for informational purposes only and are not incorporated by reference into this Official Statement.

PLAN OF FINANCE

The Commission is empowered by law to issue refunding bonds. The 2015 Bonds are being issued for the current and advance refunding of certain maturities of previously issued Bonds and for payment of Costs of Issuance. See "**PLAN OF FINANCE; Sources and Uses of Funds**".

Current Refunding

A portion of the proceeds of the 2015 Bonds will be deposited into the Redemption Account of the Debt Service Fund of the General Resolution. These proceeds will be used to pay, within 90 days of the delivery date of the 2015 Bonds, the redemption price of, and interest on, certain previously issued Bonds (**Current Refunding**). The refunded maturities associated with the Current Refunding are currently outstanding in the aggregate principal amount of \$28,040,000 (**Current Refunded Bonds**). **APPENDIX E** identifies, and provides information about, the Current Refunded Bonds.

In the opinion of Bond Counsel, upon the State making the deposit described above into the Redemption Account of the Debt Service Fund of the General Resolution, and irrevocable instructions being provided to the Trustee to redeem the Current Refunded Bonds, the Current Refunded Bonds will be deemed to be paid and will no longer be considered Outstanding for purposes of the General Resolution.

Advance Refunding

A portion of the proceeds of the 2015 Bonds will provide for the advance refunding of certain previously issued Bonds (**Advance Refunding**). The refunded maturities associated with the Advance Refunding are currently outstanding in the aggregate principal amount of \$113,380,000 (**Advance Refunded Bonds**). **APPENDIX E** identifies, and provides information about, the Advance Refunded Bonds.

These proceeds of the 2015 Bonds will be used to purchase noncallable direct obligations of the United States or obligations (including obligations of any federal agency or corporation) for which the payment of the principal and interest are unconditionally guaranteed by the full faith and credit of the United States (**Government Obligations**). These Government Obligations, together with the interest to be earned, and a beginning cash deposit, will be sufficient:

- (i) to pay when due the interest on the Advance Refunded Bonds to and including their respective redemption dates; and
- (ii) to pay the principal or redemption price of the Advance Refunded Bonds when due on their respective redemption dates.

Defeasance Escrow Agreement

The Government Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund (**Escrow Fund**) created by a Defeasance Escrow Agreement (**Escrow Agreement**), between the State and U.S. Bank National Association (**Escrow Agent**) solely for the benefit of the owners of the Advance Refunded Bonds. Neither the Escrow Agreement, the cash deposit, nor the interest earnings held in the Escrow Fund will serve as security for or be available for the payment of the 2015 Bonds.

The Escrow Fund will be held by the Escrow Agent in trust to make payments of the principal of, and redemption premium, if any, and interest on, the Advance Refunded Bonds. The Escrow Fund will be held by the Escrow Agent separate and apart from all other funds or accounts held by the Escrow Agent. The Escrow Agent will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay the Escrow Agent's fees and costs from proceeds of the 2015 Bonds or other available funds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Robert Thomas CPA, LLC (**Verification Agent**).

In the opinion of Bond Counsel, upon the State making the deposit described above into the Escrow Fund, the Advance Refunded Bonds will be deemed to be paid and will no longer be considered Outstanding for purposes of the General Resolution.

Sources and Uses of Funds

The State anticipates that the proceeds of the 2015 Bonds will be applied as follows.

Sources

Principal Amount	\$133,235,000.00
Original Issue Premium	<u>23,504,407.85</u>
Total Sources	<u>\$156,739,407.85</u>

Uses

Deposit to Redemption Account of Debt Service Fund (Current Refunding).....	\$ 28,324,294.44
Deposit to Escrow Fund (Advance Refunding)	127,282,170.65
Underwriters' Discount.....	785,379.16
Costs of Issuance.....	<u>347,563.60</u>
Total Uses	<u>\$156,739,407.85</u>

2015 BONDS

General

The **front cover of this Official Statement** sets forth the maturity dates, principal amounts, interest rates, and other information for the 2015 Bonds. The 2015 Bonds are being issued in book-entry only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the 2015 Bonds, The Depository Trust Company, New York, New York (**DTC**). See **“2015 BONDS; Book-Entry-Only Form”**.

The 2015 Bonds will be dated the date of their delivery (expected to be July 15, 2015) and will bear interest from that date, payable on June 1 and December 1 of each year, beginning on December 1, 2015.

Interest on the 2015 Bonds will be computed on the basis of a 360-day year of twelve 30-day months. So long as the 2015 Bonds are in book-entry-only form, payments of the principal of, and interest on, each 2015 Bond will be paid to the securities depository.

The 2015 Bonds are being issued as fully registered bonds without coupons in denominations of \$5,000 or any multiple of \$5,000.

The 2015 Bonds and all other bonds issued or to be issued under the General Resolution are collectively referred to as the **Bonds**. U.S. Bank National Association is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2015 Bonds.

Redemption Provisions

Optional Redemption

The 2015 Bonds maturing on or after June 1, 2025 may be redeemed on June 1, 2024 or any date thereafter, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission (or the Capital Finance Director, on behalf of the Commission) may decide whether to redeem the 2015 Bonds and may direct the amounts and maturities of the 2015 Bonds to be redeemed.

Notice of Redemption

So long as the 2015 Bonds are in book-entry-only form, any redemption notice will be sent by the Trustee (by registered or first class mail, postage prepaid) to the securities depository between 30 and 60 days before the redemption date.

All redemption notices will also be sent to each Rating Agency and the Information Services. Failure to give any required notice of redemption as to any particular 2015 Bonds will not affect the validity of the call for redemption of any 2015 Bonds in respect of which no such failure has occurred. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Interest on any 2015 Bond called for redemption will cease to accrue on the redemption date so long as the 2015 Bond is paid or money is provided for its payment. If moneys are not available on the redemption date, the 2015 Bonds or portions that are subject to any redemption notice shall continue to bear interest, until paid, at the same rate as they would have borne had they not been called for redemption.

Selection of 2015 Bonds to be Redeemed

So long as the 2015 Bonds are in book-entry-only form, selection of the beneficial owners affected by any redemption will be made by the securities depository and its participants in accordance with their rules.

Payment of 2015 Bonds

So long as the 2015 Bonds are in book-entry-only form, payments of principal and interest will be made by wire transfer to the securities depository or its nominee.

Ratings

The following ratings have been assigned to the 2015 Bonds:

<u>Rating</u>	<u>Rating Agency</u>
AA+	Fitch Ratings
Aa1	Moody's Investors Service, Inc.
AA+	Standard & Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the Rating Agency giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities. No one can offer any assurance that a rating given to the 2015 Bonds will be maintained for any period of time; a Rating Agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2015 Bonds. The State may elect, subject to the requirements of the General Resolution, not to continue requesting ratings on the Bonds from a particular Rating Agency or may elect to request ratings on the Bonds from a different nationally recognized rating agency.

Book-Entry-Only Form

The 2015 Bonds will initially be issued in book-entry-only form. Purchasers of the 2015 Bonds will not receive bond certificates but instead will have their ownership in the 2015 Bonds recorded in the book-entry system.

2015 Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2015 Bonds. Ownership of the 2015 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the 2015 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Paying Agent will make all payments of principal of, and interest on, the 2015 Bonds to DTC. Owners of the 2015 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or the Trustee will provide any notices or other communications about the 2015 Bonds to DTC. Owners of the 2015 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will assign its voting rights through the DTC Participants.

Redemption

If less than all the 2015 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2015 Bonds to be redeemed from each DTC Participant.

Discontinued Service

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

Further Information

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

Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2015 Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event that participation in DTC's book-entry system were to be discontinued without a successor securities depository being appointed, how the 2015 Bonds are transferred, redeemed and paid would differ.

Transfer

The 2015 Bonds would be transferable only upon the registration books maintained by the Trustee, as Registrar, upon surrender to the Trustee of the 2015 Bond to be transferred, together with an instrument of transfer satisfactory to the Trustee. The Trustee would not be required to transfer or exchange any 2015 Bond during the 15 days immediately preceding any interest payment date for the 2015 Bonds, or in the case of the proposed redemption of 2015 Bonds, immediately preceding the date of the selection of the 2015 Bonds to be redeemed. In the event that less than the entire principal amount of a maturity were to be redeemed, the Trustee would issue a new 2015 Bond certificate or certificates in the principal amount outstanding after redemption on the redemption date.

Redemption

2015 Bonds would be selected for redemption by the Trustee by lot or such other manner as the Trustee shall determine. Any notice of the redemption of any 2015 Bonds would be sent by the Trustee (by registered or first class mail, postage prepaid) to the owners of the 2015 Bonds being redeemed between 30 and 60 days before the redemption date. Failure to give any required notice would not affect the validity of the call for redemption in respect of which no such failure has occurred. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the 2015 Bond was paid or moneys were on deposit with the Trustee for its payment. If moneys are not available on the redemption date, the 2015 Bonds or portions that are subject to any redemption notice shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment

Payment of principal would be made by check or draft upon the presentation and surrender of 2015 Bonds at the office of the Paying Agent, and interest would be paid when due by check or draft mailed to the owners of record at the address appearing on the registration books on the Record Date—which is the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. A registered owner of \$1 million or more in principal amount of 2015 Bonds outstanding would be paid by wire transfer to such account as the owner may designate.

ENVIRONMENTAL IMPROVEMENT FUND

The State's Environmental Improvement Fund provides for two separate environmental financing programs:

- **Clean Water Fund Program.** Established in 1990, the Clean Water Fund Program is a municipal financial assistance program for water pollution control projects and includes the State's implementation of a federal state revolving fund program under the Federal Water Quality Act of 1987. This program also funds the Land Recycling Loan Program, which is a municipal loan program for remediation of contaminated lands.
- **Safe Drinking Water Loan Program.** The Safe Drinking Water Loan Program is a municipal loan program for drinking water projects and includes the State's implementation of the Federal Safe Drinking Water Act Amendments of 1996. Loans from the Safe Drinking Water Loan program are primarily funded from federal Capitalization Grants awarded for this purpose, the required State match for those Capitalization Grants, and recycled State Drinking Water Loan payments.

The State has used proceeds of previously issued Bonds (other than refunding Bonds), and repayments of previously disbursed loans, to make loans under the Clean Water Fund Program. These loans have terms not exceeding 20 years, and most loans have interest rates at or below market interest rates at the times the loans are made. If changes were made to the Wisconsin Statutes, Bond proceeds could be used to make loans under the Safe Drinking Water Loan Program and Land Recycling Loan Program; however, no legislation is pending that would make such changes.

CLEAN WATER FUND PROGRAM

The Clean Water Fund Program is a single program that consists of three loan portfolios:

- **Leveraged Portfolio**, consisting of **Pledged Loans** funded with Bond proceeds along with repayments of the principal of, and interest on, those loans. Only the Leveraged Portfolio is pledged to secure payment of the Bonds.
- **Direct Portfolio** or **Clean Water Portfolio**, consisting of **Direct Loans** funded with federal capitalization grants and the required State match along with repayments of the principal of, and interest on, those loans.
- **Proprietary Portfolio**, consisting of **Proprietary Loans** funded with State general obligation bond proceeds along with repayments of the principal of, and interest on, those loans.

Only Pledged Loans are funded with Bond proceeds, and only Pledged Loan Repayments are pledged to the repayment of the Bonds. In other words, Bond proceeds do not fund Direct Loans or Proprietary Loans, and repayments of Direct Loans or Proprietary Loans are not pledged to the repayment of the Bonds. This Official Statement and the 2014 Annual Report use the term "Pledged Loans" to refer to the same loans that are called "Leveraged Loans" and "Loans" in the General Resolution.

Pledged Loans, Direct Loans, and Proprietary Loans are made to Municipalities pursuant to Financial Assistance Agreements. As evidence of each loan, the Municipality is required to issue and deliver to the State a bond or note of the Municipality (**Municipal Obligation**) obligating the Municipality to repay the loan on the maturity schedule and at the interest rate set forth in the Financial Assistance Agreement.

With respect to the Pledged Loans, as of June 1, 2015 no Municipality has been in default of any Municipal Obligations issued to evidence such Pledged Loans.

Information concerning the Clean Water Fund Program is included as [APPENDIX A](#), which incorporates by reference Part VI of the 2014 Annual Report. [APPENDIX A](#) includes updated information and makes changes or additions to Part VI of the 2014 Annual Report.

