

OFFICIAL STATEMENT

New Issue

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

\$37,635,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2014, SERIES B

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

STATE OF WISCONSIN

Acting by and through the Department of Administration

Dated: Delivery Date

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

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

Tax Exemption Interest on the Certificates is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 11-12.*
Interest on the Certificates is not exempt from current State of Wisconsin income and franchise taxes—*See page 11.*

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

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

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

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

Interest Payment Dates March 1 and September 1

First Interest Payment Date March 1, 2015

Denominations Multiples of \$5,000

Closing/Delivery/Settlement On or about November 13, 2014

Bond Counsel Foley & Lardner LLP

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

Issuer Contact Wisconsin Capital Finance Office
(608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov

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

2013 Annual Report This Official Statement incorporates by reference **Parts I, II, and IV** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013.

The prices and yields listed on the **inside front cover** were determined on October 30, 2014 at negotiated sale.

BAIRD

Ramirez & Co., Inc.

Stifel

October 30, 2014

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND OTHER INFORMATION

\$37,635,000

**MASTER LEASE CERTIFICATES OF PARTICIPATION
OF 2014, SERIES B**

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

STATE OF WISCONSIN

Acting by and through the Department of Administration

<u>CUSIP</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Optional Call Date</u>	<u>Call Price</u>
977087 GH2	March 1, 2015	\$ 2,770,000	2.00%	0.21%	100.536%	Not Callable	-
977087 GJ8	September 1, 2015	2,460,000	2.00	0.26	101.389	Not Callable	-
977087 GK5	March 1, 2016	2,485,000	5.00	0.41	105.944	Not Callable	-
977087 GL3	September 1, 2016	2,545,000	5.00	0.49	108.071	Not Callable	-
977087 GM1	March 1, 2017	2,610,000	5.00	0.70	109.792	Not Callable	-
977087 GN9	September 1, 2017	2,635,000	5.00	0.83	111.516	Not Callable	-
977087 GP4	March 1, 2018	2,705,000	5.00	1.00	112.951	Not Callable	-
977087 GQ2	September 1, 2018	2,765,000	5.00	1.15	114.273	Not Callable	-
977087 GR0	March 1, 2019	1,095,000	5.00	1.30	115.422	Not Callable	-
977087 GS8	September 1, 2019	885,000	5.00	1.47	116.300	Not Callable	-
977087 GT6	March 1, 2020	865,000	1.65	1.65	100	Not Callable	-
977087 GU3	September 1, 2020	875,000	5.00	1.79	117.606	Not Callable	-
977087 GV1	March 1, 2021	865,000	5.00	1.95	117.996	Not Callable	-
977087 GW9	September 1, 2021	885,000	5.00	2.05	117.348	(a) March 1, 2021	100%
977087 GX7	March 1, 2022	885,000	2.10	2.10	100	March 1, 2021	100
977087 GY5	September 1, 2022	895,000	5.00	2.11	116.962	(a) March 1, 2021	100
977087 GZ2	March 1, 2023	9,410,000	5.00	2.14	116.769	(a) March 1, 2021	100

^(a) These Certificates priced to the March 1, 2021 first optional call date.

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

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

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

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

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

TABLE OF CONTENTS

	Page	Page
PARTICIPANTS IN ISSUANCE AND SALE OF THE CERTIFICATES	ii	
SUMMARY DESCRIPTION OF CERTIFICATES	iii	
INTRODUCTION	1	
THE STATE	1	
THE MASTER LEASE PROGRAM	2	
PLAN OF FINANCE	2	
General.....	2	
Sources and Uses.....	3	
THE CERTIFICATES	3	
General.....	3	
Ratings	3	
Redemption Provisions.....	3	
Registration and Payment of Certificates.....	4	
Book-Entry-Only Form	4	
SECURITY FOR CERTIFICATES	5	
General.....	5	
Common Pool of Collateral.....	5	
Reserve Fund.....	6	
Governmental Use	6	
Centralized Control and Review	6	
Two-Phase Financing Structure	6	
		Budget Process
		7
		RISK FACTORS
		8
		Nonappropriation
		8
		Essential Use of Leased Items.....
		8
		Collateral Value of Leased Items
		8
		Tax Exemption
		9
		Applicability of Securities Law
		9
		OTHER INFORMATION
		9
		Borrowing Plans for 2014
		9
		Underwriting
		9
		Reference Information About the Certificates.....
		9
		Financial Advisor
		10
		Legal Opinions
		10
		Tax Exemption
		11
		CONTINUING DISCLOSURE
		12
		APPENDIX A– INFORMATION ABOUT THE STATE
		A-1
		APPENDIX B– INFORMATION ABOUT THE MASTER LEASE PROGRAM
		B-1
		APPENDIX C– EXPECTED FORM OF BOND COUNSEL OPINION
		C-1

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

The Honorable Scott Walker
Governor
State of Wisconsin

Mr. Mike Huebsch
Secretary
Department of Administration

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

Mr. Kevin D. Taylor
Capital Finance Director
(608) 266-2305

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

Mr. Brad Elmer
Capital Finance Officer
(608) 267-7399

Bond Counsel
Foley & Lardner LLP

Financial Advisor
Acacia Financial Group, Inc.

Trustee
U.S. Bank National Association

SUMMARY DESCRIPTION OF CERTIFICATES

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

Principal Amount and Description:	\$37,635,000 Master Lease Certificates of Participation of 2014, Series B (State of Wisconsin)
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about November 13, 2014)
Record Date:	February 15 and August 15
Interest Payments:	March 1 and September 1, commencing March 1, 2015.
Maturities:	March 1 and September 1, commencing March 1, 2015 and ending March 1, 2023.
Redemption:	<p><i>Optional</i>—The Certificates maturing on or after September 1, 2021 are callable at par on March 1, 2021 or any date thereafter—<i>See page 3.</i></p> <p><i>Mandatory</i>—Master lease certificates of participation of all series, including the Certificates, are subject to mandatory redemption at par upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease—<i>See page 4.</i></p>
Form:	Book-entry-only— <i>See pages 4-5.</i>
Paying Agent:	All payments of the principal of, and interest on, the Certificates will be paid by U.S. Bank National Association, as Trustee. All payments initially will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	<p>The Certificates evidence proportionate interests in certain Lease Payments under the State’s Master Lease Program. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture for the Program. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation. As of October 15, 2014, the principal amount of all outstanding master lease certificates of participation was \$87.9 million—<i>See pages 5-8.</i></p>
State Budget:	The State budget is the legislative document that authorizes amounts of State expenditures for the two fiscal years in the biennium, based on the amount of revenues (primarily taxes) projected to be received— <i>See pages 7-8.</i>
Continuing Authority of Budget:	Under State law, in the event a budget is not in effect at the start of a fiscal year, the prior fiscal year’s budget serves as the budget until a new budget is enacted— <i>See page 7.</i>

Fiscal Controls and Priority of Payments:	If an emergency arises which requires payments in excess of available money, the Secretary of Administration has statutory power to order reductions in the appropriations of State agencies (which represent less than one-third of the General Fund budget). In addition, the Secretary of Administration may set priorities for payments from the General Fund as well as prorate certain payments. The Wisconsin Statutes provide an order of preference for all payments from the General Fund. The Master Lease provides that, if such an emergency arises, then the Secretary of Administration will establish a priority schedule for payments that gives Lease Payments due under the Master Lease a high priority. However, the Secretary of Administration is required to give higher priority to payments on outstanding State general obligations, operating notes, and employee payroll— <i>See pages 7-8.</i>
Authority for Issuance:	The State entered into the Master Lease under Section 16.76 of the Wisconsin Statutes.
Purpose:	Funding Lease Schedules previously financed through a revolving credit facility and paying costs of issuance for the Certificates— <i>See pages 2-3.</i>
Additional Certificates:	Additional master lease certificates of participation may be issued.
Tax Exemption:	Interest on the Certificates is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <i>See pages 11-12.</i> Interest on the Certificates is not exempt from current State of Wisconsin income and franchise taxes— <i>See page 11.</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1.</i>
2013 Annual Report:	This Official Statement incorporates by reference, and makes certain updates to, Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013. Pursuant to its undertakings, the State intends to publish a new Continuing Disclosure Annual Report by December 27, 2014.

OFFICIAL STATEMENT

\$37,635,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2014, SERIES B

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

STATE OF WISCONSIN

Acting by and through the Department of Administration

INTRODUCTION

This Official Statement provides information about the \$37,635,000 Master Lease Certificates of Participation of 2014, Series B (**Certificates**) that represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Third Amended and Restated Master Lease, dated April 28, 2000 (**Master Lease**), between a predecessor-in-interest of U.S. Bank National Association (**Lessor**), as lessor, and the State, acting by and through the State of Wisconsin Department of Administration (**Department of Administration**), as lessee (**Lessee**).

This Official Statement includes by reference **Parts I, II, and IV** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013 (**2013 Annual Report**).

The Certificates are issued pursuant to and secured by the **Master Indenture**, dated July 1, 1996, among Firststar Bank Milwaukee, N.A., Firststar Trust Company, and the Lessee, and Supplemental Indenture No. 2014-B (**Supplemental Indenture**), dated November 13, 2014, among the Lessor, U.S. Bank National Association, as trustee (**Trustee**), and the Lessee. The Master Indenture established a trust (**Trust**) that consists of lease schedules to the Master Lease (**Lease Schedules**), rent, being the amount payable to the Lessor on each payment date during the term of the Master Lease, as shown in the related Lease Schedule, including interim rent and any additional rent, and any other amount payable under a Lease Schedule (**Lease Payments**), the tangible property and, in certain situations, intangible property or prepaid service items, acquired by the State pursuant to the Lease Schedules (**Leased Items**), and other property and rights related to those Lease Schedules. *All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture.*

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

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

THE STATE

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

Information concerning the State and its financial condition is included as **APPENDIX A**, which incorporates by reference Part II of the 2013 Annual Report. **APPENDIX A** also includes changes or additions to Part II of the 2013 Annual Report, including, but not limited to:

- Annual Fiscal Report (budgetary basis), dated October 15, 2014, for the 2013-14 fiscal year, including summary of actual General Fund tax collections for the 2013-14 fiscal year.
- Information included in the Legislative Fiscal Bureau (**LFB**) memorandum dated January 16, 2014 (**January 2014 LFB Memorandum**).
- General Fund information for the 2013-14 fiscal year through June 30, 2014 and General Fund information for the 2014-15 fiscal year through August 31, 2014, which are both presented on either a cash basis or an agency-recorded basis.