Changes Under Consideration

The State is considering programmatic changes to the Clean Water Fund Program that, if implemented, will include the adoption of a new and separate general resolution under which future revenue bonds would be issued to fund loans of the type currently held as part of both the Leveraged Portfolio and Direct Portfolio. Any bonds issued under that general resolution would not be “Bonds,” and any Clean Water Fund Program loans (including those in the Leveraged Portfolio) would not be “Pledged Loans,” within the meanings of those terms in the General Resolution and this Official Statement. None of the contemplated changes would affect the pledge of the Pledged Loan Repayments or other Pledged Receipts to secure the Bonds issued under the current General Resolution.

If those changes are implemented, the State does not intend to issue any further new money Bonds pursuant to the General Resolution. However, the State may continue to issue refunding Bonds from time to time, depending on market conditions. There is no assurance that the contemplated changes will be implemented. Moreover, although the State does not currently expect that it would do so, it would retain the authority to issue additional Bonds under the General Resolution to finance new loans if it should determine to do so.

SECURITY

The 2015 Bonds are issued on a parity with all other Bonds previously issued or to be issued under the General Resolution.

The Bonds are special obligations of the State, payable solely from the revenues, receipts, funds, and moneys pledged under the General Resolution. Debt service on the 2015 Bonds and all other parity Bonds is secured by a pledge of:

- Pledged Loan Repayments made by Municipalities.
- Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, each of which were established pursuant to the General Resolution.
- Any other Pledged Receipts.

The State is not obligated to pay the principal of, and interest on, the 2015 Bonds or any other Bonds from any revenues or funds of the State other than those pledged pursuant to the General Resolution, and neither the full faith and credit nor the taxing power of the State or any agency, instrumentality, or political subdivision thereof is pledged to the payment of the principal of, or interest on, the 2015 Bonds or any other Bonds.

The Legislature has authorized the issuance of \$2.709 billion of revenue bonds (not including refunding bonds) for the Clean Water Fund Program. The State has previously issued \$1.570 billion of Bonds (not including any refunding Bonds) and an additional \$649 million of refunding Bonds. As of June 1, 2015, approximately \$706 million of Bonds were Outstanding.

Prior to the issuance of the 2015 Bonds or additional parity Bonds, the State must certify that, upon the delivery of such Bonds, there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement.

Further information concerning the security and source of payment for the Bonds is included as **APPENDIX A**, which incorporates by reference Part VI of the 2014 Annual Report. Part VI of the 2014 Annual Report addresses the following security matters:

- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers

- State financial participation
- Additional Bonds
- General Resolution

Funding Levels

The Clean Water Fund Program continues to receive applications for financial assistance and reviews and approves such applications prior to award of any additional loans (including, but not limited to, Pledged Loans) through a Financial Assistance Agreement. The amount of federal funding available in the future may affect the amount of loans to be made by the Clean Water Fund Program and the amount of Bonds to be issued by the State.

Bonds for the funding of loans under the Clean Water Fund Program were most recently issued July 2012. Starting in June 2013, loans that previously would have been funded with Bond proceeds have been funded with unallocated moneys of the Direct Portfolio; this funding is an allowable investment activity of that portfolio. The Clean Water Fund Program intends to continue funding loans in this manner but reserves the right to use other funding sources, including but not limited to Bonds, for funding loans. The State could issue Bonds in the future to refinance the loans held in the Direct Portfolio, thereby moving the loans to the Leveraged Portfolio. However, if the State implements the changes discussed under “**CLEAN WATER FUND; Changes Under Consideration,**” it would not expect to issue future new money Bonds pursuant to the General Resolution for this purpose.

Loans

The Wisconsin Statutes set forth certain requirements for eligibility of a Municipality to receive financial assistance from the Clean Water Fund Program. Additional information concerning the loan application process, lending criteria, levy limits for municipalities, commitments, and financial assistance agreements is described in Part VI of the 2014 Annual Report. See **APPENDIX A**.

Each Financial Assistance Agreement requires the Municipality to submit annual audited financial statements to the State, within 180 days after the end of the Municipality’s fiscal year, for the State’s review. The Department of Administration takes an active role in collecting these documents with initial and follow-up requests to Municipalities that have not complied with this requirement. The State’s review of these financial statements focuses on revenue sufficiency; if concerns on sufficient revenues are identified, the Municipality is notified and required, pursuant to the Financial Assistance Agreement, to take actions to address the concern. In addition, each Municipality covenants in the Financial Assistance Agreement to review its user charge system every two years for the life of the loan.

Subsidy Fund

Since most Pledged Loans are made at interest rates below the Clean Water Fund Program’s cost of borrowing, the General Resolution establishes a Subsidy Fund and requires that the amount on deposit meet the Subsidy Fund Requirement and that the Subsidy Fund Transfer Amount be transferred to the Debt Service Fund before each Interest Payment Date. Prior to any disbursement from the Loan Fund, the State is required by the General Resolution to meet the Subsidy Fund Requirement by depositing amounts in the Subsidy Fund. As of June 1, 2015, the outstanding balance of State general obligations issued and on deposit in the Subsidy Fund was \$159 million, with the future principal and interest payments due the Subsidy Fund from these State general obligations, and other cash on deposit in the Subsidy Fund, totaling \$220 million.

As part of the programmatic changes to the Clean Water Fund Program that are currently being considered, it is possible that State general obligations on deposit in the Subsidy Fund could be replaced with revenue bonds issued under a new and separate general resolution. This replacement would be dependent on the rating of such revenue bonds meeting the requirements of the General Resolution for investments in the Subsidy Fund. See “**CLEAN WATER FUND; Changes Under Consideration**.”

Loan Credit Reserve Fund

The General Resolution establishes the amount and timing of funds and securities required to be deposited in the Loan Credit Reserve Fund, based on Loan Credit Reserve Fund Schedules reviewed by each Rating Agency. To the extent the amount of deposit required by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. See [APPENDIX A](#).

As of June 1, 2015, the Loan Credit Reserve Fund consisted of \$99 million in cash and investments, which equaled the Loan Credit Reserve Fund Requirement as of that date.

As of June 1, 2015, the cash and investments in the Loan Credit Reserve Fund were invested as follows:

- \$31 million in direct obligations of the United States under four forward delivery agreements with Wells Fargo Bank, National Association, as successor to Wachovia Bank, National Association.
- \$14 million in direct obligations of the United States under two separate reserve fund forward delivery agreements with JPMorgan Chase Bank, NA.
- \$10 million in general obligations of the State of Wisconsin with an extendible maturity date.
- \$44 million in an investment pool managed by the State of Wisconsin Investment Board.

Each of the above investments provide for liquidation of the investments if and when required by the terms of the General Resolution.

No information is provided in this Official Statement about any rating assigned to an obligor (other than the State) or guarantor of any investment agreement or forward delivery agreement held on deposit in the Loan Credit Reserve Fund. Certain events related to those agreements could occur that may impact the Loan Credit Reserve Fund and the amount available in the Loan Credit Reserve Fund to meet the Loan Credit Reserve Fund Requirement.

If one or more Municipalities fail to make their Pledged Loan Repayments, and the amount available from the Loan Credit Reserve Fund is less than the amount of the delinquent payments, the Clean Water Fund Program may be unable to make timely payments of the principal or redemption price of, or interest on, the Bonds.

However, any effect on Bondowners of a failure by one or more Municipalities to pay debt service on Pledged Loans would be moderated by amounts available in the Loan Credit Reserve Fund and the Subsidy Fund and by the security provisions of the Financial Assistance Agreements.

State Financial Participation

Based on the general obligations of the State deposited in the Subsidy Fund and cash-flow calculations as of June 1, 2015, the State's general obligations were expected to be the source of approximately 18% of the cash flow servicing the Outstanding Bonds. The percentage changes when changes occur in the amount of general obligations issued by the State for this purpose, the repayment schedules for the Pledged Loans, or the debt service payments remaining on the Outstanding Bonds. This percentage was 17% as of December 1, 2014 and 18% as of December 1, 2013. The percentage as of December 1, 2014 was incorrectly stated in the 2014 Annual Report.

Although the State has no present intent to cause this to happen, additional State general obligations may also be sold to the Clean Water Fund Program for deposit in the Loan Credit Reserve Fund to meet the Loan Credit Reserve Fund Requirement.

Information concerning the State, its financial condition, and its general obligations is included as [APPENDIX B](#), which incorporates by reference, and includes updated information and makes changes or additions to, Parts II and III of the 2014 Annual Report.

Milwaukee Metropolitan Sewerage District

Based on cash-flow calculations as of June 1, 2015, the Milwaukee Metropolitan Sewerage District (MMSD) was expected to provide 32% of the funds applied to pay debt service on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds. This percentage was 38% as of December 1, 2014 and 32% as of December 1, 2013. MMSD has issued Municipal Obligations to evidence its obligation to repay its Pledged Loans. The Municipal Obligations issued by MMSD are general obligations; MMSD has made an irrevocable levy of ad valorem property taxes sufficient to pay debt service on its Pledged Loans when due.

Information concerning MMSD is included in Part VI of the 2014 Annual Report, which incorporated by reference the MMSD Comprehensive Annual Financial Report (MMSD CAFR) for the period ending December 31, 2013. The MMSD CAFR has been filed with the Municipal Securities Rulemaking Board (MSRB) through its EMMA system and should be consulted only with respect to MMSD. See [APPENDIX A](#).

MMSD is expected to make the MMSD CAFR for the period ending December 31, 2014 available with the MSRB through its EMMA system by June 30, 2015. In addition, MMSD has made additional financial information available through the EMMA system, including draft/unaudited financial statements for the year ended December 31, 2014, included in an official statement for a recent MMSD bond issuance. Such information is not included in, or made a part of, this Official Statement.

Build America Bonds

As of June 1, 2015, one series of taxable Bonds treated as “build America bonds” pursuant to Section 54AA of the Code, for which the State is allowed a refundable tax credit, had been issued in the amount of \$50 million and remained outstanding in the same amount. This series of taxable Bonds were issued on a parity with all other Bonds previously issued or to be issued under the General Resolution. The Code provides for direct payments of the refundable tax credit, in the amount of 35% of each interest payment, but the amount has and continues to be subject to reduction pursuant to federal sequestration.

The direct payment the State expects to receive from the United States Treasury with respect to interest payable by the State for taxable Bonds previously issued by the State and treated as “build America bonds” is not pledged to the payment of debt service on the Bonds.

Additional Bonds

The General Resolution permits the issuance of additional Bonds, without limitation as to amount, except for any statutory limitations on the aggregate authorized amount of revenue bonds that can be issued for the Program. As of June 1, 2015, \$1.139 billion of Bonds were legislatively authorized but unissued. Proceeds of these Bonds, if issued, may be used to provide funds for Clean Water Fund Program purposes, including making Pledged Loans. See [“CLEAN WATER FUND; Changes Under Consideration”](#) for discussion on pending changes that could affect the likelihood of any additional Bonds being issued pursuant to the General Resolution to make or fund Pledged Loans.

There is no statutory limit that restrains the amount of Bonds that may be issued for refunding purposes. As a condition to the issuance of additional Bonds, the General Resolution requires that there be delivered to the Trustee a certificate of an Authorized Officer that, upon the issuance of such Bonds, there will be in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement and that there will be in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement.

Any additional Bonds issued under the General Resolution will be on a parity with all other Bonds previously issued, and will be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the State set forth in the General Resolution (except for funds pledged to defease any specific Bonds).

OTHER MATTERS

Borrowing Plans for 2015

The 2015 Bonds are the first Bonds issued in calendar year 2015. The Commission has authorized \$192 million of additional clean water revenue refunding bonds to refund previously issued Bonds. The amount and timing of any issuance of additional refunding Bonds depend on market conditions. The State has no current plans to issue additional new money Bonds under the General Resolution. Any new money revenue bonds issued this year for the Clean Water Fund Program would likely be issued in the fourth quarter under the new general resolution discussed under “**CLEAN WATER FUND; Changes Under Consideration.**”

Underwriting

The 2015 Bonds are being purchased by the **Underwriters** listed on the front cover, for which Citigroup Global Markets Inc. is acting as the representative.

The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2015 Bonds at an aggregate purchase price, not including accrued interest, of \$155,954,028.69 (reflecting an aggregate original issue premium of \$23,504,407.85 and Underwriters’ discount of \$785,379.16). The Underwriters’ obligations are subject to certain conditions, and they will be obligated to purchase all the 2015 Bonds if any 2015 Bonds are purchased.