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

Contact: State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director

Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864

Phone: (608) 266-2305

E-mail: DOACapitalFinanceOffice@wisconsin.gov

Web site: www.doa.wi.gov/capitalfinance

THE MASTER LEASE PROGRAM

The Department of Administration created the Master Lease program (**Program**) in 1992 by entering into the Master Lease. The Program permits the State to acquire Leased Items for all State agencies through installment purchase contracts. As of October 15, 2014, the total amount of originations completed through the Program was \$645 million, and the principal amount of outstanding master lease certificates of participation was \$87.9 million. The Program continues to be used to originate Lease Schedules.

Information concerning the Program is included as **APPENDIX B**, which includes by reference Part IV of the 2013 Annual Report. **APPENDIX B also includes changes or additions to Part IV of the 2013 Annual Report.**

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

Contact: State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director

Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864

Phone: (608) 266-2305

E-mail: DOACapitalFinanceOffice@wisconsin.gov

Web site: www.doa.wi.gov/capitalfinance

PLAN OF FINANCE

General

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

Sources and Uses

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

Sources:	
Principal Amount of Certificates	\$37,635,000.00
Original Issue Premium	<u>4,212,269.11</u>
Total Sources	<u>\$41,847,269.11</u>
Uses:	
Funding Lease Schedules.....	\$41,469,596.56
Cost of Issuance	202,856.06
Underwriter's Discount.....	<u>174,816.49</u>
Total Uses	<u>\$41,847,269.11</u>

THE CERTIFICATES

General

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

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

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

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

Ratings

The following ratings have been assigned to the Certificates:

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

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

Redemption Provisions

Optional Redemption

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

Mandatory Redemption

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

Selection of Certificates

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

Notice of Redemption

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

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

Registration and Payment of Certificates

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

Book-Entry-Only Form

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

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

Payment

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

Notices and Voting Rights

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

Redemption

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

Discontinued Service

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

Further Information

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

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

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

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

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

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

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

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

SECURITY FOR CERTIFICATES

General

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

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

Common Pool of Collateral

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

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

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

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

Reserve Fund

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

Governmental Use

The State will certify that each Leased Item will be used to perform a governmental function. Many of the Leased Items will perform critical governmental functions, but the State will not certify that the Leased Items perform any "essential" functions. Examples of Leased Items currently held through the Trust include components of the State's integrated tax collection system, components of the State's central mainframe computer, technology upgrades and equipment for various information technology initiatives, and energy conservation projects for State-owned buildings. The Leased Items held through the Trust also include components of a comprehensive information technology system that allows the State to centrally manage finance, budget, procurement, business intelligence, and human resource functions. Based on preliminary approvals, \$116 million of additional components of this system may be funded through future Lease Schedules. See **APPENDIX B** for a detailed listing of all outstanding Lease Schedules.

Centralized Control and Review

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

Two-Phase Financing Structure

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

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

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

Budget Process

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

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

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

Continuing Authority of Budget

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

Budgetary Reductions and Priority of Claims

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

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

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

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

RISK FACTORS

Nonappropriation

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

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

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

Essential Use of Leased Items

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

Collateral Value of Leased Items

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

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

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

Tax Exemption

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

Applicability of Securities Law

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

OTHER INFORMATION

Borrowing Plans for 2014

This is the second series of master lease certificates of participation to be issued in calendar year 2014. A series of master lease certificates of participation in the principal amount of \$33 million was issued in February 2014 for the funding of outstanding and previously originated Lease Schedules. A revolving credit facility with PNC Bank, National Association is used by the State for origination of Lease Schedules. A master lease certificate of participation was issued to the bank in calendar year 2013 to evidence a proportionate interest in the Lease Payments associated with such facility. See “**SECURITY FOR CERTIFICATES; Two-Phase Financing Structure**”.

Underwriting

The Certificates are being purchased by the **Underwriters** listed on the **front cover**, for which Robert W. Baird & Co. Incorporated is acting as the representative (**Representative**). The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the State at an aggregate purchase price of \$41,672,452.62, reflecting an original issue premium of \$4,212,269.11, and an underwriters’ discount of \$174,816.49. The Underwriters have agreed to reoffer the Certificates at the public offering prices or yields set forth on the **inside front cover**. The Certificates may be offered and sold to certain dealers (including dealers depositing the Certificates into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters’ obligations are subject to certain conditions.

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

Reference Information About the Certificates

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

\$37,635,000
Master Lease Certificates of Participation of 2014, Series B
(State of Wisconsin)

Dated and Delivery Date: On or About November 13, 2014
First Interest Date: March 1, 2015

CUSIP	Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
977087 GH2	March 1, 2015	\$ 2,770,000	2.00%	0.21%	100.536%	Not Callable	-
977087 GJ8	September 1, 2015	2,460,000	2.00	0.26	101.389	Not Callable	-
977087 GK5	March 1, 2016	2,485,000	5.00	0.41	105.944	Not Callable	-
977087 GL3	September 1, 2016	2,545,000	5.00	0.49	108.071	Not Callable	-
977087 GM1	March 1, 2017	2,610,000	5.00	0.70	109.792	Not Callable	-
977087 GN9	September 1, 2017	2,635,000	5.00	0.83	111.516	Not Callable	-
977087 GP4	March 1, 2018	2,705,000	5.00	1.00	112.951	Not Callable	-
977087 GQ2	September 1, 2018	2,765,000	5.00	1.15	114.273	Not Callable	-
977087 GR0	March 1, 2019	1,095,000	5.00	1.30	115.422	Not Callable	-
977087 GS8	September 1, 2019	885,000	5.00	1.47	116.300	Not Callable	-
977087 GT6	March 1, 2020	865,000	1.65	1.65	100	Not Callable	-
977087 GU3	September 1, 2020	875,000	5.00	1.79	117.606	Not Callable	-
977087 GV1	March 1, 2021	865,000	5.00	1.95	117.996	Not Callable	-
977087 GW9	September 1, 2021	885,000	5.00	2.05	117.348	^(a) March 1, 2021	100%
977087 GX7	March 1, 2022	885,000	2.10	2.10	100	March 1, 2021	100
977087 GY5	September 1, 2022	895,000	5.00	2.11	116.962	^(a) March 1, 2021	100
977087 GZ2	March 1, 2023	9,410,000	5.00	2.14	116.769	^(a) March 1, 2021	100

^(a) These Certificates priced to the March 1, 2021 first optional call date.

Financial Advisor

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

Legal Opinions

Bond Opinion

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

Attorney General

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

Tax Exemption

Federal Income Tax

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

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

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

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

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

State of Wisconsin Income and Franchise Taxes

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

Premium Certificates

Under existing law, no deduction is allowed for any amortizable bond premium on the Certificates. The excess of the issue price of a Certificate over the principal amount of that Certificate is the amortizable bond premium. The issue price of the Certificates having a common maturity and interest rate generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of the Certificates of such maturity were first sold. Based on representations from the Underwriters, the State expects that the issue price of each maturity of the Certificates to be the Price at

Issuance set forth in the table under “**OTHER INFORMATION; Reference Information About The Certificates**”.

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

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Certificates, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will send the Annual Report to the Municipal Securities Rulemaking Board (**MSRB**). The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. [Part I of the 2013 Annual Report](#), which contains information on the undertaking, is included by reference as part of this Official Statement.

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

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

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

Dated: October 30, 2014

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

/s/ MIKE HUEBSCH

Mike Huebsch, Secretary
State of Wisconsin Department of Administration

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) contained in [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013 \(2013 Annual Report\)](#), which can be obtained as described below. This Appendix also includes any updates, or makes changes or additions, to the information presented in Part II of the 2013 Annual Report, including, but not limited to:

- Annual Fiscal Report (budgetary basis), dated October 15, 2014, for the 2013-14 fiscal year, including summary of actual General Fund tax collections for the 2013-14 fiscal year.
- Information included in the Legislative Fiscal Bureau (**LFB**) memorandum dated January 16, 2014 (**January 2014 LFB Memorandum**).
- General Fund information for the 2013-14 fiscal year through June 30, 2014 and General Fund information for the 2014-15 fiscal year through August 31, 2014, which are both presented on either a cash basis or an agency-recorded basis.

[Part II of the 2013 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 2012-13 and State budget for the 2013-15 biennium)
- 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 2013 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2013, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

The 2013 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 2013 Annual Report may also be obtained from:

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

The State has independently provided, starting in July 2001, monthly reports on general fund financial information. 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 2013 Annual Report. The State is not obligated to provide such monthly reports at any time in the future.

After publication and filing of the 2013 Annual Report, certain changes or events have occurred that affect items discussed in the 2013 Annual Report. Listed below, by reference to particular sections of Part II of the 2013 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 that were released after the date of the Preliminary Official Statement for the Certificates (October 17, 2014). Any such change or addition is identified accordingly.

State Budget; Budget for 2013-15 Biennium (Part II; Pages 32-33). Update with the following information:

2013-14 Fiscal Year Results

The 2013-14 fiscal year ended June 30, 2014 and the State's Annual Fiscal Report (budgetary basis) for that fiscal year was published on October 15, 2014. It reports the State ended the 2013-14 fiscal year on a statutory and unaudited basis with an undesignated balance of \$516.9 million. This amount is \$118.4 million more than the projected ending balance for that fiscal year in the 2013-15 biennial budget bill (2013 Wisconsin Act 20), but \$142.4 million less than the projected ending balance that was approved on May 6, 2014 by the Legislature's Joint Committee on Finance (JCF). The May 6, 2014 action of JCF reflected all enacted bills from the 2013 legislative session along with all actions of JCF through May 5, 2014. The State did not issue any operating notes during the 2013-14 fiscal year. The Annual Fiscal Report (budgetary basis) is available from the MSRB through its EMMA system and from the State as provided on [page A-1](#).

The table on the following page includes the final General Fund condition statement for the 2013-14 fiscal year and projected General Fund condition statement for the 2014-15 fiscal year (as approved on May 6, 2014 by JCF). The table also includes, for comparison, the estimated General Fund condition statements from the 2013-15 biennial budget (2013 Wisconsin Act 20).

May 2014 General Fund Condition Statement

On May 6, 2014, JCF approved a General Fund condition statement that reflected all enacted bills from the 2013 legislative session along with all actions of JCF through May 5, 2014. This General Fund condition statement showed projected gross ending balances at the end of the 2013-14 fiscal year of \$724.3 million and at the end of the 2014-15 fiscal year of \$165.3 million. These amounts were \$173 million less and \$877 million less, respectively, than the projected General Fund condition statement amounts included in the January 2014 LFB Memorandum and reflected (i) adjustments on or after April 1, 2014 by the Wisconsin Department of Revenue (DOR) to the individual income tax withholding tables to reflect the recent changes in tax rates and tax brackets, and (ii) legislation enacted on March 24, 2014 that reduced certain General Fund taxes and made appropriations to reduce property taxes and provide additional funding for the Wisconsin Department of Workforce Development.