The Underwriters have agreed to reoffer the 2015 Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 2015 Bonds may be offered and sold to certain dealers (including dealers depositing the 2015 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. 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, Nixon Peabody LLP.

Reference Information About 2015 Bonds

The table on the **front cover** includes information about the 2015 Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes are reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the initial reoffering yields and prices. For each of the 2015 Bonds 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.

Financial Advisor

Sycamore Advisors, LLC has been engaged by the State to perform professional services in the capacity of financial advisor (**Financial Advisor**). The Financial Advisor has provided advice on the structure of the 2015 Bonds and the selection of Current Refunded Bonds and Advance Refunded Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the 2015 Bonds by the Underwriters.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate that (1) the projected receipts from the Government Obligations held in the Escrow Fund, together with an initial cash deposit, are sufficient to make all payments of the principal of, and premium, if any, and interest on, the Advance Refunded Bonds to become due on or before their respective redemption or maturity dates, and (2) the yield of the Escrow Fund is less than the yield on the 2015 Bonds.

The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Advance Refunded Bonds will be paid as described in its report.

Legal Investment

State law provides that the 2015 Bonds are legal investments for the following:

- Banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

Certain Legal Matters

Legal matters relating to the authorization, issuance, and sale of the 2015 Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the 2015 Bonds are delivered, in substantially the form shown in **APPENDIX D**. If certificated 2015 Bonds are issued, then the opinion will be printed on the reverse side of each 2015 Bond.

As a condition to making a loan from the Clean Water Fund Program or Safe Drinking Water Loan Program, the State requires an opinion of counsel (which counsel need not be a nationally recognized bond counsel) to the effect that (subject to certain exceptions for bankruptcy, insolvency, and similar laws affecting creditors' rights or remedies and equitable principles), among other things, the related Financial Assistance Agreement and Municipal Obligation constitute legal, valid, and binding obligations of the Municipality enforceable against the Municipality in accordance with their respective terms.

Absence of Litigation

As required by law, the office of the Attorney General will examine a certified copy of all proceedings preliminary to issuance of the 2015 Bonds. Upon delivery of the 2015 Bonds, the State will furnish an opinion of the Attorney General of the State, dated the date of delivery of the 2015 Bonds, 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 2015 Bonds, or 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 2015 Bonds, (2) the validity of the 2015 Bonds or any of the proceedings taken with respect to the issuance and sale thereof, or (3) the pledge or application of any moneys or security to the payment of the 2015 Bonds. In addition, the opinion will state that there is no controversy or litigation of any nature then pending or threatened by or against the State in which an adverse judgment or ruling could have a material adverse impact on the power of the State to collect and enforce the collection of the Pledged Receipts or other revenues, receipts, funds, or moneys pledged for the payment of the 2015 Bonds.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the loan, to deliver a certificate to the effect that there is no controversy or litigation of any nature pending or, to its knowledge, threatened against the Municipality contesting or affecting the validity or enforceability of the related Financial Assistance Agreement or Municipal Obligation or the use of the proceeds of the Municipal Obligation. In addition, the certificate must state that there is no controversy or litigation of any nature then pending or, to the Municipality's knowledge, threatened by or against the Municipality in which an adverse ruling could have a material adverse impact on the financial condition of the Municipality or adversely affect the power of the Municipality to levy, collect, and enforce the levying or collection of taxes (if the Municipal Obligation is a general obligation) or the imposition of rates or

charges (if the Municipal Obligation is a revenue obligation) or the collection of any of the foregoing for the payment of its Municipal Obligation. Those certifications are not made as of any date after the delivery of the respective Municipal Obligations.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2015 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2015 Bonds 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 of 1986, as amended (**Code**), for interest on the 2015 Bonds 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 2015 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the 2015 Bonds are issued. No provision is made for an increase in interest rates or a redemption of the 2015 Bonds in the event interest on the 2015 Bonds is included in gross income.

In addition, with respect to each Pledged Loan, the Municipality has promised to limit private business use of the financed project. The State has adopted program procedures concerning loans made under the Clean Water Fund Program, including investigation as to use of the proceeds of each loan. In addition, for each Pledged Loan exceeding the amount of \$1 million, requiring an opinion from a bond counsel that the related Municipal Obligation is not a "private activity bond" within the meaning of the Code and that interest on the Municipal Obligation is excluded from gross income for federal income tax purposes. Failure of one or more Municipalities to limit private business use of a financed project may cause interest on the 2015 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the 2015 Bonds are issued, depending upon the aggregate amount of private business use associated with Pledged Loans and if the State were not to take a timely remedial action.

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 2015 Bonds for federal income tax purposes. It will not be binding on the Internal Revenue Service (**IRS**) or the courts and will not be a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

Bond Counsel will express no opinion about other federal tax matters regarding the 2015 Bonds. Other federal tax law provisions may adversely affect the value of an investment in the 2015 Bonds for particular owners of those 2015 Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a 2015 Bond.

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, owners of the 2015 Bonds would have little or no right to participate in an IRS examination of the 2015 Bonds. 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 2015 Bonds 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 2015 Bonds.

Current and future legislative proposals, if enacted into law, may cause the interest on the 2015 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the 2015 Bonds 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 2015 Bonds. Prospective investors should consult their own tax advisors about federal legislative proposals.

Premium Bonds

Under existing law, no deduction is allowed for any amortizable bond premium on the 2015 Bonds. The excess of the issue price over the principal amount of that Bond is the amortizable bond premium. The issue price of the 2015 Bonds 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 such maturity of the 2015 Bonds were first sold. Based on representations from the Underwriters, the State expects the issue price of each maturity of the 2015 Bonds to be the Price at Issuance set forth in the table under **“OTHER MATTERS; Reference Information About 2015 Bonds”**.

During each taxable year, an owner of 2015 Bonds with amortizable bond premium must reduce his, her, or its tax basis in the Bond by the amount of the amortizable bond premium that is allocable to the portion of that taxable year during which the owner owned the Bond. The adjusted tax basis in a 2015 Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Bond.

Owners of 2015 Bonds purchased at a premium should consult their own tax advisors with respect to the federal tax consequences of owning such 2015 Bonds, including computation of their tax basis and the effect of any purchase of 2015 Bonds that is not made in the initial offering at the issue price. Owners of such 2015 Bonds should also consult their own tax advisors with respect to the state and local tax consequences of owning those 2015 Bonds.

State of Wisconsin Income and Franchise Taxes

Interest on the 2015 Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a 2015 Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2015 Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will 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
Capital Finance Office
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-0374
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

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

FURTHER INFORMATION

The State has covenanted to file with the Trustee, and to make available from DOA upon request, a copy of the audited financial statements for the Clean Water Revenue Bond Program. **APPENDIX A** incorporates by reference Part VI of the 2014 Annual Report, which includes the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2014 and 2013, along with supplemental information as of June 30, 2014 and independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2014.

Dated: June 18, 2015

STATE OF WISCONSIN

/s/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/s/ SCOTT A. NEITZEL

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

/s/ SUMMER R. STRAND

Summer R. Strand, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin (**State**) Clean Water Fund Program contained in [Part VI 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 VI of the 2014 Annual Report

[Part VI of the 2014 Annual Report](#) contains general information about the Environmental Improvement Fund, the Clean Water Fund Program, and the security and source of payment for the Bonds. More specifically, that part presents information about the following matters:

- Financial assistance
- Plan of finance
- Capitalization grants
- Funding levels
- Interest subsidy
- Management
- Security and source of payment
- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- General Resolution

This Official Statement and the 2014 Annual Report use the term “Pledged Loans” to refer to the same loans that are called “Leveraged Loans” and “Loans” in the General Resolution.

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

www.doa.wi.gov/capitalfinance

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

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

After publication and filing of the 2014 Annual Report, certain changes or events may have occurred that affect items discussed in the 2014 Annual Report. Listed below, by reference to particular sections of Part VI of the 2014 Annual Report, are changes or additions to the discussion contained in that particular section. Many of the following changes or additions have not been filed with the MSRB. 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 5, 2015). Any such change or addition is identified accordingly.

Security and Source of Payment for Bonds; Subsidy Fund (Part VI; Pages 202-203). Update with information that appears under **“SECURITY; Subsidy Fund”** on **page 8** of this Official Statement.

Security and Source of Payment for Bonds; Loan Credit Reserve Fund (Part VI; Pages 203-205). Update with information that appears under “**SECURITY; Loan Credit Reserve Fund**” on page 8 of this Official Statement.

Security and Source of Payment for Bonds; State Financial Participation (Part VI; Page 205). Update with information that appears under “**SECURITY; State Financial Participation**” on page 9 of this Official Statement, which includes a correction to data included in the 2014 Annual Report for the period ending December 1, 2014.

Security and Source of Payment for Bonds; Milwaukee Metropolitan Sewerage District (Part VI; Pages 205-206). Update with information that appears under “**SECURITY; Milwaukee Metropolitan Sewerage District**” on page 9 of this Official Statement.

Security and Source of Payment for Bonds; Pledged Loans; Table VI-3 (Part VI; Pages 194-202). Update with the following information and table.

The following table identifies all Municipalities that have entered into Financial Assistance Agreements and received any type of loan from the Environmental Improvement Fund (which includes loans from the Leveraged, Direct, and Proprietary Portfolios along with loans from the Safe Drinking Water Loan Program). The table first presents the Municipalities with outstanding Pledged Loans as of June 1, 2015. These Municipalities are listed in the order of the percentage of the debt service payments from each Municipality on its Pledged Loan (or Pledged Loans) to the total debt service payments on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds.

If a Municipality enters into a Financial Assistance Agreement that is funded with both Pledged Loans and Direct Loans or Proprietary Loans, or if it receives multiple Financial Assistance Agreements that are funded with both Pledged Loans and Direct Loans or Proprietary Loans, then the entire amount of all Financial Assistance Agreements is included within the group of Pledged Loans. In these circumstances, there are separate columns that identify the “Pledged Loan Balance” and the “Non-Pledged Loan Balance”.

The table next presents Municipalities that do not have Pledged Loans. The Municipalities are listed alphabetically. This grouping may change as the proceeds of Pledged Loans are disbursed and new Pledged Loans are originated, as loans are purchased and transferred into the Leveraged Portfolio, or as Pledged Loans are sold and transferred from the Leveraged Portfolio.

State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
June 1, 2015
(Amount in Thousands)