ACTUAL AND PROJECTED GENERAL FUND CONDITION STATEMENTS
2013-14 AND 2014-15 FISCAL YEARS
(in Millions)

	FY14 (Actual)			FY15 (Projected)	
	2013-2015 Biennial Budget	Legislature's JCF May 2014	Annual Fiscal Report Oct. 2014	2013-2015 Biennial Budget	Legislature's JCF May 2014
Revenues					
Opening Balance	\$ 669.6	\$ 759.2	\$ 759.2	\$ 463.5	\$ 724.3 ^(a)
Prior Year Designation			18.7		
Taxes	14,013.5	14,229.3	13,948.1	14,517.5	14,724.6
Department Revenues					
Tribal Gaming	26.3	23.7		27.0	23.5
Other	<u>590.1</u>	<u>576.9</u>	<u>587.2</u>	<u>534.2</u>	<u>535.2</u>
Total Available	15,299.5	15,589.1	15,313.3	15,542.3	16,007.7
Appropriations					
Gross Appropriations	14,977.1	15,013.5	15,043.2	15,433.4	15,883.1
2013 Wisconsin Act 9	9.2			10.6	
Transfers to Other Funds	66.2	65.8	40.4	143.8	143.8
Compensation Reserves	78.8	78.8	57.8	133.1	133.1
Less: Lapses	<u>(295.3)</u>	<u>(293.7)</u>	<u>(345.2)</u>	<u>(334.9)</u>	<u>(317.7)</u>
Net Appropriations	14,835.9	14,864.8	14,796.4	15,386.0	15,842.3
Balances					
Gross Balance	463.5	724.3	516.9	156.3	165.3
Less: Req. Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>	<u>n/a</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 398.5	\$ 659.3	\$ 516.9	\$ 91.3	\$ 100.3

^(a) Does not reflect the actual ending balance of \$516.9 for the 2013-14 fiscal year, as included in the Annual Fiscal Report (budgetary basis), dated October 15, 2014.

Withholding Table Changes

The Governor directed DOR to adjust the individual income tax withholding tables on or after April 1, 2014 to reflect changes due to the indexing of individual income tax provisions and recent changes in tax rates and tax brackets. These adjustments did not change the total amount of General Fund tax revenues that are due, but the adjustments will have a one-time budgetary impact in the fiscal years 2013-14 and 2014-15 due to timing differences between the State's tax year and fiscal year. At that time, it was estimated that individual income tax collections would be reduced by \$156 million in the 2013-14 fiscal year and by \$166 million in the 2014-15 fiscal year.

Special Session Legislation – January 2014

On January 23, 2014, the Governor called the Wisconsin State Legislature (**Legislature**) into special session to address proposed legislation to reduce certain General Fund taxes and property taxes and to provide additional funding for the Department of Workforce Development. On March 24, 2014, the Governor signed this legislation into law, including changes the Legislature made subsequent to introduction (2013 Wisconsin Act 145). As a result of this act, it was projected that the General Fund ending balance would be reduced by approximately \$14 million in the 2013-14 fiscal year and by approximately \$523 million in the 2014-15 fiscal year.

An additional provision of 2013 Wisconsin Act 145 suspends the statutory provisions requiring transfers from the General Fund to the Budget Stabilization Fund for the 2013-14 and 2014-15 fiscal years. The suspended provisions would have required, in the event general purpose revenues exceed the original budget estimates, that 50% of general purpose revenues in excess of the original budget estimates be transferred to the Budget Stabilization Fund.

State Budget; Revenue Projections for 2013-15 Biennium (Part II; Pages 33-35). Update with the following information:

2013-14 Fiscal Year Results

The State’s Annual Fiscal Report included the ending general fund balance for the 2013-14 fiscal year (unaudited, budgetary basis) and was released on October 15, 2014. The Annual Fiscal Report also included final General Fund tax collections for the 2013-14 fiscal year. These General Fund tax revenue collections, on a budgetary basis, were \$13.948 billion, compared to \$14.086 billion for the 2012-13 fiscal year. This is a decrease of approximately \$138 million, or 1.0%, from the collections for the 2012-13 fiscal year, and approximately \$281.2 million less than the projections for the 2013-14 fiscal year previously made with approval of the General Fund condition statements on May 6, 2014 by JCF.

The following table includes a summary of the final General Fund tax revenues for the 2013-14 fiscal year and a summary of the projected General Fund tax revenues for the 2014-15 fiscal year. The following table also includes, for comparison, actual General Fund tax collections for the 2012-13 fiscal year, projected General Fund tax collections from DOR, as included in November 20, 2012 report from the Wisconsin Department of Administration (DOA), projections from the 2013-15 biennial budget (2013 Wisconsin Act 20), and projections approved by JCF on May 6, 2014.

**ACTUAL AND ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2013-14 AND 2014-15 FISCAL YEARS**

(in Millions)

	2012-13 Actual	2013-14 Fiscal Year			2014-15 Fiscal Year			
		DOR	Budget	JCF	2013-14	DOR	Budget	JCF
		Nov. 2012	2013 Act 20	May 2014	Actual	Nov. 2012	2013 Act 20	May 2014
Individual Income	\$ 7,496.9	\$ 7,459.2	\$ 7,295.3	\$ 7,240.0	\$ 7,061.4	\$7,803.6	\$ 7,651.0	\$ 7,514.1
Sales and Use	4,410.1	4,533.1	4,497.6	4,639.7	4,628.3	4,656.7	4,607.2	4,808.4
Corp. Income & Franchise	925.4	897.6	961.8	1,064.9	967.2	887.1	993.8	1,099.9
Public Utility	341.2	373.0	358.3	353.7	361.0	373.8	355.9	358.3
Excise								
Cigarettes	569.2	572.8	551.2	575.0	573.0	566.9	541.4	570.0
Liquor & Wine	48.3	71.3	64.7	47.7	49.0	74.6	66.7	69.8
Tobacco Products	63.0	49.4	50.5	67.7	67.7	51.4	51.5	48.3
Beer	9.0	9.3	9.1	9.0	9.0	9.2	9.0	8.9
Estate ^(a)	0.3	94.0	0.0	0.0	0.0	125.0	0.0	0.0
Insurance Company	159.3	157.5	160.0	164.0	165.8	168.2	168.0	172.0
Miscellaneous Taxes	<u>62.9</u>	<u>63.0</u>	<u>65.0</u>	<u>67.8</u>	<u>65.8</u>	<u>66.0</u>	<u>73.0</u>	<u>74.9</u>
TOTAL	\$14,085.6	\$14,280.2	\$14,013.5	\$14,229.3	\$13,948.1	\$14,782.5	\$14,517.5	\$14,724.6

^(a) The November 20, 2012 report from DOA assumed federal and state law as of November 20, 2012. Subsequent to that report, Congress took actions that had the effect of keeping the State’s estate tax from being reactivated commencing January 1, 2013.

Preliminary 2013-14 Fiscal Year General Fund Tax Collections

On August 28, 2014, DOR released preliminary general purpose revenue tax collections for the 2013-14 fiscal year, which on a budgetary basis were about \$13.948 billion, or \$137.5 million less than collections in the 2012-13 fiscal year (or down 1.0%) and approximately \$281.2 million less than the projected tax revenue estimates that JCF approved on May 6, 2014.

May 2014 General Fund Condition Statement

The General Fund condition statement approved by JCF on May 6, 2014 included total General Fund tax revenues of \$14.229 billion for the 2013-14 fiscal year and \$14.725 billion for the 2014-15 fiscal year. These amounts are \$171 million less and \$302 million less, respectively, than the projected General Fund tax revenues included in the January 2014 LFB Memorandum. See **“State Budget; Budget for 2013-15 Biennium”** on the previous pages for discussion of events that occurred subsequent to the January 2014 LFB Memorandum.

January 2014 LFB Memorandum

On January 16, 2014, LFB released a memorandum that includes estimated General Fund tax revenues and an updated General Fund condition statement for each fiscal year of the 2013-15 biennium. The estimated General Fund tax revenues included in the January 2014 LFB Memorandum were \$14.400 billion for the 2013-14 fiscal year, or an increase of \$314 million (or 2.2%) from collections in the 2012-13 fiscal year and an increase of \$386 million from the projections resulting from the 2013-15 biennial budget (2013 Wisconsin Act 20). In addition, the estimated General Fund tax revenues were \$15.017 billion for the 2014-15 fiscal year, or an increase of \$617 million (or 4.3%) from the estimated collections for the 2014-15 fiscal year and an increase of \$500 million from projections in the 2013-15 biennial budget (2013 Wisconsin Act 20).

A complete copy of the January 2014 LFB Memorandum is included as part of this Official Statement at the [end of this Appendix A](#). In addition, the State has filed the January 2014 LFB Memorandum with the MSRB through its EMMA system, and a copy is available at any of the addresses included [on page A-1](#).

State Budget; Potential Effect of Litigation (Part II, Pages 35-38). Update with the following information:

2011 Wisconsin Act 10

On April 19, 2014, the United States Court of Appeals for the Seventh Circuit denied the plaintiff's appeal in the matter of *Laborers Local 236 v. Walker*, and upheld the District Court's dismissal of the case. The plaintiffs' petition for rehearing was denied on May 22, 2014 and the plaintiffs did not file a petition for certiorari review by the United States Supreme Court.

Talgo Train Disputes

On April 30, 2014, the Wisconsin Claims Board denied, without hearing, the claim filed by Talgo, Inc.

State Obligations; Employee Pension Funds (Part II; Pages 67-69). Update with the following information:

The State is part of the Wisconsin Retirement System (WRS), which is a hybrid pension plan with separate individual accounts maintained for all participants. Market-related risks are generally mitigated by (1) regular changes in active employee contributions based on actuarial costs and (2) adjustment of benefits based on investment performance. Annual annuity adjustments for calendar year 2014 were announced by WRS on February 27, 2014, and include an increase of 4.7% for retirees in the WRS Core Retirement Trust.

General Fund Information; General Fund Cash Flow (Part II; Pages 44-55). The following tables provide updates and additions to various tables containing General Fund information for the 2013-14 and 2014-15 fiscal years, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, the tables for the 2013-14 fiscal year contain information through June 30, 2014 and the tables for the 2014-15 fiscal year include information through August 31, 2014 and projected General Fund information (cash basis) for the remainder of the 2014-15 fiscal year.

The results, projections, and estimates in most of the following tables reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), estimated General Fund tax collections included in the January 2014 LFB Memorandum, 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).

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 47). Replace with the following updated tables.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2013 TO JUNE 30, 2014^(a)

(Amounts in Thousands)

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
BALANCES^{(a)(b)}												
Beginning Balance	\$ 1,826,568	\$ 959,259	\$ 1,096,352	\$ 1,976,298	\$ 2,590,295	\$ 2,201,088	\$ 1,864,661	\$ 2,979,454	\$ 2,935,550	\$ 2,069,416	\$ 2,118,974	\$ 2,061,910
Ending Balance^(c)	959,259	1,096,352	1,976,298	2,590,295	2,201,088	1,864,661	2,979,454	2,935,550	2,069,416	2,118,974	2,061,910	1,500,597
Lowest Daily Balance^(c)	694,591	676,990	966,197	1,868,597	1,998,057	1,262,328	1,864,661	2,806,521	1,882,177	1,645,586	1,717,531	1,133,149
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 800,065	\$ 413,410	\$ 976,828	\$ 723,133	\$ 435,536	\$ 752,680	\$ 1,180,995	\$ 625,797	\$ 693,891	\$ 1,201,831	\$ 379,615	\$ 909,960
Sales & Use	442,317	428,431	435,847	436,335	409,206	383,195	458,960	340,073	335,240	398,904	382,512	439,663
Corporate Income	37,868	48,418	190,960	36,606	26,352	195,992	30,561	31,183	219,543	61,822	26,936	169,725
Public Utility	176	60	88	5,262	184,696	26	2	497	161	10,846	162,538	753
Excise	56,370	65,737	67,173	57,873	64,181	54,638	61,346	50,976	46,127	54,990	56,611	55,485
Insurance	98	605	14,360	21	848	13,946	13,017	24,196	8,895	13,471	727	14,940
Subtotal Tax Receipts	\$ 1,336,894	\$ 956,661	\$ 1,685,256	\$ 1,259,230	\$ 1,120,819	\$ 1,400,477	\$ 1,744,881	\$ 1,072,722	\$ 1,303,857	\$ 1,741,864	\$ 1,008,939	\$ 1,590,526
NON-TAX RECEIPTS												
Federal	\$ 781,233	\$ 612,092	\$ 1,111,835	\$ 650,079	\$ 658,618	\$ 588,090	\$ 970,331	\$ 899,924	\$ 699,022	\$ 650,876	\$ 762,356	\$ 737,302
Other & Transfers	494,089	373,600	504,906	450,276	307,748	413,827	364,213	522,286	382,748	375,235	336,037	508,429
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,275,322	\$ 985,692	\$ 1,616,741	\$ 1,100,355	\$ 966,366	\$ 1,001,917	\$ 1,334,544	\$ 1,422,210	\$ 1,081,770	\$ 1,026,111	\$ 1,098,393	\$ 1,245,731
TOTAL RECEIPTS	\$ 2,612,216	\$ 1,942,353	\$ 3,301,997	\$ 2,359,585	\$ 2,087,185	\$ 2,402,394	\$ 3,079,425	\$ 2,494,932	\$ 2,385,627	\$ 2,767,975	\$ 2,107,332	\$ 2,836,257
DISBURSEMENTS												
Local Aids	\$ 1,478,783	\$ 156,058	\$ 796,300	\$ 89,769	\$ 872,236	\$ 1,243,073	\$ 166,773	\$ 232,529	\$ 1,310,166	\$ 108,012	\$ 102,723	\$ 1,844,516
Income Maintenance	904,094	601,507	644,906	637,506	633,143	664,655	735,599	671,530	682,516	658,660	649,558	468,763
Payroll and Related	328,217	404,239	307,347	417,135	509,656	358,394	482,768	454,378	274,595	396,327	490,662	355,915
Tax Refunds	74,881	90,418	65,640	106,962	77,263	139,348	62,638	695,610	611,462	588,864	178,386	148,255
Debt Service	258,604	-	-	125,675	-	-	-	-	-	571,692	162,744	-
Miscellaneous	434,946	553,038	607,858	368,540	384,094	333,352	516,854	484,789	373,022	394,862	580,323	580,121
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 3,479,525	\$ 1,805,260	\$ 2,422,051	\$ 1,745,587	\$ 2,476,392	\$ 2,738,822	\$ 1,964,632	\$ 2,538,836	\$ 3,251,761	\$ 2,718,417	\$ 2,164,396	\$ 3,397,570

(a) The results in this table reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), the General Fund tax revenues included in the January 2014 LFB Memorandum, the 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). This table does not include any temporary reallocations of cash.

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

(c) While no negative cash positions were projected or occurred, the Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. For the 2013-14 fiscal year, the Secretary of Administration could have temporarily reallocated 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 2013-14 fiscal year could have been approximately \$1.351 billion and \$450 million, respectively. If the amount available for temporary reallocation to the General Fund were 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.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2014 TO AUGUST 31, 2014
PROJECTED GENERAL FUND CASH FLOW; SEPTEMBER 1, 2014 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	\$ 1,537,328	\$ 1,962,492	\$ 1,682,618	\$ 1,127,123	\$ 2,005,729	\$ 1,724,112	\$ 1,042,667	\$ 1,198,588	\$ 1,485,969
Ending Balance ^(c)	621,109	756,170	1,537,328	1,962,492	1,682,618	1,127,123	2,005,729	1,724,112	1,042,667	1,198,588	1,485,969	996,826
Lowest Daily Balance ^(c)	474,074	404,168	656,403	1,227,496	1,539,277	355,455	1,068,503	1,724,113	945,268	940,577	775,862	402,935
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 626,833	\$ 390,635	\$ 969,217	\$ 716,478	\$ 430,146	\$ 747,133	\$ 1,020,118	\$ 620,031	\$ 837,501	\$ 1,190,765	\$ 374,735	\$ 902,951
Sales & Use	462,971	453,323	445,107	442,516	427,963	395,913	476,269	354,571	350,897	415,829	415,559	445,900
Corporate Income	52,188	37,424	184,885	39,274	28,741	185,033	45,520	31,976	231,694	69,473	28,379	188,226
Public Utility	130	-	89	5,330	187,098	26	2	503	163	10,987	164,652	764
Excise	67,966	60,757	65,399	54,648	61,884	57,060	56,647	48,239	47,964	54,235	56,164	61,127
Insurance	1,680	4,088	15,061	22	889	14,626	13,652	25,376	9,329	14,128	763	15,668
Subtotal Tax Receipts	\$ 1,211,768	\$ 946,227	\$ 1,679,758	\$ 1,258,268	\$ 1,136,721	\$ 1,399,791	\$ 1,612,208	\$ 1,080,696	\$ 1,477,548	\$ 1,755,417	\$ 1,040,252	\$ 1,614,636
NON-TAX RECEIPTS												
Federal	\$ 810,205	\$ 834,417	\$ 1,070,317	\$ 694,744	\$ 715,016	\$ 660,332	\$ 1,028,128	\$ 896,136	\$ 745,782	\$ 723,735	\$ 766,872	\$ 669,170
Other & Transfers	501,229	144,917	410,486	539,554	292,071	381,636	349,137	556,528	415,008	382,282	377,352	488,300
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,311,434	\$ 979,334	\$ 1,480,803	\$ 1,234,298	\$ 1,007,087	\$ 1,041,968	\$ 1,377,265	\$ 1,452,664	\$ 1,160,790	\$ 1,106,017	\$ 1,144,224	\$ 1,157,470
TOTAL RECEIPTS	\$ 2,523,202	\$ 1,925,561	\$ 3,160,561	\$ 2,492,566	\$ 2,143,808	\$ 2,441,759	\$ 2,989,473	\$ 2,533,360	\$ 2,638,338	\$ 2,861,434	\$ 2,184,476	\$ 2,772,106
DISBURSEMENTS												
Local Aids	\$ 1,441,859	\$ 150,140	\$ 803,324	\$ 113,061	\$ 895,128	\$ 1,294,841	\$ 183,215	\$ 654,941	\$ 1,378,921	\$ 110,320	\$ 155,788	\$ 1,863,487
Income Maintenance	883,285	628,138	678,104	736,357	678,791	741,626	778,857	689,290	698,463	742,885	643,826	303,112
Payroll and Related	277,483	399,958	270,713	608,719	292,950	451,379	514,601	402,317	312,888	546,854	375,614	480,969
Tax Refunds	94,130	95,975	54,003	90,391	75,558	118,899	89,464	559,963	505,496	440,600	133,733	108,239
Debt Service	238,014	-	-	127,843	5,564	258	-	5,564	-	425,194	99,444	257
Miscellaneous	467,919	516,289	573,259	391,030	475,691	390,252	544,730	502,902	424,015	439,660	488,690	505,185
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 3,402,690	\$ 1,790,500	\$ 2,379,403	\$ 2,067,401	\$ 2,423,682	\$ 2,997,255	\$ 2,110,867	\$ 2,814,977	\$ 3,319,783	\$ 2,705,513	\$ 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 estimated General Fund tax revenues included in the January 2014 LFB Memorandum, the 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). This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The 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 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.

Table II-12; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 49). Replace with the following updated tables.

**2013-14 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of June 30, 2014
(Amounts in Thousands)**

	<u>FY13 through June 2013</u>		<u>FY14 through June 2014</u>				
	<u>Actual</u>		<u>Actual^(b)</u>	<u>Estimate^(b)</u>	<u>Variance</u>	<u>Adjusted Variance^(c)</u>	<u>Difference FY13 Actual to FY14 Actual</u>
RECEIPTS							
Tax Receipts							
Individual Income	\$ 9,088,555		\$ 9,093,741	\$ 9,397,335	\$ (303,594)	\$ (303,594)	\$ 5,186
Sales	4,712,541		4,890,683	4,899,227	(8,544)	(8,544)	178,142
Corporate Income	1,069,597		1,075,966	1,198,239	(122,273)	(122,273)	6,369
Public Utility	346,665		365,105	347,183	17,922	17,922	18,440
Excise	703,357		691,507	710,547	(19,040)	(19,040)	(11,850)
Insurance	105,541		105,124	116,334	(11,210)	(11,210)	(417)
Total Tax Receipts	\$ 16,026,256		\$ 16,222,126	\$ 16,668,865	\$ (446,739)	\$ (446,739)	\$ 195,870
Non-Tax Receipts							
Federal	\$ 8,742,948		\$ 9,121,758	\$ 8,878,408	\$ 243,350	\$ 243,350	\$ 378,810
Other and Transfers	5,240,928		5,033,394	5,106,044	(72,650)	(72,650)	(207,534)
Note Proceeds	-		-	-	-	-	-
Total Non-Tax Receipts	\$ 13,983,876		\$ 14,155,152	\$ 13,984,452	\$ 170,700	\$ 170,700	\$ 171,276
TOTAL RECEIPTS	\$ 30,010,132		\$ 30,377,278	\$ 30,653,317	\$ (276,039)	\$ (276,039)	\$ 367,146
DISBURSEMENTS							
Local Aids	\$ 8,424,268		\$ 8,400,938	\$ 8,726,830	\$ 325,892	\$ 325,892	\$ (23,330)
Income Maintenance	7,625,418		7,952,437	7,908,290	(44,147)	(44,147)	327,019
Payroll & Related	4,629,974		4,779,633	4,817,029	37,396	37,396	149,659
Tax Refunds	2,595,362		2,839,727	2,965,758	126,031	126,031	244,365
Debt Service	939,185		1,118,715	1,023,719	(94,996)	(94,996)	179,530
Miscellaneous	4,944,309		5,611,799	5,645,146	33,347	33,347	667,490
Note Repayment	-		-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 29,158,516		\$ 30,703,249	\$ 31,086,772	\$ 383,523	\$ 383,523	\$ 1,544,733
2013-14 FISCAL YEAR VARIANCE YEAR-TO-DATE					\$ 107,484	\$ 107,484	