<u>Municipality</u> ^(a)	<u>FAA Loan</u> <u>Amount</u> ^(b)	<u>Total FAA Loan</u> <u>Disbursed</u>	<u>Pledged Loan</u> <u>Balance</u> ^(c)	<u>Non-Pledged</u> <u>Loan Balance</u>	<u>Total</u> <u>Outstanding</u> <u>Balance</u> ^(d)	<u>FAA Loan</u> <u>Remaining to</u> <u>Fund</u> ^(e)	<u>% of Bond</u> <u>Payment</u> ^(f)
<i>Pledged Loans</i>							
Milwaukee Metro Sewer District	\$ 1,132,604	\$ 1,033,454	\$ 259,840	\$ 388,889	\$ 648,729	\$ 27,179	31.93%
City of Fond du Lac	91,744	91,124	37,137	23,391	60,528	-	4.41%
Madison Metropolitan Sewerage District	191,480	163,772	35,926	90,380	126,306	22,902	4.36%
Green Bay Metropolitan Sewerage District	96,141	89,502	34,333	25,336	59,669	1,772	4.34%
City of Janesville	36,899	36,747	23,384	2,999	26,383	-	2.85%
City of Franklin	27,563	24,589	21,492	866	22,358	-	2.75%
Heart of the Valley Metropolitan Sewerage District	40,884	39,461	19,331	4,744	24,075	-	2.29%
City of Milwaukee - Comptroller's Office	171,680	162,895	12,673	109,979	122,652	2,547	1.63%
Grand Chute - Menasha West Sewerage Commission	15,941	15,802	12,139	545	12,684	-	1.54%
City of Reedsburg	20,026	19,615	10,352	2,781	13,133	214	1.25%
City of Eau Claire	41,396	36,681	10,111	26,570	36,681	4,715	1.34%
Village of East Troy	10,102	9,819	6,761	-	6,761	-	0.83%
Walworth County Metropolitan Sewerage District	25,167	25,070	6,641	11,609	18,250	-	0.83%
City of Superior	7,047	6,747	5,374	351	5,725	-	0.69%
Village of Sussex	7,813	7,633	5,235	-	5,235	-	0.64%
Village of New Glarus	8,160	7,865	5,222	-	5,222	-	0.63%
City of Manitowoc	23,018	22,512	4,878	789	5,667	-	0.55%
Delafield - Hartland Pollution Control Commission	10,000	10,000	4,848	-	4,848	-	0.57%
City of Menomonie	13,749	13,482	4,798	-	4,798	-	0.59%
Village of Cottage Grove	10,029	9,195	4,640	2,521	7,161	204	0.58%
City of Two Rivers	14,995	14,240	4,530	4,601	9,131	278	0.55%
Village of Bellevue	9,252	9,101	4,431	-	4,431	-	0.53%
Village of Whitefish Bay	8,329	8,032	4,353	1,697	6,050	-	0.56%
Village of Hortonville	5,533	5,393	4,253	-	4,253	-	0.52%
City of Racine	125,404	123,152	4,209	49,528	53,737	1,775	0.50%
Town of Salem	16,108	15,363	4,129	6,224	10,353	312	0.51%
Village of Cross Plains	7,391	6,895	4,016	-	4,016	-	0.48%
Village of Cambridge	6,880	6,538	3,768	161	3,929	-	0.45%
City of Sheboygan	24,185	19,396	3,522	8,926	12,448	4,230	0.45%
City of Monroe	24,362	21,497	3,210	16,616	19,826	2,404	0.41%
Town of Oakland Sanitary District #1	5,768	5,211	3,064	-	3,064	-	0.36%
Village of Saukville	9,754	9,138	3,056	-	3,056	-	0.35%
City of Brookfield	32,065	30,727	2,930	2,218	5,148	-	0.34%
City of Waupun	6,249	6,062	2,888	-	2,888	-	0.35%
City of Beloit	3,482	3,398	2,844	-	2,844	-	0.36%
Village of Union Grove	9,268	9,121	2,837	1,640	4,477	-	0.33%
City of Edgerton	7,478	6,768	2,712	109	2,821	-	0.33%
City of Mineral Point	6,884	6,244	2,681	-	2,681	-	0.31%
Village of Ellsworth	3,209	3,087	2,585	112	2,697	-	0.33%
City of Ripon	6,337	5,773	2,479	-	2,479	-	0.29%
Village of Dousman	3,268	3,124	2,468	-	2,468	-	0.32%
Village of Hammond	4,101	3,923	2,400	-	2,400	177	0.29%
City of Stevens Point	15,915	15,765	2,387	10,643	13,030	-	0.30%
City of Stoughton - Utilities	9,770	8,954	2,383	3,628	6,011	-	0.28%
City of Whitewater	4,977	4,945	2,332	532	2,864	-	0.30%
Village of Cedar Grove	4,400	4,253	2,146	214	2,360	-	0.25%
City of Omro	3,510	3,354	2,057	-	2,057	-	0.25%
City of Baraboo	3,902	3,802	1,990	-	1,990	-	0.24%
Village of Deerfield	5,611	5,031	1,954	385	2,339	-	0.23%
City of South Milwaukee	17,923	17,520	1,913	10,527	12,440	-	0.23%
Village of Lomira	3,563	3,334	1,879	380	2,259	-	0.23%
City of Milton	4,328	4,091	1,759	-	1,759	-	0.20%
City of Oshkosh	49,022	45,485	1,735	15,806	17,541	3,094	0.20%
Village of Twin Lakes	8,156	8,124	1,580	1,723	3,303	-	0.18%
Village of Caledonia	14,522	14,094	1,460	9,062	10,522	-	0.17%
Village of Lake Delton	26,675	25,469	1,434	13,492	14,926	895	0.17%
Town of Menasha	1,828	1,716	1,360	-	1,360	-	0.18%
City of Rhineland	17,321	16,859	1,246	12,746	13,992	278	0.16%
Village of Bristol	2,153	2,082	1,211	-	1,211	-	0.14%
Village of Jackson	6,130	6,130	1,189	-	1,189	-	0.13%
City of Waupaca	4,646	4,333	1,177	562	1,739	-	0.14%
Norway Sanitary District #1	5,547	4,424	1,147	-	1,147	-	0.13%
City of Waterloo	1,466	1,385	1,103	169	1,272	-	0.14%
Village of Marshall	8,209	7,944	1,079	401	1,480	-	0.12%
City of Dodgeville	4,995	4,995	1,012	-	1,012	-	0.11%
Village of Black Creek	6,656	6,388	965	1,170	2,135	117	0.12%
City of Mauston	2,905	2,759	928	-	928	-	0.11%
City of Brodhead	6,549	6,284	927	-	927	-	0.10%
Village of Random Lake	1,455	1,299	914	-	914	-	0.11%
City of Bloomer	6,694	6,690	895	-	895	-	0.10%
Village of Slinger	6,528	6,082	871	3,053	3,924	-	0.10%
City of Chilton	5,737	5,703	867	1,686	2,553	-	0.10%
Village of Somers	2,981	2,744	849	-	849	-	0.10%

**State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
June 1, 2015
(Amount in Thousands)**

Municipality ^(a)	FAA Loan	Total FAA Loan	Pledged Loan	Non-Pledged	Total	FAA Loan	% of Bond
	Amount ^(b)	Disbursed	Balance ^(c)	Loan Balance	Outstanding Balance ^(d)	Remaining to Fund ^(e)	Payment ^(f)
Village of Luxemburg	3,178	2,945	839	-	839	-	0.10%
City of Mayville	2,129	2,026	811	200	1,011	-	0.10%
City of Portage	5,630	5,536	791	891	1,682	-	0.10%
Village of Howards Grove	2,102	1,905	791	-	791	-	0.09%
Village of Allouez	6,317	6,141	756	2,254	3,010	-	0.10%
City of Juneau	1,365	1,302	749	31	780	-	0.09%
City of Viroqua	4,219	4,109	736	1,738	2,474	110	0.09%
Village of Silver Lake	2,318	2,318	731	-	731	-	0.08%
City of Cuba City	2,562	2,316	722	-	722	-	0.08%
City of Oconomowoc	5,449	5,414	716	-	716	-	0.08%
City of Neenah	27,506	26,663	698	14,239	14,937	-	0.09%
Village of Plover	12,754	12,644	673	6,131	6,804	-	0.07%
Village of West Salem	8,049	7,510	630	2,122	2,752	-	0.07%
Village of North Fond du Lac	2,592	2,590	630	-	630	-	0.07%
City of Hudson	4,483	4,140	609	-	609	-	0.07%
City of Delafield	1,556	1,556	585	-	585	-	0.07%
Town of Ixonia	1,340	1,308	545	-	545	-	0.06%
Village of Footville	2,131	2,097	514	177	691	-	0.06%
City of New Richmond	3,627	3,510	503	509	1,012	-	0.06%
Village of Coleman	717	707	497	-	497	-	0.06%
Village of Bangor	1,587	1,584	488	-	488	-	0.06%
City of Ashland	6,594	6,050	486	1,718	2,204	73	0.05%
Western Racine County Sewerage District	11,459	10,617	462	5,165	5,627	-	0.05%
City of Marshfield	24,170	22,996	434	3,998	4,432	-	0.05%
City of Lake Mills	1,246	1,165	426	-	426	-	0.05%
City of Jefferson	8,708	8,121	418	3,356	3,774	-	0.05%
City of Oconto Falls	11,501	11,212	416	9,550	9,966	172	0.05%
Village of Albany	1,016	947	390	147	537	-	0.05%
Village of Iron Ridge	1,441	1,254	382	-	382	-	0.04%
O'Dell's Bay Sanitary District #1	475	475	368	-	368	-	0.05%
Village of Frederic	470	435	365	-	365	-	0.05%
City of Galesville	588	584	354	130	484	-	0.04%
City of Chippewa Falls	12,453	11,802	343	4,400	4,743	-	0.04%
Village of Little Chute	427	427	340	-	340	-	0.04%
City of Darlington	5,687	5,619	333	2,748	3,081	68	0.04%
Village of Boyceville	411	391	330	-	330	-	0.04%
City of Brillion	2,754	2,650	329	1,588	1,917	102	0.04%
City of New Holstein	2,236	2,036	305	1,001	1,306	-	0.03%
Village of Mishicot	4,106	3,966	281	2,253	2,534	-	0.03%
Village of Shorewood	2,512	2,298	277	-	277	-	0.03%
City of Antigo	3,988	3,971	275	-	275	-	0.03%
City of Lodi	4,050	3,907	270	-	270	-	0.03%
City of Kewaunee	667	667	251	-	251	-	0.03%
City of Altoona	846	756	244	381	625	-	0.03%
Village of Cambria	302	297	234	-	234	-	0.03%
Village of Dane	2,862	2,792	231	1,495	1,726	70	0.03%
City of Marinette	18,676	17,426	221	11,865	12,086	-	0.03%
City of Neilsville	3,238	3,210	221	-	221	-	0.02%
Village of Wrightstown	7,664	7,551	191	4,856	5,047	-	0.02%
Village of Lake Nebagamon	1,539	1,456	190	-	190	-	0.02%
Village of Lena	3,128	2,637	187	2,353	2,540	432	0.02%
Village of Newburg	1,549	1,430	185	-	185	-	0.02%
Village of Viola	633	558	185	242	427	-	0.02%
Village of Reedsville	3,921	3,842	184	748	932	-	0.02%
Freedom Sanitary District #1	2,748	2,645	180	-	180	-	0.02%
Village of Brokaw	1,051	996	177	218	395	-	0.02%
City of Tomah	20,454	19,284	157	4,409	4,566	-	0.02%
Village of Mount Horeb	1,774	1,685	157	1,461	1,618	89	0.02%
City of Cumberland	2,488	2,368	156	1,280	1,436	-	0.02%
Village of Muscoda	898	777	150	-	150	-	0.02%
City of Watertown	30,535	29,384	142	12,219	12,361	-	0.02%
Village of Fontana	4,751	4,678	134	1,921	2,055	-	0.01%
Village of Pewaukee	8,191	7,695	129	436	565	-	0.01%
City of Boscobel	698	593	117	-	117	-	0.01%
City of Shullsburg	687	626	116	-	116	-	0.01%
Village of Rockland	1,311	1,210	112	219	331	-	0.01%
Wisconsin Dells - Lake Delton Sewerage Commission	449	416	102	-	102	-	0.01%
Village of Highland	1,381	1,329	101	440	541	-	0.01%
Village of Brownsville	1,017	917	99	177	276	-	0.01%
City of Crandon	1,537	1,454	99	-	99	-	0.01%
Brazeau Sanitary District #1	793	758	98	-	98	-	0.01%
Village of Kohler	401	367	95	-	95	-	0.01%
City of Chetek	528	512	95	-	95	-	0.01%
Village of Campbellsport	2,087	1,963	90	1,389	1,479	-	0.01%
Village of Knapp	669	669	90	-	90	-	0.01%

**State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
June 1, 2015
(Amount in Thousands)**

<u>Municipality</u> ^(a)	FAA Loan	Total FAA Loan	Pledged Loan	Non-Pledged	Total	FAA Loan	% of Bond
	Amount ^(b)	Disbursed	Balance ^(c)	Loan Balance	Outstanding Balance ^(d)	Remaining to Fund ^(e)	
Village of Rosholt	662	649	87	-	87	-	0.01%
Village of Linden	224	216	78	-	78	-	0.01%
Sextonville Sanitary District	589	564	74	-	74	-	0.01%
Village of Blue Mounds	1,152	1,064	73	-	73	-	0.01%
City of Westby	417	395	73	-	73	-	0.01%
Village of Wyocena	389	298	73	-	73	-	0.01%
City of Montello	260	256	64	-	64	-	0.01%
Village of Spring Green	950	920	61	-	61	-	0.01%
City of Shawano	2,361	1,937	55	1,275	1,330	-	0.01%
City of Abbotsford	1,403	1,302	44	424	468	-	0.00%
Village of Walworth	584	557	41	189	230	-	0.00%
Village of Hancock	503	200	41	66	107	283	0.00%
Village of Pepin	588	506	37	207	244	-	0.00%
Village of Potosi	291	260	34	-	34	-	0.00%
Village of Prentice	544	447	29	-	29	-	0.00%
Village of Combined Locks	117	40	24	-	24	-	0.00%
Village of Prairie du Sac	1,798	1,737	24	1,352	1,376	-	0.00%
Village of Gays Mills	180	173	22	-	22	-	0.00%
City of Hillsboro	2,471	2,337	17	1,747	1,764	69	0.00%
Subtotal	\$ 2,938,678	\$ 2,736,236	\$ 670,898	\$ 985,476	\$ 1,656,374	\$ 74,561	