- (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 2013-14 fiscal year reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), estimated General Fund tax revenues included in the January 2014 LFB Memorandum, 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).
- (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

**2014-15 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of August 31, 2014
(Amounts in Thousands)**

	FY14 through August 2013		FY15 through August 2014				Difference FY14 Actual to FY15 Actual
	Actual	Actual ^(b)	Estimate ^(b)	Variance	Adjusted Variance ^(c)		
RECEIPTS							
Tax Receipts							
Individual Income	\$ 1,213,475	\$ 1,017,468	\$ 1,052,303	\$ (34,835)	\$ (34,835)	\$ (196,007)	
Sales	870,748	916,294	904,614	11,680	11,680	45,546	
Corporate Income	86,286	89,612	78,125	11,487	11,487	3,326	
Public Utility	236	130	239	(109)	(109)	(106)	
Excise	122,107	128,723	125,767	2,956	2,956	6,616	
Insurance	703	5,768	738	5,030	5,030	5,065	
Total Tax Receipts	\$ 2,293,555	\$ 2,157,995	\$ 2,161,786	\$ (3,791)	\$ (3,791)	\$ (135,560)	
Non-Tax Receipts							
Federal	\$ 1,393,325	\$ 1,644,622	\$ 1,445,249	\$ 199,373	\$ 199,373	\$ 251,297	
Other and Transfers	867,689	646,146	787,044	(140,898)	(140,898)	(221,543)	
Note Proceeds	-	-	-	-	-	-	
Total Non-Tax Receipts	\$ 2,261,014	\$ 2,290,768	\$ 2,232,293	\$ 58,475	\$ 58,475	\$ 29,754	
TOTAL RECEIPTS	\$ 4,554,569	\$ 4,448,763	\$ 4,394,079	\$ 54,684	\$ 54,684	\$ (105,806)	
DISBURSEMENTS							
Local Aids	\$ 1,634,841	\$ 1,591,999	\$ 1,564,292	\$ (27,707)	\$ (27,707)	\$ (42,842)	
Income Maintenance	1,505,601	1,511,423	1,673,449	162,026	162,026	5,822	
Payroll & Related	732,456	717,980	753,955	35,975	35,975	(14,476)	
Tax Refunds	165,299	190,105	141,383	(48,722)	(48,722)	24,806	
Debt Service	258,604	238,014	244,810	6,796	6,796	(20,590)	
Miscellaneous	987,984	943,669	1,037,501	93,832	93,832	(44,315)	
Note Repayment	-	-	-	-	-	-	
TOTAL DISBURSEMENTS	\$ 5,284,785	\$ 5,193,190	\$ 5,415,390	\$ 222,200	\$ 222,200	\$ (91,595)	
2014-15 FISCAL YEAR VARIANCE YEAR-TO-DATE				\$ 276,884	\$ 276,884		

- (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), estimated General Fund tax revenues included in the January 2014 LFB Memorandum, 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).
- (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 50). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2012 through August 31, 2014 – Actual
September 1, 2014 through June 30, 2015 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>	
2012	July.....	\$ 974,952	\$ 2,520,484	\$ 3,324,432	
	August.....	171,004	2,062,401	1,768,434	
	September.....	464,971	2,652,821	2,118,851	
	October.....	998,941	2,612,683	1,734,916	
	November.....	1,876,708	2,140,854	2,586,604	
	December.....	1,430,959	2,274,768	2,744,918	
	2013	January.....	960,809	3,049,021	1,815,467
		February.....	2,194,363	2,440,117	2,299,291
		March.....	2,335,189	2,273,592	3,182,972
		April.....	1,425,809	3,275,565	2,513,625
		May.....	2,187,749	2,309,395	2,038,569
		June.....	2,458,575	2,398,430	3,030,437
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	3,160,561	2,379,403	
	October.....	1,537,328	2,492,566	2,067,401	
	November.....	1,962,493	2,143,808	2,423,682	
	December.....	1,682,619	2,441,759	2,997,255	
2015	January.....	1,127,123	2,989,473	2,110,867	
	February.....	2,005,729	2,533,360	2,814,977	
	March.....	1,724,112	2,638,338	3,319,783	
	April.....	1,042,667	2,861,434	2,705,513	
	May.....	1,198,588	2,184,476	1,897,095	
	June.....	1,485,969	2,772,106	3,261,249	

- ^(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 2013-14 and the 2014-15 fiscal years reflect the budget bill for the 2013-15 biennium, estimated General Fund tax revenues included in the January 2014 LFB Memorandum, 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).
- ^(c) Operating notes have not been issued for the 2012-13, 2013-14, or 2014-15 fiscal years.
- ^(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies for periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 9% of the total general purpose revenue appropriations then in effect. For the 2013-14 fiscal year this amount was \$1.351 billion and for the 2014-15 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 2013-14 fiscal year, this amount was \$450 million, and for the 2014-15 fiscal year this amount is projected to be \$477 million. If the amount available for temporary reallocation to the General Fund is insufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Source: Wisconsin Department of Administration

Table II-14; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 51).
 Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION^(a)
July 31, 2012 to August 31, 2014 – Actual
September 30, 2014 to June 30, 2015 – 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.

<u>Available Balances; Does Not Include Balances in the LGIP</u>				
<u>Month (Last Day)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
January		\$ 1,549	\$ 1,465	\$ 1,465
February		1,601	1,518	1,518
March		1,688	1,534	1,534
April		1,708	1,644	1,644
May		1,721	1,620	1,289
June		1,677	1,533	1,427
July	\$ 1,460	1,557	1,396	
August	1,498	1,569	1,311	
September	1,569	1,616	1,616	
October	1,341	1,419	1,419	
November	1,388	1,454	1,454	
December	1,487	1,518	1,518	

<u>Available Balances; Includes Balances in the LGIP</u>				
<u>Month (Last Day)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
January		\$ 5,017	\$ 4,586	\$ 4,586
February		5,051	4,642	4,642
March		5,250	4,884	4,884
April		4,999	4,605	4,605
May		4,577	4,173	4,173
June		4,427	4,012	4,035
July	\$ 4,620	4,865	4,588	
August	4,176	4,283	3,879	
September	3,998	4,005	4,005	
October	3,529	3,615	3,615	
November	3,527	3,614	3,614	
December	4,174	4,255	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 53). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES^(a)
(Agency-Recorded Basis)
July 1, 2013 to June 30, 2014 Compared With Previous Year

	Annual Fiscal Report Revenues <u>2012-13 Fiscal Year^(b)</u>	Projected Revenues <u>2013-14 Fiscal Year^(c)</u>	Recorded Revenues July 1, 2012 to June 30, 2013 ^(d)	Recorded Revenues July 1, 2013 to June 30, 2014 ^(e)
Individual Income Tax	\$ 7,496,854,000	\$ 7,295,261,000	\$ 7,013,732,163	\$ 6,739,908,411
General Sales and Use Tax	4,410,130,000	4,497,640,000	3,983,823,069	4,186,848,620
Corporate Franchise and Income Tax	925,383,000	961,805,000	853,516,445	885,608,411
Public Utility Taxes	341,256,000	358,292,000	341,077,322	360,837,857
Excise Taxes	689,464,000	675,500,000	635,302,916	634,325,482
Inheritance Taxes	305,000	-	258,526	(77,657)
Insurance Company Taxes	159,277,000	160,000,000	146,143,516	150,825,021
Miscellaneous Taxes	62,958,000	65,000,000	101,023,088	89,542,482
SUBTOTAL.....	<u>14,085,627,000</u>	<u>14,013,498,000</u>	<u>13,074,877,045</u>	<u>13,047,818,627</u>
Federal and Other Inter- Governmental Revenues ^(f)	10,082,914,000	8,811,039,400	9,843,225,651	9,825,473,819
Dedicated and Other Revenues ^(g)	<u>5,266,640,000</u>	<u>6,062,187,900</u>	<u>5,166,663,335</u>	<u>5,616,996,753</u>
TOTAL.....	<u>\$ 29,435,181,000</u>	<u>\$ 28,886,725,300</u>	<u>\$ 28,084,766,031</u>	<u>\$ 28,490,289,198</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 2012-13 fiscal year, dated October 15, 2013.
- (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) and the estimated General Fund tax revenue collections included in a memorandum from LFB dated May 9, 2013. The results, projections, or estimates in this table do not reflect the estimated General Fund tax revenues included in the January 2014 LFB Memorandum, the impacts of withholding table changes that DOR made on or after April 1, 2014, or the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145).
- (d) The amounts shown are 2012-13 fiscal year revenues as recorded by all State agencies. The amounts shown are as of June 30, 2013 and do not include revenues for the 2012-13 fiscal year that were recorded by State agencies during the months of July and August, 2013. 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 2013-14 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. The amounts shown are as of June 30, 2014 and do not include revenues for the 2013-14 fiscal year that were recorded by State agencies during the months of July and August, 2014. 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 55). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2013 to June 30, 2014 Compared With Previous Year

	Annual Fiscal Report Expenditures 2012-13 Fiscal Year ^(b)	Appropriations 2013-14 Fiscal Year ^(c)	Recorded Expenditures July 1, 2012 to June 30, 2013 ^(d)	Recorded Expenditures July 1, 2013 to June 30, 2014 ^(e)
Commerce.....	\$ 205,290,000	\$ 226,725,400	\$ 184,106,376	\$ 188,524,223
Education.....	11,998,243,000	12,298,789,500	11,984,534,300	12,479,918,531
Environmental Resources.....	388,797,000	436,812,300	379,800,613	423,126,149
Human Relations & Resources.....	12,402,984,000	12,197,504,300	12,105,570,568	13,116,890,425
General Executive.....	970,600,000	1,134,338,100	1,034,316,370	1,032,920,696
Judicial.....	127,454,000	135,758,400	121,858,953	118,693,650
Legislative.....	64,552,000	75,067,400	60,180,969	61,248,197
General Appropriations.....	2,242,825,000	2,381,729,900	2,279,156,554	2,314,760,794
TOTAL.....	<u>\$ 28,400,745,000</u>	<u>\$ 28,886,725,300</u>	<u>\$ 28,149,524,703</u>	<u>\$29,736,082,665</u>

^(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 2012-13 fiscal year, dated October 15, 2013.