Direct Loans, Proprietary Loans, and Safe Drinking Water Loans

City of Adams	\$ 450	\$ 423	\$ -	\$ 327	\$ 327	\$ -	
Algoma Sanitary District #1	12,872	11,820	-	6,006	6,006	-	
Village of Alma Center	672	623	-	567	567	-	
City of Amery	629	482	-	122	122	-	
Village of Amherst	578	563	-	441	441	-	
City of Appleton	-	-	-	-	-	-	
City of Arcadia	3,599	3,430	-	2,064	2,064	-	
Village of Arena	1,627	1,587	-	432	432	-	
Village of Arlington	2,132	2,060	-	740	740	-	
Ashippun Sanitary District	4,489	4,236	-	3,095	3,095	-	
Village of Athens	2,429	1,650	-	1,323	1,323	-	
City of Augusta	1,700	1,700	-	997	997	-	
Village of Avoca	-	-	-	-	-	-	
Village of Bagley	229	218	-	54	54	-	
Village of Baldwin	-	-	-	-	-	-	
City of Barron	355	80	-	69	69	-	
City of Bayfield	2,986	2,778	-	1,495	1,495	68	
Village of Bayside	1,612	1,399	-	712	712	-	
Village of Bear Creek	432	387	-	25	25	-	
City of Beaver Dam	10,317	10,317	-	8,427	8,427	-	
Village of Belgium	5,713	5,661	-	3,097	3,097	-	
Village of Bellevue	-	-	-	-	-	-	
Village of Belmont	3,448	3,414	-	3,283	3,283	33	
Town of Beloit	956	904	-	424	424	-	
Village of Benton	1,702	1,702	-	638	638	-	
City of Berlin	1,182	1,076	-	898	898	-	
Village of Birchwood	759	759	-	719	719	-	
Village of Black Earth	4,278	4,125	-	1,035	1,035	-	
City of Black River Falls	2,883	2,437	-	1,539	1,539	412	
City of Blair	2,566	2,350	-	1,632	1,632	-	
Village of Bloomfield	5,917	5,917	-	282	282	-	
Village of Blue River	375	375	-	295	295	-	
Bluffview Sanitary District	347	347	-	314	314	-	
Village of Bowler	679	623	-	283	283	-	
Brookfield Sanitary District #4	5,750	5,608	-	421	421	-	
Village of Brooklyn	4,756	4,730	-	3,561	3,561	-	
Town of Buchanan	-	-	-	-	-	-	
City of Burlington	15,256	14,910	-	12,362	12,362	283	
Village of Butternut	733	568	-	438	438	-	
Village of Cameron	2,132	1,761	-	1,451	1,451	361	
Village of Camp Douglas	526	483	-	353	353	-	
Village of Cascade	1,200	1,200	-	963	963	-	
Village of Cassville	-	-	-	-	-	-	
Village of Cazenovia	329	307	-	226	226	-	
Central Brown County Water Authority	12,958	6,098	-	6,098	6,098	6,860	
Chelsea Sanitary District	-	-	-	-	-	-	
Christmas Mountain Sanitary District	1,659	1,614	-	502	502	-	
Village of Clinton	4,962	4,877	-	1,561	1,561	-	
City of Clintonville	4,750	4,501	-	2,802	2,802	-	
Village of Cochrane	454	441	-	126	126	-	
City of Colby	482	446	-	299	299	-	

State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
June 1, 2015
(Amount in Thousands)

Municipality ^(a)	FAA Loan	Total FAA Loan	Pledged Loan	Non-Pledged	Total	FAA Loan	% of Bond
	Amount ^(b)	Disbursed	Balance ^(c)	Loan Balance	Outstanding Balance ^(d)	Remaining to Fund ^(e)	Payment ^(f)
City of Columbus	4,190	4,123	-	2,953	2,953	-	-
Consolidated Koshkonong Sanitary Commission	4,018	3,876	-	3,081	3,081	-	-
City of Cornell	1,339	1,276	-	1,123	1,123	-	-
Crystal Lake Sanitary District #1	-	-	-	-	-	-	-
Village of Curtiss	353	342	-	143	143	-	-
Village of Dallas	833	675	-	585	585	141	-
Danbury Sanitary District	-	-	-	-	-	-	-
Village of De Soto	128	113	-	99	99	-	-
City of Delavan	3,842	3,599	-	2,442	2,442	-	-
Village of Denmark	2,069	1,998	-	1,609	1,609	-	-
Village of Dickeyville	1,078	1,017	-	420	420	-	-
Village of Dorchester	212	212	-	195	195	-	-
Town of Dover	1,787	1,606	-	753	753	-	-
Village of Eagle	2,161	2,132	-	997	997	-	-
Village of Eastman	462	452	-	399	399	-	-
Village of Edgar	555	555	-	430	430	-	-
Village of Egg Harbor	508	504	-	94	94	-	-
Elcho Sanitary District #1	956	956	-	142	142	-	-
City of Elroy	716	591	-	529	529	108	-
Village of Ephraim	1,629	1,457	-	813	813	-	-
City of Evansville	5,250	4,851	-	3,443	3,443	-	-
Village of Fairchild	165	144	-	51	51	-	-
Village of Fairwater	1,554	1,481	-	703	703	-	-
Forest Junction Sanitary District	1,255	1,180	-	726	726	-	-
Village of Forestville	585	552	-	138	138	-	-
City of Fountain City	895	852	-	600	600	43	-
Village of Friesland	610	575	-	537	537	-	-
Fulton Sanitary District No. 2	211	211	-	19	19	-	-
Garners Creek Storm Water Utility	-	-	-	-	-	-	-
Village of Genoa City	4,227	4,015	-	1,663	1,663	-	-
Village of Genoa	38	36	-	30	30	-	-
Village of Germantown	971	773	-	608	608	-	-
Gibbsville Sanitary District	1,518	1,383	-	733	733	-	-
City of Gillet	4,478	4,478	-	3,446	3,446	-	-
Glidden Sanitary District	88	88	-	65	65	-	-
Goodman Sanitary District #1	611	611	-	174	174	-	-
Village of Grantsburg	1,001	951	-	891	891	44	-
Village of Gratiot	724	723	-	311	311	-	-
City of Green Lake	3,507	3,507	-	2,448	2,448	-	-
Green Valley Sanitary District #1	188	188	-	11	11	-	-
Village of Greendale	5,222	4,477	-	4,310	4,310	745	-
Greenville Sanitary District No. 1	5,952	5,732	-	3,469	3,469	-	-
City of Greenwood	2,072	2,010	-	1,605	1,605	-	-
Harmony Grove - Okee Sewerage Commission	2,327	2,155	-	926	926	-	-
City of Hartford	11,415	11,415	-	2,208	2,208	-	-
Village of Haugen	285	285	-	74	74	-	-
Village of Hawkins	82	82	-	74	74	-	-
Village of Hilbert	548	541	-	135	135	-	-
Ho-Chunk Nation	10,563	10,275	-	9,856	9,856	-	-
Village of Hobart	1,123	1,094	-	911	911	-	-
Holland Sanitary District #1	1,497	1,485	-	641	641	-	-
Village of Holmen	1,365	1,365	-	878	878	-	-
City of Horicon	1,729	1,596	-	1,393	1,393	-	-
Hub-Rock Sanitary District No. 1	494	494	-	52	52	-	-
City of Hurley	-	-	-	-	-	-	-
Village of Hustisford	1,057	1,045	-	501	501	-	-
City of Independence	1,592	1,556	-	823	823	-	-
Island View Sanitary District	2,764	2,480	-	52	52	-	-
Ithaca Sanitary District #1	412	412	-	43	43	-	-
Village of Junction City	1,055	1,055	-	972	972	-	-
City of Kaukauna	-	-	-	-	-	-	-
Kelly Lake Sanitary District #1	2,439	2,413	-	669	669	-	-
Village of Kendall	476	363	-	351	351	113	-
City of Kenosha	1,631	1,530	-	494	494	-	-
Village of Kewaskum	9,423	9,204	-	6,537	6,537	-	-
City of Kiel	2,470	2,470	-	330	330	-	-
Krakov Sanitary District No. 1	625	625	-	350	350	-	-
City of Ladysmith	6,752	6,223	-	5,802	5,802	529	-
Lake Como Sanitary District #1	4,459	4,459	-	669	669	-	-
Village of Lake Hallie	2,516	100	-	100	100	2,416	-
Lake Tomahawk Sanitary Dist #1	1,317	1,313	-	293	293	-	-
Lebanon Sanitary District #1	606	587	-	373	373	-	-
Little Suamico Sanitary District #1	1,791	1,682	-	662	662	-	-
Village of Livingston	-	-	-	-	-	-	-
Village of Lowell	1,926	1,801	-	1,525	1,525	-	-

**State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
June 1, 2015
(Amount in Thousands)**

<u>Municipality</u> ^(a)	<u>FAA Loan</u>	<u>Total FAA Loan</u>	<u>Pledged Loan</u>	<u>Non-Pledged</u>	<u>Total</u>	<u>FAA Loan</u>	<u>% of Bond</u>
	<u>Amount</u> ^(b)	<u>Disbursed</u>	<u>Balance</u> ^(c)	<u>Loan Balance</u>	<u>Outstanding</u> ^(d)	<u>Fund</u> ^(e)	
City of Loyal	1,138	851	-	338	338	-	
Village of Luck	218	218	-	200	200	-	
Village of Lyndon Station	609	603	-	468	468	-	
Lyons Sanitary District #2	2,614	2,488	-	2,046	2,046	-	
Madeline Sanitary District	591	525	-	379	379	-	
Village of Marathon City	1,890	1,853	-	464	464	-	
Village of Mazomanie	4,753	4,553	-	1,142	1,142	-	
Village of Melvina	-	-	-	-	-	-	
City of Menasha	20,856	20,328	-	13,507	13,507	-	
Village of Menomonee Falls	887	869	-	65	65	-	
City of Merrill	1,962	1,745	-	1,529	1,529	-	
Village of Merrilan	663	598	-	530	530	-	
City of Middleton	-	-	-	-	-	-	
Village of Milltown	337	302	-	39	39	-	
Mindoro Sanitary District #1	1,114	1,090	-	611	611	-	
Village of Minong	844	755	-	611	611	-	
City of Montreal	1,299	1,209	-	1,209	1,209	90	
Morrisonville Sanitary District #1	832	784	-	514	514	48	
City of Mosinee	2,144	585	-	585	585	1,559	
Village of Mount Hope	386	386	-	186	186	-	
Village of Mukwonago	2,514	2,271	-	557	557	-	
City of Muskego	454	454	-	365	365	-	
Village of Necedah	4,585	4,565	-	2,322	2,322	-	
Neenah - Menasha Sewerage Commission	21,440	21,051	-	19,349	19,349	390	
Town of Neenah	-	-	-	-	-	-	
City of Nekoosa	4,273	4,158	-	1,981	1,981	-	
Village of Nelson	640	640	-	32	32	-	
Village of New Auburn	1,517	1,467	-	964	964	37	
City of New Lisbon	5,802	5,570	-	3,087	3,087	-	
City of Oak Creek	14,839	11,244	-	9,873	9,873	3,503	
Village of Oakfield	2,200	2,200	-	947	947	-	
Town of Oconomowoc	6,819	6,169	-	1,751	1,751	-	
Village of Oliver	588	588	-	42	42	-	
Town of Omro	-	-	-	-	-	-	
City of Onalaska	-	-	-	-	-	-	
Village of Ontario	45	42	-	36	36	-	
Village of Oregon	433	432	-	205	205	-	
Village of Osceola	6,271	6,115	-	3,466	3,466	-	
City of Osseo	1,575	1,575	-	569	569	-	
City of Owen	1,973	1,783	-	1,472	1,472	189	
Packwaukee Sanitary Dist No. 1	242	242	-	41	41	-	
Village of Paddock Lake	9,370	8,931	-	7,782	7,782	-	
City of Park Falls	5,984	5,705	-	3,658	3,658	-	
Pensaukee Sanitary District #1	1,279	1,279	-	67	67	-	
City of Peshtigo	6,963	6,791	-	4,768	4,768	-	
City of Pewaukee	8,049	7,831	-	587	587	-	
City of Phillips	2,233	2,233	-	809	809	-	
Pikes Bay Sanitary District	1,621	666	-	358	358	-	
City of Pittsville	4,550	4,282	-	2,537	2,537	-	
City of Platteville	6,559	6,438	-	4,891	4,891	-	
Village of Plum City	1,436	1,436	-	980	980	-	
Village of Poplar	224	210	-	172	172	-	
Village of Port Edwards	3,368	3,291	-	1,756	1,756	-	
City of Port Washington	3,404	3,404	-	1,218	1,218	-	
Portland Sanitary District #1	295	287	-	136	136	-	
Poy Sippi Sanitary District	223	223	-	80	80	-	
City of Prairie du Chien	4,326	4,014	-	2,753	2,753	142	
Village of Randolph	697	662	-	606	606	-	
Village of Readstown	-	-	-	-	-	-	
Village of Redgranite	1,306	1,306	-	480	480	-	
Village of Rewey	124	123	-	82	82	-	
Village of Rib Lake	636	636	-	496	496	-	
City of Richland Center	5,262	4,928	-	4,505	4,505	332	
Village of Rio	1,454	1,290	-	1,170	1,170	164	
City of River Falls	3,757	3,342	-	1,905	1,905	-	
Village of Roberts	3,112	3,112	-	1,895	1,895	-	
Village of Rockdale	877	859	-	603	603	-	
Rockland Sanitary District #1	221	193	-	177	177	-	
Town of Rome	4,481	4,433	-	3,026	3,026	-	
Roxbury Sanitary District #1	940	914	-	223	223	-	
Village of Rudolph	-	-	-	-	-	-	
Village of Saint Cloud	935	875	-	556	556	-	
City of Saint Croix Falls	7,057	5,778	-	5,552	5,552	1,279	
Village of Saint Nazianz	1,104	1,029	-	908	908	-	
City of Seymour	2,156	2,071	-	1,626	1,626	-	