^(c) The results and estimates included in this table reflect the 2013-15 biennial budget (2013 Wisconsin Act 20).

^(d) The amounts shown are 2012-13 fiscal year expenditures as recorded by all State agencies. The amounts shown are as of June 30, 2013 and do not include expenditures for the 2012-13 fiscal year that were recorded by State agencies during the months of July and August, 2013.

^(e) The amounts shown are 2013-14 fiscal year expenditures as recorded by all State agencies. The amounts shown are as of June 30, 2014 and do not include expenditures for the 2013-14 fiscal year that were recorded by State agencies during the months of July and August, 2014.

Source: Wisconsin Department of Administration

Note: With respect to the above updates, Table II-15 and Table II-16 include data only as of June 30, 2014. During the months of July and August, State agencies process entries to accrue revenues and expenditures to the previous fiscal year. Since the timing of these entries varies from year-to-year, *the recorded revenues and expenditures as of July 31 and August 31 vary greatly between fiscal years and are not suitable for comparison.* For this reason, final tables for the 2013-14 fiscal year and initial tables for the 2014-15 fiscal year will not be provided until data for the period ended September 30, 2014 is available.

Table II-28; State Assessment (Equalized Value) of Taxable Property (Part II; Page 81). Replace with the following updated table.

**STATE ASSESSMENT
(EQUALIZED VALUE)
OF TAXABLE PROPERTY**

<u>Calendar Year</u>	<u>Value of Taxable Property</u>	<u>Rate of Increase (Decrease)</u>
2005	\$427,933,562,000	—
2006	468,983,199,800	9.6%
2007	497,920,348,700	6.2
2008	514,393,963,700	3.3
2009	511,911,983,100	(0.5)
2010	495,904,192,300	(3.1)
2011	486,864,232,800	(1.8)
2012	471,092,529,200	(3.2)
2013	467,502,564,000	(0.8)
2014	479,479,968,800	2.6

Source: Department of Revenue

Statistical Information; Table II-39; Unemployment Rate Comparison (Part II; Page 88). Replace with the following updated table. This updated table includes information that was released after the date of the Preliminary Official Statement for the Certificates (October 17, 2014).

UNEMPLOYMENT RATE COMPARISON(a)
By Month 2009 to 2014
By Quarter 2005 to 2008

	<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</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.....	6.7	7.0	8.0	8.5	7.7	8.8	8.5	9.8	10.0	10.6	7.8	8.5
February....	7.0	7.0	8.2	8.1	8.0	8.7	8.7	9.5	10.3	10.4	8.9	8.9
March.....	6.7	6.8	7.7	7.6	7.7	8.4	8.4	9.2	10.1	10.2	9.5	9.0
April.....	5.9	5.9	7.2	7.1	6.8	7.7	7.6	8.7	8.8	9.5	8.9	8.6
May.....	5.5	6.1	6.7	7.3	6.7	7.9	7.3	8.7	8.3	9.3	8.8	9.1
June.....	6.0	6.3	7.0	7.8	7.4	8.4	8.0	9.3	8.5	9.6	9.4	9.7
July.....	5.8	6.5	6.8	7.7	7.2	8.6	7.6	9.3	8.2	9.7	9.1	9.7
August.....	5.1	6.3	6.2	7.3	6.8	8.2	7.4	9.1	8.0	9.5	8.9	9.6
September .	4.7	5.7	5.9	7.0	6.1	7.6	6.9	8.8	7.3	9.2	8.3	9.5
October			5.7	7.0	5.9	7.5	6.6	8.5	7.2	9.0	8.2	9.5
November .			5.8	6.6	6.2	7.4	6.7	8.2	7.5	9.3	8.3	9.4
December..			<u>5.8</u>	<u>6.5</u>	<u>6.6</u>	<u>7.6</u>	<u>6.7</u>	<u>8.3</u>	<u>7.4</u>	<u>9.1</u>	<u>8.8</u>	<u>9.7</u>
Annual Average.....			6.8	7.4	6.9	8.1	7.5	8.9	8.5	9.6	8.7	9.3
	2008 Quarters		<u>WI</u>	<u>U.S.</u>		2007 Quarters		<u>WI</u>	<u>U.S.</u>			
I			5.1	5.3	I			5.6	4.8			
II			4.4	5.2	II			4.9	4.4			
III			4.5	6.0	III			4.5	4.7			
IV			5.3	6.6	IV			4.1	4.6			
	2006 Quarters		<u>WI</u>	<u>U.S.</u>		2005 Quarters		<u>WI</u>	<u>U.S.</u>			
I			5.4	5.0	I			5.7	5.6			
II			4.7	4.6	II			4.8	5.0			
III			4.4	4.7	III			4.4	5.0			
IV			4.2	4.2	IV			4.3	4.7			

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 16, 2014

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:

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

Based upon our analysis, we project the closing, gross general fund balance at the end of this biennium (June 30, 2015) to be \$1,041.6 million. This is \$911.9 million above the \$129.7 million balance that was estimated prior to our review. The estimated \$129.7 million balance includes all bills enacted to date in this legislative session (through 2013 Act 116).

The additional \$911.9 million is the net result of: (1) an \$892.7 million increase in estimated tax collections; (2) an \$18.4 million decrease in departmental revenues; (3) a \$21.6 million decrease in sum sufficient appropriation expenditures; and (4) a \$16.0 million increase in estimated lapses to the general fund.

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

TABLE 1**2013-15 General Fund Condition Statement**

	<u>2013-14</u>	<u>2014-15</u>
Revenues		
Opening Balance, July 1	\$759,205,000	\$896,858,900
Taxes	14,399,900,000	15,017,200,000
Departmental Revenues		
Tribal Gaming	23,703,600	23,533,600
Other	<u>576,818,000</u>	<u>535,113,000</u>
Total Available	\$15,759,626,600	\$16,472,705,500
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$15,026,592,200	\$15,513,263,600
Sum Sufficient Reestimates	-5,001,900	-16,615,800
Transfers to:		
Transportation Fund	60,877,000	143,837,100
Veterans Trust Fund	5,300,000	0
Compensation Reserves	78,752,200	133,056,500
Less Lapses	<u>-303,751,800</u>	<u>-342,485,700</u>
Net Appropriations	\$14,862,767,700	\$15,431,055,700
Balance		
Gross Balance	\$896,858,900	\$1,041,649,800
Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$831,858,900	\$976,649,800

The biennial change in departmental revenues is estimated to be -\$18.4 million. Although there are a number of adjustments to departmental revenues, there are two items that contribute to most of the reduction. First, estimated tobacco settlement revenues have been reduced by \$13.3 million in 2013-14, primarily due to litigation that will likely not be resolved in that fiscal year. Second, tribal gaming revenues have been reduced by \$6.0 million to reflect a decline in amounts generated under the gaming compacts.

Net appropriations are projected to decrease by a net of \$37.6 million. Significant factors in this estimate include a reduction in homestead tax credits for the biennium (-\$23.3 million) and earned income tax credits (-\$8.2 million). In addition, it is projected that cigarette and tobacco product tax refunds will increase by \$9.1 million in 2013-14 due to a delayed payment from the prior year. Debt service is projected to be \$19.5 million lower than previously anticipated.

The following additional points should be noted about the condition statement of Table 1. First, it incorporates the fiscal effects of all bills enacted to date in this legislative session

(through 2013 Act 116). Second, it does not reflect the impact of any bills that are pending before the Legislature that have not yet been enacted.

Finally, it does not reflect any appropriation change to the medical assistance (MA) program. The Department of Health Services (DHS) is required to submit quarterly reports to the Joint Committee on Finance on the fiscal status of the medical assistance program. In the December 30, 2013, report, DHS projected that the MA biennial general fund appropriation of \$4.8 billion could potentially face a \$92.6 million shortfall in the 2013-15 biennium. Much of this is due to a reduction in the 2015 federal matching rate from the preliminary estimate of 59.19% to 58.27%. This downward revision would result in a loss of approximately \$52 million in federal MA matching funds in 2014-15. Through the Department's quarterly reports, the Legislature will be able to monitor the fiscal status of the program and react to any modifications, if necessary, prior to the conclusion of the biennium.

Budget Stabilization Fund

Under s. 16.518 of the statutes, half of any excess of actual general fund tax revenues in a fiscal year over the amount included in the biennial budget act must be deposited into the budget stabilization fund after the close of that fiscal year. Currently, the budget stabilization fund has a balance of \$279.3 million.

The following chart shows general fund taxes included in the 2013-15 biennial budget (2013 Act 20) and the projections of this analysis.

	<u>2013-14</u>	<u>2014-15</u>
January 16 Estimate	\$14,399,900,000	\$15,017,200,000
2013 Act 20	<u>14,013,498,000</u>	<u>14,517,548,000</u>
Difference	\$386,402,000	\$499,652,000

As the chart indicates, the tax estimates of this analysis exceed those of the biennial budget act by \$386,402,000 in 2013-14 and \$499,652,000 in 2014-15. Thus, if taxes are not modified and actual collections are the same as the estimated amounts, \$193,201,000 ($\$386,402,000 \times .50$) would be transferred to the budget stabilization fund at the end of the 2013-14 fiscal year and \$249,826,000 ($\$499,652,000 \times .50$) would be transferred at the close of 2014-15. The biennial total of the transfer under this scenario would be \$443,027,000.

Section 16.518 further states that if a transfer to the budget stabilization fund would reduce the balance in the general fund below the required statutory reserve, then the transfer must be reduced as needed to maintain the required statutory reserve in the general fund. Currently, the statutory reserve is set at \$65 million, annually. For example, if the gross balance in the general fund at the end of a fiscal year was \$100 million, the most that could be transferred to the budget stabilization fund would be \$35 million.

Transportation Fund

In addition to the previous discussion of the state's general fund and budget stabilization fund, the following information is provided on the condition of the state transportation fund.

Upon passage of the 2013-15 biennial budget act (Act 20), the biennium-ending balance in the transportation fund was estimated at \$1.8 million. The Department of Transportation has recently completed a reestimate of transportation fund revenues. Based on our review of these estimates, the biennium-ending balance is now projected to be \$84.6 million. Although the economic variables used to project future revenues have not changed substantially from earlier estimates, actual revenue collections from the motor fuel tax and vehicle registration fees during the first few months of the biennium are somewhat higher than the Act 20 forecast. The Department's new estimate projects that revenue will continue to build on these early collections, accounting for the higher biennium-ending forecast balance. The new estimated balance is equal to 2.2% of gross transportation fund revenues.