**State of Wisconsin Environmental Improvement Fund
Outstanding Principal Balances
June 1, 2015
(Amount in Thousands)**

<u>Municipality^(a)</u>	<u>FAA Loan Amount^(b)</u>	<u>Total FAA Loan Disbursed</u>	<u>Pledged Loan Balance^(c)</u>	<u>Non-Pledged Loan Balance</u>	<u>Total Outstanding Balance^(d)</u>	<u>FAA Loan Remaining to Fund^(e)</u>	<u>% of Bond Payment^(f)</u>
Village of Sharon	1,946	1,822	-	1,298	1,298	119	
Village of Sheldon	292	292	-	136	136	-	
City of Shell Lake	1,202	932	-	900	900	270	
Village of Sherwood	1,900	1,823	-	378	378	-	
Village of Siren	387	19	-	19	19	368	
Village of South Wayne	1,250	1,144	-	72	72	-	
City of Sparta	6,230	5,714	-	2,305	2,305	-	
Village of Spencer	930	816	-	783	783	113	
City of Spooner	-	-	-	-	-	-	
St. Croix Chippewa Indians of WI	-	-	-	-	-	-	
St. Joseph's Sanitary District No. 1	1,562	1,555	-	952	952	-	
City of Stanley	905	905	-	700	700	-	
Village of Stetsonville	1,141	1,141	-	351	351	-	
Village of Stoddard	556	532	-	309	309	-	
Village of Stratford	1,672	1,561	-	1,103	1,103	-	
Village of Suamico	9,940	9,283	-	4,913	4,913	-	
City of Sun Prairie	16,114	15,844	-	9,222	9,222	-	
Village of Suring	1,121	1,005	-	606	606	-	
City of Thorp	1,793	1,325	-	745	745	447	
Three Lakes Sanitary District #1	259	257	-	210	210	-	
City of Tomahawk	3,354	617	-	617	617	2,737	
Village of Trempealeau	1,417	1,397	-	1,101	1,101	-	
Village of Turtle Lake	2,559	2,171	-	1,727	1,727	260	
Village of Union Center	299	299	-	79	79	-	
Village of Vesper	1,724	1,680	-	646	646	-	
Village of Waldo	2,748	2,637	-	2,207	2,207	-	
Village of Warrens	584	584	-	265	265	-	
Village of Waterford	1,135	1,051	-	838	838	-	
City of Waukesha	34,118	24,597	-	24,506	24,506	9,520	
City of Wautoma	3,614	3,613	-	510	510	-	
Village of Wauzeka	128	107	-	7	7	-	
Village of Webster	332	252	-	231	231	-	
City of West Allis	3,653	2,957	-	2,104	2,104	-	
Village of West Baraboo	711	640	-	502	502	-	
City of West Bend	-	-	-	-	-	-	
Westboro Sanitary District #1	51	51	-	3	3	-	
Village of Westfield	-	-	-	-	-	-	
City of Whitehall	3,116	3,113	-	2,655	2,655	-	
Village of Whitelaw	1,494	1,491	-	537	537	-	
Village of Whiting	259	259	-	200	200	-	
Village of Williams Bay	885	836	-	156	156	-	
Winneconne Sanitary District #3	2,079	1,985	-	130	130	-	
Village of Winneconne	1,644	1,494	-	293	293	-	
Wiotia Sanitary District #1	-	-	-	-	-	-	
City of Wisconsin Dells	2,856	2,617	-	1,567	1,567	-	
City of Wisconsin Rapids	26,966	26,616	-	20,838	20,838	-	
Village of Withee	1,301	1,279	-	972	972	-	
Wolf Treatment Plant Commission	11,573	11,103	-	2,832	2,832	-	
Wrightstown Sanitary District #1	815	787	-	694	694	-	
Subtotal	\$ 648,522	\$ 594,477	\$ -	\$ 372,043	\$ 372,043	\$ 33,723	
Total	\$ 3,587,200	\$ 3,330,713	\$ 670,898	\$ 1,357,519	\$ 2,028,417	\$ 108,284	

- (a) Amounts and percentages were determined after the May 1, 2015 interest payments due on the loans, including Pledged Loans, and after the June 1, 2015 principal and interest payments due on the Bonds, were made.
- (b) For Municipalities that have entered into a Financial Assistance Agreement that is funded with both Pledged Loans and Direct Loans or Proprietary Loans, or for Municipalities that have entered into more than one Financial Assistance Agreement that is funded, in part, with Pledged Loans, the entire amount of all Financial Assistance Agreements is included within the group of Pledged Loans.
- (c) The amount of financial assistance depicts only loans. Not included are amounts for any grants and other awards such as those made pursuant to the American Recovery and Reinvestment Act of 2009 and the grants or other award (principal forgiveness) pursuant to the Capitalization Grant received for federal fiscal years 2010 through 2014, which have been awarded in the aggregate amount of approximately \$313 million. Municipalities that are included in the table but have no amounts listed may have received a grant or other award (principal forgiveness through the Capitalization Grant) for all project costs.
- (d) The principal balance may be less than the total amount disbursed due to repayment of loans.
- (e) "FAA Loan Remaining to Fund" is the "FAA Loan Amount" less "Total FAA Loan Disbursed", except for loans that have been closed out or paid off, in which case the "FAA Loan Remaining to Fund" is zero. Since the entire amount of all Financial Assistance Agreements is shown in aggregate, specific loans that have been closed out (and for which the "FAA Loan Remaining to Fund" is zero) may result in deviations in the above formula.

- (f) Total remaining Pledged Loan Repayments (excluding amounts payable after the retirement of the previously issued and Outstanding Bonds) are shown as a percentage of total debt service remaining on the Outstanding Bonds, less those Bonds that have been defeased. If any Pledged Loans have amortization periods of shorter duration than the Bonds, then they will reflect a lower comparative percentage of the Bonds' debt service. Other revenues expected to be available for payment of the Bonds consist of Subsidy Fund transfers and repayments on Pledged Loans to be originated in the future.

Loans; Financial Assistance and Requirements Under the Act (Part VI; Pages 213-215). Supplement with the following information.

Effective January 1, 2015, the State has made changes in the determination of the market interest rate, or actual or calculated cost of borrowing, for the Clean Water Fund Program. Prior to this date, the determination of a market interest rate was based on actual cost of borrowing resulting from a new money Bond issue, taking into account any proceeds remaining from prior Bond issues. Effective January 1, 2015, the State determines a market interest rate based on a calculated cost of borrowing using various indices and taking into consideration other factors. A review will be done quarterly to complete this determination. As a result of this change, on January 1, 2015 the market interest rate for the Clean Water Fund Program changed from 3.50% to 3.00%, and effective July 1, 2015 the market interest rate is expected to change from 3.00% to 3.25%.

The State's 2015-17 biennial budget has been introduced by the Governor and is currently under review by the Legislature's Joint Committee on Finance (JCF) with executive sessions nearly complete. Revisions proposed by JCF include changing the loan rate on most project categories from 75% to 70% of the Clean Water Fund Program's actual or calculated cost of borrowing. This change will appear in a substitute amendment to the executive budget bill for the 2015-17 biennium, and must be approved by the Legislature and enacted before any change will occur in the Clean Water Fund Program. Other technical changes to the Clean Water Fund Program were included in the executive budget bill and approved by JCF for submission to the Legislature.

Lending Criteria (Part VI; Pages 218-221). Supplement with the following information, which includes a correction from the Preliminary Official Statement, dated June 5, 2015.

As of June 1, 2015, the Municipal Obligations that evidenced Pledged Loans consisted of 59% (by total outstanding principal amount) general obligations and 41% (by total outstanding principal amount) revenue or special assessment obligations. These percentages will change as new Pledged Loans are made and existing Pledged Loans are repaid.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) contained in [Parts II and III 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.

[Part III of the 2014 Annual Report](#) contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

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

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

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 5, 2015). Any such change or addition is identified accordingly.

State Budget; Budget for 2014-15 Fiscal Year (Part II; Pages 33-34). 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 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>
Revenues					
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
Appropriations					
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
Balances					
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>
TOTAL	\$13,948.1	\$14,517.5	\$14,724.6	\$14,643.3	\$14,469.8

A complete copy of the January 2015 LFB Report is included at the end of this [Appendix B](#). 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 B-1 and B-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 5, 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>

In addition, it is expected that LFB will provide a summary of substitute amendment to the Governor's executive budget bill shortly after JCF completes its review and changes to such executive budget bill. 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 another summary of the 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 B-1 and B-2](#). The State also intends to file the enacted 2015-17 biennial budget with the 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>
Revenues		
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
Appropriations		
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
Balances		
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	<u>\$15,035.4</u>	<u>\$15,146.3</u>	<u>\$15,190.8</u>	<u>\$15,652.9</u>	<u>\$15,718.8</u>	<u>\$15,827.2</u>

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 table.

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

(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
BALANCES^{(a)(b)}												
Beginning Balance	\$ 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
Ending Balance^(c)	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
Lowest Daily Balance^(c)	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
RECEIPTS												
TAX RECEIPTS												
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
Subtotal Tax Receipts	\$ 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
NON-TAX RECEIPTS												
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	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 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
TOTAL RECEIPTS	\$ 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
DISBURSEMENTS												
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	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 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^(a)

(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
BALANCES^{(a)(b)}												
Beginning Balance	\$ 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
Ending Balance^(c)	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
Lowest Daily Balance^(c)	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)
RECEIPTS												
TAX RECEIPTS												
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
Subtotal Tax Receipts	\$ 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
NON-TAX RECEIPTS												
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	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 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
TOTAL RECEIPTS	\$ 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
DISBURSEMENTS												
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	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 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^(a)
(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>				
	<u>Actual</u>		<u>Actual^(b)</u>	<u>Estimate^(b)</u>	<u>Variance</u>	<u>Adjusted Variance^(c)</u>	<u>Difference FY14 Actual to FY15 Actual</u>
RECEIPTS							
Tax Receipts							
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)
Total Tax Receipts	\$ 13,622,661		\$ 13,574,082	\$ 13,306,565	\$ 267,517	\$ 267,517	\$ (48,579)
Non-Tax Receipts							
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	-		-	-	-	-	-
Total Non-Tax Receipts	\$ 11,811,028		\$ 12,248,815	\$ 12,093,185	\$ 155,630	\$ 155,630	\$ 437,787
TOTAL RECEIPTS	\$ 25,433,689		\$ 25,822,897	\$ 25,399,750	\$ 423,147	\$ 423,147	\$ 389,208
DISBURSEMENTS							
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	-		-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 25,141,283		\$ 25,821,878	\$ 26,234,269	\$ 412,391	\$ 412,391	\$ 680,595
2014-15 FISCAL YEAR VARIANCE YEAR-TO-DATE					\$ 835,538	\$ 835,538	

- (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^(a)
July 1, 2013 through April 30, 2015 – Actual
May 1, 2015 through June 30, 2016 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</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 ^(d)	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 ^(d)	2,696,022	3,356,166	

^(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).