Although the transportation fund is projected to have a higher biennium-ending balance, there are several issues that could affect future decisions with respect to transportation finance. First, the amount of the state's federal highway aid remains uncertain for future fiscal years. Federal highway trust fund collections have been and continue to be below annual program outlays. In several recent years, Congress has supplemented trust fund revenues with federal general fund revenues to maintain a stable highway aid program. It is unclear, however, if additional transfers (or other measures, such as a federal fuel tax increase) will be approved in the future. Congress may decide, instead, to reduce highway aid to the states. In this event, Wisconsin may need to reduce funding for programs that use federal highway aid, or supplement those programs with additional state funds.

Second, while the transportation fund is projected to have a positive, biennium-ending budgetary balance, the fund faces a structural imbalance heading into the 2015-17 biennium. In 2014-15 (the base year), total revenues, net of revenue bond debt service, are \$11.4 million above total transportation fund expenditures. However, of the 2014-15 revenue total, \$123.5 million is provided with one-time transfers from other funds (\$107.5 million from the general fund and \$16.0 million from the petroleum inspection fund). Without the one-time transfer revenues, base expenditures exceed base revenues by \$112.0 million annually. Therefore, over the 2015-17 biennium revenues would have to grow by \$224.0 million to fund expenditures at the 2014-15, base-year level.

In addition, other factors will increase current law expenditure commitments in the 2015-17 biennium. First, Act 20 provided a 4% increase in calendar year 2015 for the mass transit assistance and general transportation aid programs. Since only a portion of the 2015 aid increase, in both programs, is funded in 2014-15, an additional funding increase would be required in subsequent fiscal years to fully fund the increase. For the general transportation aid program, an additional increase of \$9.0 million will be required in 2015-16 (or \$18.0 million over the biennium if the 2015 aid level is continued), while in the mass transit assistance program, an additional increase of \$3.2 million will be required in 2015-16 (or \$6.4 million over

the biennium). Assuming that the 2015 aid level is fully funded and that level is maintained, these commitments add \$24.4 million to the structural imbalance.

Further, growth in transportation fund debt service, on currently-authorized bonds, will further increase 2015-17 expenditures. Typically, the full, annualized debt service on bonds authorized in one biennium is not paid until the following biennium. Based on current bond issuance assumptions, the Department of Transportation estimates that debt service on currently-authorized bonds will grow by \$41.9 million in 2015-16 and by \$45.9 million in 2016-17, above the 2014-15 base, for a biennial total of \$87.8 million.

Finally, the calculations described above do not include the impact of any other costs that the state may incur in the 2015-17 biennium in excess of the 2014-15 appropriation base. Notably, the Department of Transportation estimates that continuing work on the Zoo Interchange and Hoan Bridge projects in Milwaukee County will cost \$957 million in the 2015-17 biennium. By comparison, the 2014-15 base appropriation for the southeast Wisconsin freeway megaprojects program is \$86 million.

General Fund Taxes

The following section presents information regarding general fund taxes for the 2013-15 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2013-14 and 2014-15.

National Economic Review and Forecast. This office first prepared revenue estimates for the 2013-15 biennium in January, 2013, based on IHS Global Insight, Inc.'s January, 2013, forecast for the U.S. economy. That forecast predicted economic growth in 2013 would slow, primarily due to the expiration of the 2% payroll tax cut and increased taxes on high earners included in the American Taxpayer Relief Act of 2012. Under that forecast, Global Insight had made assumptions regarding federal fiscal policy that sequestration cuts would not occur in 2013 and, instead, those cuts would be replaced with a combination of increases in income taxes on high earners and cuts to Medicare, Medicaid, Social Security, and nondefense discretionary spending. Under these assumptions, real gross domestic product (GDP) growth was expected to increase by 1.7% in 2013, 2.7% in 2014, and 3.4% in 2015. The primary downside risks to the forecast included U.S. policymakers cutting defense and nondefense spending further than was scheduled to take effect under sequestration, an intensification of recession in Europe, and slower than expected growth in China and other emerging markets.

In May, 2013, this office raised its revenue estimates for individual income taxes and corporate income and franchise taxes in 2012-13 and the 2013-15 biennium. The upward revision was primarily based on stronger than expected tax collections through April, 2013. One-time payments of corporate dividends and gains on asset sales that were accelerated into 2012 in anticipation of changes in federal individual income tax rates contributed to increased income tax collections during 2012-13. The revisions also incorporated Global Insight's May, 2013, forecast for the U.S. economy. Real GDP growth had been slightly increased from the January estimates to 1.8% in 2013, 2.8% in 2014, and 3.2% in 2015. The forecast assumed that federal sequestration cuts would stay in place until September 30, 2013, and would be replaced

by a combination of tax increases and cuts to entitlement programs beginning in 2014. The primary downside risk to the forecast remained the same as it had been in the January, 2013, forecast.

According to Global Insight's latest analysis (January, 2014), 2013 real GDP growth was 1.9%, which was slightly higher than the May estimate of 1.8% despite previously unanticipated fiscal austerity constraints. The May forecast had not anticipated that the sequestration cuts would remain in place through the end of 2013, nor had the May forecast anticipated the three-week federal government shutdown, which was estimated to subtract 0.3 percentage points from fourth-quarter U.S. economic growth. Under the current forecast, Global Insight estimates that expiration of the accelerated depreciation allowance at the end of 2013 encouraged some firms to accelerate capital spending into the fourth quarter of 2013 from 2014.

Two strong areas of growth in 2013 were sales of light vehicles and residential housing starts, which grew at rates of 7.7% and 18.9%, respectively. Growth in light vehicle sales was below 2012's rate of 13.4%, but remained historically high. Growth in light vehicle sales is expected to moderate from that pace to 2.9% in 2014 and 2.0% in 2015. While housing starts have shown strong year-over-year growth in 2013 (931,000 units) and strong growth of 28.0% in 2012, it should be noted that the number of housing starts remains more than 55% below the peak level of 2,073,000 units in 2005. Although housing starts are not expected to return to the 2005 level for at least the next 10 years, housing is expected to be a strong, positive contributor to economic growth with double digit growth in starts projected for 2014 and 2015. Among other housing indicators, sales of new and existing homes grew 9.8% in 2013, the average price of an existing home increased 9.1%, and the average price of a new home increased 11.0%.

Average nonfarm payroll levels increased 2.195 million in 2013, with private sector payrolls increasing 2.253 million, offsetting the 58,000 decline in government jobs. Last year concluded the third year in a row where private sector payrolls have increased, while government jobs have declined. Employment growth in 2013 was 219,000 higher than Global Insight's May estimated 2.034 million increase in total nonfarm payrolls. The average unemployment rate for 2013 was 7.4%, lower than the May estimate of 7.6%. While higher than expected employment gains helped lower the average annual unemployment rate, increased numbers of workers exiting the workforce since the May forecast has had a greater impact on lowering the unemployment rate.

In the January forecast, Global Insight expects continued moderate growth based on sound economic fundamentals for the U.S. economy, with real GDP increasing 2.7% in 2014 and 3.2% in 2015. The forecast is based on the following key assumptions. First, the discretionary spending levels agreed upon in the recently negotiated federal Bipartisan Budget Act will be kept in place during 2014. Second, emergency unemployment benefits will not be extended in 2014, reducing 2014 real GDP growth by between 0.1 and 0.2 percentage points. Third, the Federal Reserve will continue tapering the amount of long-term securities purchases by an additional \$10 billion per month following each Fed meeting, ending its purchases of long-term securities during the fourth quarter of 2014. Fourth, the inflation-adjusted, trade-weighted value of the U.S. dollar is expected to fall 3.7% over the next ten years against major trading partners and to

fall 23.8% against other trading partners. Fifth, real GDP growth is expected to average 2.0%, annually, among major-currency trading partners and 4.5%, annually, among other important trading partners over the next ten years. Sixth, Brent spot prices for crude oil are expected to average between \$99 and \$108 per barrel over the next five years, overall demand for oil is expected to grow 1.4% in 2014, and annual oil demand growth is expected to average 0.8% over the next ten years as a result of successful energy conservation efforts.

GDP. Real (inflation adjusted) GDP is now projected to grow 2.7% in 2014 and 3.2% in 2015. These estimates are similar to Global Insight's May, 2013, forecast, in which real GDP had been expected to increase by 2.8% and 3.2% in 2014 and 2015, respectively. The expectations for nominal (current dollar) GDP growth are slightly lower in 2014 and higher in 2015 compared to the May estimates, changing from 4.7% and 4.8% in 2014 and 2015, respectively, to 4.3% and 5.0%. Overall, Global Insight's January forecast maintains similar expectations for U.S. economic growth in 2014 and 2015 as in its May forecast, but projects slightly slower growth in the first year and stronger growth in the second year.

Consumer Prices. The Consumer Price Index (CPI) is expected to rise by 1.4% in 2014 and 1.8% in 2015, with declining energy prices offsetting increases in the cost of other goods and services. These estimates are similar to Global Insight's May, 2013, forecast for CPI, though slightly lower in the first year and higher in the second year. Declining energy prices were somewhat offset by higher prices for other items over the forecast period. Core inflation, which excludes food and energy costs, is expected to increase faster than overall CPI at rates of 1.9% in 2014 and 2.0% in 2015 (which is similar to the May estimates).

Monetary Policy. The U.S. Federal Reserve maintained very accommodative monetary policy through 2013. The Fed made outright long-term Treasury purchases of \$45 billion per month and purchased mortgage-backed securities at a rate of \$40 billion per month. The Fed's purchase of \$85 billion per month in long-term securities was an attempt to keep downward pressure on interest rates and support the economic recovery. At the Fed's December 17-18 meeting, the Fed noted that labor market risks had diminished and announced that it would reduce long-term securities purchases by \$10 billion per month, as compared to its current pace of purchases. Global Insight predicts that the Fed will continue reducing long-term securities purchases by an additional \$10 billion per month following each of the upcoming Federal Reserve meetings, and the Fed will end making long-term monthly securities purchases during 2014. This forecast is in line with Global Insight's May, 2013, assumptions.

The Fed maintained historically low short-term interest rates during 2013 by keeping the target range for the federal funds rate between 0.0% and 0.25%. The Fed did not mention at its December 17-18 meeting when the first interest hike might occur. Global Insight expects that the Fed will first increase interest rates in 2015, which is the same assumption as in Global Insight's May, 2013, forecast.

Personal Consumption. Nominal personal consumption expenditures increased by an estimated 3.2% in 2013, slightly higher than the 3.1% increase projected in the May, 2013, forecast. Purchases of consumer durable goods, which are generally subject to the state sales tax,

increased by 5.4%, led by 9.8% growth in expenditures for used motor vehicles. Purchases of services, which are generally not subject to sales tax, increased by 3.1%. Under the latest forecast, personal consumption is expected to grow by 3.9% in 2014 and 4.6% in 2015, with strong, broad-based gains in durable goods and slower growth in purchases of nondurable goods. These projections are slightly lower in 2014 and higher in 2015 than Global Insight's May, 2013, projections of 4.0% and 4.1%, respectively.