^(b) The results, projections, or estimates in this table for the 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.

^(c) 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.

^(d) 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.

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^(a)
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	

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

Source: Wisconsin Department of Administration

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

GENERAL FUND RECORDED REVENUES^(a)
(Agency-Recorded Basis)
July 1, 2014 to April 30, 2015 compared with previous year

	Annual Fiscal Report Revenues <u>2013-14 Fiscal Year^(b)</u>	Projected Revenues <u>2014-15 Fiscal Year^(c)</u>	Recorded Revenues July 1, 2013 to <u>April 30, 2014^(d)</u>	Recorded Revenues July 1, 2014 to <u>April 30, 2015^(e)</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
SUBTOTAL	<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 ^(f)	10,168,393,000	10,022,639,400	8,397,433,979	8,457,728,619
Dedicated and Other Revenues ^(g)	<u>5,649,427,000</u>	<u>4,773,215,600</u>	<u>4,744,497,253</u>	<u>4,960,435,880</u>
TOTAL	<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^(a)
(Agency-Recorded Basis)
July 1, 2014 to April 30, 2015 compared with previous year

	Annual Fiscal Report Expenditures 2013-14 Fiscal Year ^(b)	Appropriations 2014-15 Fiscal Year ^(c)	Recorded Expenditures July 1, 2013 to April 30, 2014 ^(d)	Recorded Expenditures July 1, 2014 to April 30, 2015 ^(e)
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
TOTAL.....	\$ 29,957,991,000	\$ 30,079,491,400	\$ 24,601,245,221	\$ 25,640,512,425

- (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^(a)
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..			4.7	5.4	<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
	2009 Quarters		<u>WI</u>	<u>U.S.</u>		2008 Quarters		<u>WI</u>	<u>U.S.</u>			
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			
	2007 Quarters		<u>WI</u>	<u>U.S.</u>		2006 Quarters		<u>WI</u>	<u>U.S.</u>			
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			

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

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

Legislative Fiscal Bureau

Robert Wm. Lang, Director

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



State of Wisconsin

January 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>
Revenues	
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
Appropriations	
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
Balance	-\$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 a large initial 'B' and a trailing 'b'.

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX C

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to capitalized terms used in this Official Statement. All defined terms from the General Resolution are available in the “GLOSSARY” in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014. See [APPENDIX A](#).

2015 Bonds means the State of Wisconsin Clean Water Revenue Refunding Bonds, 2015 Series 1, expected to be issued on July 15, 2015.

Accreted Value means, with respect to any Capital Appreciation Bond, the initial principal amount at which such Capital Appreciation Bond is sold to the initial purchaser by the State without reduction to reflect underwriter’s discount, compounded from the date of delivery of such Bonds semiannually on each interest payment date prior to the date of calculation (and including such date of calculation if such date of calculation is an interest payment date) at the original issue yield to maturity less, with respect to Bonds with interest payable on a current basis, interest paid and payable during such period plus, if such date of calculation is not an interest payment date, a portion of the difference between the Accreted Value as of the immediately preceding interest payment date and the Accreted Value as of the immediately succeeding interest payment date calculated based upon an assumption that Accreted Value accrues during any semiannual period in equal daily amounts (based on a 360-day year of twelve 30-day months); provided, however, that the calculation of Accreted Value for purposes of determining whether Bond owners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent, or waiver under the General Resolution shall be based upon the Accreted Value calculated as of the interest payment date immediately preceding such date of calculation (unless such date of calculation is an interest payment date, in which case it shall be calculated as of the date of calculation).

Act means Sections 281.58 and 281.59 of the Wisconsin Statutes, as amended.

Aggregate Debt Service for any period means, with respect to Bonds, as of any date of calculation, the sum of the amounts of Debt Service for such period.

Authorized Officer means the Capital Finance Director of the State and any other person designated in writing to the Trustee by the Capital Finance Director or by the Commission as an Authorized Officer.

Bond or **Bonds** means any bond or bonds, as the case may be, authenticated and delivered under the General Resolution pursuant to a Series Resolution.

Bondowners or **Owner of Bonds** or **Owner** (when used with reference to Bonds) or any term of similar import means the person or party in whose name the Bond is registered.

Business Day means any day other than a Saturday or Sunday or other day on which commercial banks in the city in which the principal office of the Trustee is located are not open for business, except as may be provided in a Series or Supplemental Resolution.

Capital Appreciation Bond means a Bond that provides for the addition of all or any part of accrued and unpaid interest thereon to the principal due thereon upon such terms and for such periods of time as may be determined by the applicable Series Resolution.

Capitalized Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Clean Water Fund Program means the program established pursuant to the Act and operated and administered as part of the Environmental Improvement Fund.

Code means the Internal Revenue Code of 1986, as amended from time to time, and all regulations promulgated pursuant to it to the extent applicable to any Bonds, loans or Municipal Obligations, as the case may be.

Commission means the State of Wisconsin Building Commission or any successor body having the power under the Subchapter II of Chapter 18, as amended, of the Wisconsin Statutes to authorize and direct the issuance of Bonds.

Contribution Amount has the meaning set forth in the definition of “Loan Credit Reserve Fund Requirement.”

Costs of Issuance means, except as limited in any Series Resolution, any items of expense directly or indirectly payable by or reimbursable to the State and related to the authorization, sale, and issuance of Bonds or Notes and the investment of the proceeds thereof, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of Fiduciaries, legal fees and charges, professional consultants’ fees, costs of credit ratings, premiums for insurance of the payment of Bonds or Notes, or any fees and expenses payable in connection with any entity insuring the State, the Trustee or the owners of the Bonds or Notes against loss on loans or Municipal Obligations, fees and charges for execution, transportation and safekeeping of Bonds or Notes, costs and expenses of refunding of Bonds or Notes, fees and expenses payable in connection with any Credit Facility, remarketing agreements, tender agent agreements or interest rate indexing agreements, and other costs, charges and fees in connection with the original issuance of Bonds or Notes.

Credit Facility means a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy, guaranty or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution or the federal government or an agency thereof which:

- (1) provides for payment of all or a portion of the principal of, Redemption Price of, or interest on any Series of Bonds,
- (2) provides funds for the purchase of such Bonds or portions thereof,
- (3) provides deposits for a fund or account under the General Resolution, or
- (4) provides for or further secures payment of loans or Municipal Obligations, provided that with respect to (3) above, the issuer of such Credit Facility must be rated, or the effect of such Credit Facility must be to cause bonds insured or secured thereby to be rated, by each Rating Agency in a rating category no lower than the then current rating on the Bonds (without such Credit Facility).

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

- (1) interest payable during such period on Bonds of such Series,
- (2) that portion of the Principal Installments for such Series which are payable during such period, and
- (3) any “Reimbursement Obligation” or “Parity Reimbursement Obligation” as defined in the General Resolution.

Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Debt Service Fund means the fund of that name established by the General Resolution.

Depository means any bank, trust company, or national banking association, which may be the Trustee, selected by the Commission and approved by the Trustee as a depository of moneys and securities held under the provisions of the General Resolution and its successor or successors.

Direct Loans means loans made primarily from the proceeds of federal capitalization grants, the State Match, or repayments of Direct Loans, and excludes any Pledged Loan or Proprietary Loan. This type of loan is not funded with Bond proceeds.

DNR means the State of Wisconsin Department of Natural Resources.

DOA means the State of Wisconsin Department of Administration.

DTC means The Depository Trust Company, New York, New York.

Environmental Improvement Fund means the nonlapsible trust fund of that name created by Section 25.43 of the Wisconsin Statutes.

Fees and Charges means all fees and charges, if any, charged by the State to Municipalities pursuant to the terms and provisions of Clean Water Fund Program loans or Municipal Obligations but does not include principal of and interest on such Municipal Obligations.

Fiduciary or **Fiduciaries** means the Trustee, any Paying Agent, any Depository or any or all of them, as may be appropriate.

Financial Assistance Agreement means any agreement entered into between DNR, DOA, and a Municipality for financial assistance.

Fiscal Year means any 12 consecutive calendar months commencing with the second day of June and ending on the first day of the following June.

Fitch means Fitch Ratings.

General Resolution means the Clean Water Revenue Bond General Resolution adopted by the Commission on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, as the same may be further amended and supplemented from time to time.

Information Services means an institution or other service providing information with respect to called bonds, which shall include but not be limited to those identified in the General Resolution and others designated by an Authorized Officer.

Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Leveraged Loan or **Pledged Loan** means a loan made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund, including from Bond proceeds.

Loan Credit Reserve Fund means the fund of that name established by the General Resolution.

Loan Credit Reserve Fund Requirement means and is calculated as follows:

(1) DOA has delivered to the Trustee, with respect to each Rating Agency, a schedule of credit quality categories and loan credit reserve fund requirements (each a **Loan Credit Reserve Fund Schedule** or **Schedule**) approved by such Rating Agency. Each Schedule sets forth the percentage of the annual debt service attributable to each Loan disbursement from the Loan Fund to be deposited in the Loan Credit Reserve Fund with respect to each Pledged Loan disbursement. A Schedule may be amended from time to time upon the presentation to the Trustee of a certificate of an Authorized Officer, supported by a certificate from the Rating Agency to which such Schedule applies, confirming that such amendment to the Schedule will not adversely affect the then-outstanding rating assigned to the Bonds by such Rating Agency.

(2) The amount required in the Schedules for each Pledged Loan disbursement from the Loan Fund (and if the Schedules provide for different amounts, then the highest amount) is the **Contribution Amount**.

(3) The Loan Credit Reserve Fund Requirement shall be, as of any date of calculation, the total Contribution Amount derived from each Schedule (and if the Schedules provide for different total Contribution Amounts, then the highest total Contribution Amount) that would be required were all disbursements from the Loan Fund outstanding to be disbursed on that date, based on the then-current Schedules.

Loan Fund means the fund of that name established by the General Resolution.

Moody's means Moody's Investors Service, Inc.

Municipal Obligations means the bonds, notes, or other evidences of debt issued by any Municipality and authorized by law acquired by the State as evidence of indebtedness of a Pledged Loan (also referred to as a Leveraged Loan), Direct Loan, or Proprietary Loan to the Municipality pursuant to the Act. Municipal Obligations may constitute any of a combination of the following: a revenue obligation secured by a covenant to assess user fees and a pledge of the utility's revenues, a revenue obligation secured by special assessments and other utility revenue and a pledge of the utility's revenues, or a general obligation secured by a tax levy and a pledge of the full faith and credit of the Municipality.

Municipality means a political subdivision of the State constituting a "municipality" within the meaning of the Act, duly organized and existing under the laws of the State and any successor entity or a federally recognized American Indian tribe or band in the State.

Notes mean any bond anticipation notes issued by the State pursuant to the Act.

Outstanding, when used with reference to Bonds, other than Bonds referred to in Section 10.05 of the General Resolution (addressing Bonds owned or held by or for the account of the State), means, as of any date, Bonds theretofore or then being delivered under the provisions of the General Resolution, except:

- (1) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date,
- (2) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice,
- (3) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Resolution, and
- (4) Bonds deemed to have been paid as provided in Article 12 of the General Resolution (concerning defeasance).

In determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution, the principal amount of a Capital Appreciation Bond that shall be deemed Outstanding for such purposes shall be the Accreted Value thereof.

Paying Agent for the Bonds of any Series means the bank, trust company, or national banking association, which may be the Trustee, and its successor or successors, appointed pursuant to the provisions of the General Resolution and a Series Resolution or any other resolution of the Commission adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Pledged Loan or **Leveraged Loan** means a loan made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund and with Bond proceeds.

Pledged Loan Repayments or **Leveraged Loan Repayments** means any payment on a Pledged Loan pursuant to a Financial Assistance Agreement, or on the Municipal Obligations evidencing and securing the same, on account of the principal, interest, and premium, if any, due on such Pledged Loan, including scheduled payments of principal of and interest on such Pledged Loan or Municipal Obligation, any payment made to cure a default, prepayments of principal or interest, and any additional amounts payable upon prepayment of such Pledged Loan or Municipal Obligations, and any amounts paid with respect to such Pledged Loan or Municipal Obligation on account of (1) acceleration of the due date of such Pledged Loan or such Municipal Obligation, (2) the sale or other disposition of such Pledged Loan or the Municipal Obligations and other collateral securing such Pledged Loan, (3) the receipt of proceeds of any

insurance or guaranty of such Pledged Loan or Municipal Obligations or any Credit Facility applicable to such Pledged Loan or Municipal Obligations, and (4) the exercise of any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement upon default on such Pledged Loan or Municipal Obligations, but specifically excluding Fees and Charges.

Pledged Receipts means:

- (1) all Pledged Loan Repayments, including both timely and delinquent payments,
- (2) Fees and Charges held or collected by the State,
- (3) any moneys received by the State under Section 281.59 (11) (b) of the Wisconsin Statutes (that is, State payments intercepted by DOA and taxes collected by county treasurers) upon a default under a Municipal Obligation,
- (4) any moneys made available to the Clean Water Fund Program pursuant to Section 281.59 (13m) of the Wisconsin Statutes (that is, as a result of the designation of an individual Pledged Loan as one to which the State's "moral obligation" applies),
- (5) any moneys collected by recourse to collateral and security devices under the Municipal Obligations, and
- (6) any other moneys held or received by the State or the Trustee relating to the Municipal Obligations.

Principal Account means the account of that name established within the Debt Service Fund by the General Resolution.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds Outstanding, (1) the principal amount or Accreted Value of Bonds of such Series due on any payment date for which no Sinking Fund Installments have been established, or (2) the Sinking Fund Installment due on a date for Bonds of such Series, or (3) if such dates coincide, the sum of such principal amount or Accreted Value of Bonds and of such Sinking Fund Installment(s) due on such date; in each case in the amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds; provided, however, that Principal Installments shall not include the principal of Notes.

Proprietary Loan means financial assistance made primarily from the proceeds of State general obligation bonds or repayment of Proprietary Loans, and excludes any Direct Loan or Pledged Loan. This financial assistance or type of loan is not funded with Bond proceeds.

Rating Agency means a credit rating agency which is nationally recognized for skill and expertise in rating the credit of obligations similar to the Bonds and which has assigned and currently maintains a rating on any Outstanding Bonds at the request of the State (which request may be withdrawn by the State so long as following such withdrawal of request, the Bonds are rated by at least two Rating Agencies), and any successor to any such agency by merger, consolidation or otherwise.

Rebate Fund means the fund of that name established by the General Resolution.

Record Date means, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the 15th day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day. The Series Resolution for the 2015 Bonds provides that, for the 2015 Bonds, **Record Date** means the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

Redemption Account means the account of that name established within the Debt Service Fund by the General Resolution.

Redemption Price means (1) when used with respect to a Bond other than a Capital Appreciation Bond, or a portion thereof to be redeemed, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof, plus interest to the redemption date, pursuant to the General Resolution and the applicable Series Resolution, and (2) when used with respect

to a Capital Appreciation Bond, the Accreted Value on the date of redemption of such Bond or portion thereof plus the applicable premium, if any.

Refunding Bonds means Bonds issued to refund other Bonds.

Revenue Fund means the fund of that name established by the General Resolution.

S&P means Standard & Poor's Ratings Services.

Series of Bonds or **Bonds of a Series** or words of similar meaning mean the series of Bonds authorized by a Series Resolution.

Series Resolution means a resolution of the Commission authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Resolution, adopted by the Commission from time to time. The Series Resolution for the 2015 Bonds was adopted on April 29, 2015.

Sinking Fund Installment means, as of any particular date of calculation, (1) the amount required by the General Resolution and a Series Resolution to be deposited by the State for the retirement of Bonds which are stated to mature subsequent to such date or (2) the amount required by the General Resolution and a Series Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

State means the State of Wisconsin.

State Equity Fund means the fund of that name established by the General Resolution.

Subsidy Fund means the fund of that name established by the General Resolution.

Subsidy Fund Requirement means that amount which, when invested as permitted in the General Resolution, is projected by an Authorized Officer to result in an amount being available during each period commencing on an interest payment date and ending on the next interest payment date (**Period**) which is at least equal to the amount by which Aggregate Debt Service payable during the Period exceeds the sum of (1) scheduled disbursements from the Capitalized Interest Account and (2) Pledged Loan Repayments scheduled to be received during the Period from sources other than transfers of Loan capitalized interest from the Loan Fund. In making the projections set forth above, the State may treat undisbursed amounts in the Loan Fund as if (a) such undisbursed amounts were invested at an appropriate rate of interest to the final maturity of Bonds and (b) such undisbursed amounts and the earnings thereon were transferred from time to time to the Revenue Fund to pay debt service, and for purposes of calculating the Subsidy Fund Requirement, such amounts may be treated as if they were Loan Repayments made pursuant to clause (2) above; provided that prior to each Loan disbursement the State recalculates the Subsidy Fund Requirement assuming for purposes of calculation that the disbursement has been made (and the amount of the disbursement is repayable in accordance with the applicable Municipal Obligations), and if such calculation fails to confirm that following the disbursement the Subsidy Fund Requirement is met, the State refrains from making a requisition for the disbursement.

Subsidy Fund Transfer Amount means, with respect to any interest payment date, the amount by which Aggregate Debt Service payable during the Period (as such term is used in the definition of Subsidy Fund Requirement) ending on such interest payment date exceeds the sum of:

(1) Loan Repayments scheduled to be received and delinquent Loan Repayments actually received during the Period,

(2) earnings on the Loan Credit Reserve Fund deposited in the Revenue Fund during the Period,

(3) any moneys on deposit in the Revenue Fund, the Interest Account of the Debt Service Fund, or the Principal Account of the Debt Service Fund at the beginning of the Period,

(4) any amounts in the Loan Fund transferred to the Revenue Fund during the Period as directed in a certificate of an Authorized Officer, and

(5) amounts scheduled to be transferred from the Capitalized Interest Account to the Interest Account during the Period.

Supplemental Resolution means a resolution supplemental to or amendatory of the General Resolution, adopted by the Commission in accordance with the General Resolution.

Trustee means U.S. Bank National Association, as successor to Firststar Trust Company, and its successor or successors and any other bank, trust company, or national banking association at any time substituted in its place pursuant to the General Resolution.

APPENDIX D

EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2015 Bonds, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, Wisconsin 53703

\$133,235,000
State of Wisconsin
Clean Water Revenue Refunding Bonds, 2015 Series 1

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$133,235,000 Clean Water Revenue Refunding Bonds, 2015 Series 1, dated the date hereof (**2015 Bonds**). The 2015 Bonds are authorized by Sections 281.58 and 281.59, Wisconsin Statutes (**Act**) (and in particular, Section 281.59 (4), Wisconsin Statutes) and Subchapter II of Chapter 18, Wisconsin Statutes, and are being issued pursuant to a resolution (**General Resolution**) adopted by the State of Wisconsin Building Commission (**Commission**) on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, and as supplemented by a resolution (**Series Resolution**) adopted by the Commission on April 29, 2015.

Under the General Resolution, the Commission has established various funds and accounts and designated U.S. Bank National Association, as trustee (**Trustee**), to be the custodian of the funds and accounts. The Commission has pledged certain revenues received pursuant to the Act to secure the payment of the principal of, and premium, if any, and interest on, the 2015 Bonds, any other bonds heretofore or hereafter issued under the General Resolution, and certain other parity obligations. The Commission has directed the Trustee to deposit the revenues into the funds and accounts in the order and amounts provided in the General Resolution. The 2015 Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the General Resolution.

We examined the law, a certified copy of the proceedings relating to the issuance of the 2015 Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The General Resolution and the Series Resolution have been duly and lawfully adopted by the Commission, are in full force and effect, and are valid and binding upon the State and enforceable in accordance with their respective terms. The Series Resolution has been adopted in accordance with the provisions of the General Resolution and is authorized or permitted by the General Resolution.
2. The General Resolution creates the valid pledge that it purports to create of the "Pledged Receipts," as defined in the General Resolution, and of the moneys and securities held in the funds and accounts pledged under the General Resolution.

3. The 2015 Bonds are legal, valid, and binding special obligations of the State as provided in the General Resolution, payable and enforceable in accordance with their terms and the terms of the General Resolution and entitled to the benefits of the General Resolution and of the Act. The 2015 Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of this letter, and in accordance with the General Resolution.
4. Interest on the 2015 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2015 Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the 2015 Bonds are issued for interest on the 2015 Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the 2015 Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the 2015 Bonds were issued. We express no opinion as to other federal tax law consequences regarding the 2015 Bonds.

The rights of the owners of the 2015 Bonds and the enforceability of the 2015 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). We express 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 18, 2015 or other offering material relating to the 2015 Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion as to those matters (except only the matters set forth as our opinion in the Official Statement).

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

Very truly yours,

FOLEY & LARDNER LLP

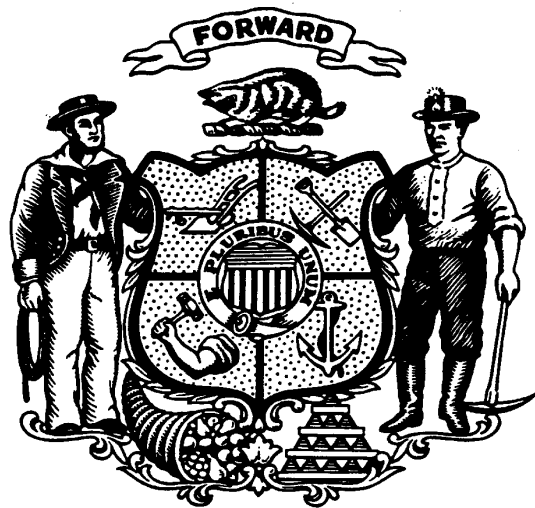
APPENDIX E
OUTSTANDING BONDS
REFUNDED BY 2015 BONDS

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP ^(a)	Redemption Date	Redemption Price
Current Refunded Bonds							
2004 Series 2	1/25/2005	\$ 10,675,000	5.000%	6/1/2017	977092 NM3	8/14/2015 ^(b)	100%
		5,520,000	5.000	6/1/2018	977092 NN1	8/14/2015 ^(b)	100
		5,790,000	5.000	6/1/2019	977092 NP6	8/14/2015 ^(b)	100
		6,055,000	5.000	6/1/2020	977092 NQ4	8/14/2015 ^(b)	100
		\$ 28,040,000					
Advance Refunded Bonds							
2008 Series 1	2/12/2008	\$ 4,770,000	5.000	6/1/2019	977092 QX6	6/1/2018	100%
		5,015,000	5.000	6/1/2020	977092 QY4	6/1/2018	100
		5,270,000	5.000	6/1/2021	977092 QZ1	6/1/2018	100
		5,540,000	5.000	6/1/2022	977029 RA5	6/1/2018	100
		8,000,000	5.000	6/1/2023	977029 RB3	6/1/2018	100
		6,235,000	5.000	6/1/2024	977092 RC1	6/1/2018	100
		6,555,000	5.000	6/1/2025	977092 RD9	6/1/2018	100
		6,895,000	5.000	6/1/2026	977092 RE7	6/1/2018	100
		7,245,000	5.000	6/1/2027	977092 RF4	6/1/2018	100
		7,620,000	5.000	6/1/2028	977092 RG2	6/1/2018	100
2008 Series 3	12/11/2008	8,680,000	5.000	6/1/2019	977092 SE6	6/1/2018	100
		4,920,000	5.000	6/1/2020	977092 SF3	6/1/2018	100
		5,170,000	5.250	6/1/2021	977092 SG1	6/1/2018	100
		24,825,000	5.500	6/1/2025 ^(c)	977092 SH9	6/1/2018	100
		6,640,000	5.125	6/1/2026	977092 SJ5	6/1/2018	100
\$ 113,380,000							

(a) The CUSIP number for each refunded bond has been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers.

(b) The first optional call date of this series of bonds is June 1, 2015. The State intends to call these bonds for redemption on August 14, 2015 with notice of such redemption expected to be provided on the delivery date of the 2015 Bonds.

(c) This bond is a term bond with Sinking Fund Installments scheduled for June 1 of the years 2022 through and including 2025.



Printed on
Recycled Paper