Employment. In the most recent employment report, it was estimated that the U.S. economy created only 74,000 jobs in December. However, bad weather prevented 273,000 workers from being able to get to their jobs, which was nearly twice as many workers as historically report being unable to get to work due to weather in December. Assuming weather was the primary factor behind this poor jobs report, Global Insight anticipates that U.S. job creation will rebound in the coming months. U.S. job creation averaged 183,000 per month over the course of 2013. Despite the December report, Global Insight expects non-farm payrolls to improve from growth of 2.2 million in 2013 to growth of 2.3 million jobs in 2014 and 2.8 million in 2015. In addition, the forecast calls for small government job gains over the next two years, as compared to the previous four years of government job losses. These estimates are slightly higher than Global Insight's May, 2013, forecast.

The national unemployment rate, which is a function of both the number of jobs and the number of labor market participants, is expected to decline at a faster rate than was anticipated in the May forecast. The average annual unemployment rate for 2013 was 7.4%, as compared to the 7.6% forecast in May. In the December report, the monthly seasonal adjusted unemployment rate dropped from 7.0% in November to 6.7%, as a significant number of workers exited the labor force. The average annual unemployment rate is expected to continue to drop to 6.5% in 2014 and 5.9% in 2015.

Housing. Residential construction activity improved in 2013 and is expected to continue strong growth over the next two years. Housing starts finished 2013 up 18.9%; however, this is lower than Global Insight's May forecast of 26.3% growth for the year. In 2014 and 2015, housing starts are expected to grow 24.8% and 26.9%, respectively, which are similar to Global Insight's May estimates.

Sales of existing homes grew at 9.1% in 2013, which is higher than Global Insight's May forecast of 8.5%. Existing home sales are expected to increase by 4.8% in 2014 and 8.5% in 2015, which is lower in the first year and higher in the second year compared to Global Insight's May forecast of 11.9% and 6.9%, respectively. The average price of an existing home is expected to grow more slowly over the forecast period, decelerating from 9.1% growth in 2013 to estimated growth of 4.5% in 2014 and 0.1% in 2015, which are lower than Global Insight's May forecast of 5.0% and 1.9%, respectively.

Corporate Profits. Economic profits increased 5.0% in 2013, and are expected to continue relatively strong growth over 2014 and 2015 at rates of 6.3% and 4.3%, respectively. These estimates are higher than the May forecast, which had projected growth of 0.8% in 2013, 4.2% in 2014, and 2.3% in 2015. Similarly, before-tax book profits finished 2013 up 3.7%, and are

expected to increase 14.2% in 2014 and 0.8% in 2015. These estimates are higher than the May estimates of a 1.6% contraction in 2013, 12.9% growth in 2014 and a 1.5% contraction in 2015. The large growth rate in 2014 is due, in part, to the expiration of federal bonus depreciation provisions after 2013.

Business Investment. Business investment in equipment grew at a rate of 3.4% in 2013, and is expected to grow 7.0% in 2014, and 9.2% in 2015. These estimates are lower than Global Insight's May forecast in 2013 and 2014, which called for growth of 6.3% and 8.2%, respectively, but is higher than May's estimated growth of 7.7% in 2015.

Intellectual property investment for software, which is another indicator of business investment, is expected to follow a similar pattern, with growth of 4.8% in 2013, and expected growth of 6.2% in 2014 and 7.5% in 2015. Software investment showed a similar deviation from the May forecast as investment in equipment had.

Business investment in nonresidential structures is expected to show year-over-year gains, finishing 2013 up 4.3%, and is expected to increase by 5.4% in 2014 and 6.2% in 2015. These estimates are lower than Global Insight's May forecast, which had called for growth of 4.7% in 2013, 7.6% in 2014, and 9.4% in 2015.

The projections outlined above and summarized in Table 2 reflect Global Insight's January, 2014, "baseline" forecast for the U.S. economy. Global Insight also prepares "pessimistic" and "optimistic" scenarios. Under the pessimistic scenario, given a 20% chance of occurring, U.S. economic growth stalls following: (a) a significant fiscal tightening in discretionary federal government spending during 2014, which leads to a fall in private-sector confidence and stock prices; (b) additional fiscal tightening in the European Union and slower growth in emerging markets, which reduces international appetite for U.S. imports; and (c) lower employment and wage gains leading to lower housing starts and home sales. Under this scenario, Global Insight expects that the Fed would expand its purchases of long-term securities and keep the federal funds rate at historically low levels until late 2017. Real GDP growth estimates would be reduced to 0.9% in 2014 and 2.0% in 2015, and unemployment rates would remain elevated, at 7.4% in 2014 and 7.2% 2015.

In the optimistic scenario, to which Global Insight also assigns a 20% probability, markets respond favorably to: (a) the U.S. government easily passing a debt-ceiling limit increase; (b) Congress negotiating a long-term deficit reduction program, which includes lower entitlement spending and revenue raising tax reform; (c) global growth accelerating, increasing demand for U.S. imports; and (d) an improving labor market adding 330,000 jobs per month by mid-2014. Under this scenario, the Federal Reserve would respond by increasing interest rates in the third quarter of 2014, five quarters sooner than under the baseline forecast, following stronger than expected improvements in the job market and increased pressure on consumer prices. The optimistic scenario projects higher real GDP growth of 4.3% in 2014 and 4.2% in 2015, with the unemployment rate falling to 5.7% and 4.6%, respectively.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2014
(\$ in Billions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Nominal Gross Domestic Product	\$16,244.6	\$16,792.3	\$17,507.9	\$18,375.4
Percent Change	4.6%	3.4%	4.3%	5.0%
Real Gross Domestic Product	\$15,470.7	\$15,761.3	\$16,182.8	\$16,708.5
Percent Change	2.8%	1.9%	2.7%	3.2%
Consumer Prices (Percent Change)	2.1%	1.5%	1.4%	1.8%
Personal Income	\$13,743.8	\$14,138.2	\$14,785.6	\$15,527.3
Percent Change	4.2%	2.9%	4.6%	5.0%
Personal Consumption Expenditures	\$11,149.6	\$11,501.4	\$11,953.7	\$12,497.9
Percent Change	4.1%	3.2%	3.9%	4.6%
Economic Profits	\$2,009.5	\$2,110.5	\$2,243.6	\$2,340.3
Percent Change	7.0%	5.0%	6.3%	4.3%
Unemployment Rate	8.1%	7.4%	6.5%	5.9%
Total Non-Farm Payrolls (Millions)	133.737	135.932	138.258	141.012
Percent Change	1.7%	1.6%	1.7%	2.0%
Light Vehicle Sales (Millions of Units)	14.44	15.56	16.01	16.42
Percent Change	13.4%	7.7%	2.9%	2.5%
Sales of New and Existing Homes (Millions)	5.029	5.520	5.891	6.508
Percent Change	9.7%	9.8%	6.7%	10.5%
Housing Starts (Millions of Units)	0.783	0.931	1.162	1.475
Percent Change	28.0%	18.9%	24.8%	26.9%

General Fund Tax Projections. Table 3 shows revised general fund tax revenue estimates for the 2013-15 biennium. The estimates are based on Global Insight's January, 2014, forecast of the U.S. economy and incorporate the impact of all tax law changes enacted to date.

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

	2012-13 <u>Actual</u>	Previous Estimates		Revised Estimates January, 2014	
		<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
Individual Income	\$7,496.9	\$7,294.8	\$7,650.1	\$7,410.0	\$7,800.0
General Sales and Use	4,410.1	4,497.6	4,607.2	4,640.0	4,815.0
Corporate Income and Franchise	925.4	961.0	989.6	1,065.0	1,100.0
Public Utility	341.2	358.3	355.9	353.7	358.3
Excise					
Cigarette	569.2	551.2	541.4	575.0	570.0
Tobacco Products	63.0	64.7	66.7	67.7	69.8
Liquor and Wine	48.3	50.5	51.5	47.7	48.3
Beer	9.0	9.1	9.0	9.0	8.9
Insurance Company	159.3	160.0	167.8	164.0	172.0
Miscellaneous Taxes	<u>63.2</u>	<u>65.0</u>	<u>73.0</u>	<u>67.8</u>	<u>74.9</u>
Total	\$14,085.6	\$14,012.2	\$14,512.2	\$14,399.9	\$15,017.2
Change from Prior Year		-\$73.4	\$500.0	\$314.3	\$617.3
Percent Change		-0.5%	3.6%	2.2%	4.3%

As shown in the table, total general fund taxes are estimated at \$14,399.9 million in 2013-14 and \$15,017.2 million in 2014-15. These amounts are higher than the previous estimates by \$387.7 million in the first year and \$505.0 million in the second year. The biennial increase is \$892.7 million, or 3.1%. The estimates for each of the three major taxes, and the cigarette tax, have been increased significantly, primarily based on strong year-to-date collections data. Smaller adjustments have been made to the estimates for the other taxes.

Individual Income Tax. State individual income tax revenues were \$7,496.9 million in 2012-13 and are currently estimated at \$7,410.0 million in 2013-14 and \$7,800.0 million in 2014-15. Relative to the previous figures, the current estimates are higher by \$115.2 million in the first year and \$149.9 million in the second year. On a year-to-year basis, the current estimates reflect a decrease of 1.2% for 2013-14 and an increase of 5.3% for 2014-15. The revised estimates incorporate a number of law changes estimated to reduce revenues by approximately \$350 million in 2013-14 and \$385 million in 2014-15. The most significant law change is the income tax rate reductions and bracket reconfiguration enacted as part of 2013 Wisconsin Act 20. Those changes are estimated to reduce collections by \$328 million in 2013-14 and \$320 million in 2014-15. Act 20 contained a number of other provisions intended to simplify the state's income tax system, but they have a less significant fiscal impact.

Based on preliminary collection information through December, 2013, individual income tax revenues for the current fiscal year are 4.7% higher than such revenues through the same period in 2012-13. However, taxpayers have not adjusted their withholding payments to reflect the law changes noted above, and this will result in higher refunds and lower tax payments in the coming months.

General Sales and Use Tax. In 2012-13, state sales and use tax collections were \$4,410.1 million, which was 2.8% higher than the prior year. Sales tax collections through December, 2013, are 7.9% higher than the same period in 2012-13. Accounting for law changes and a one-time tax refund paid in August of 2012, adjusted year-to-date sales tax collections are 6.8% above the same period in 2012-13. State sales and use tax revenues are currently estimated at \$4,640.0 million in 2013-14 and \$4,815.0 million in 2014-15, which represents increased revenue of 5.2% in the first year and 3.8% in the second year. These estimates are \$142.4 million higher in the first year and \$207.8 million higher in the second year than the previous estimates. The increased estimates are based on: (a) higher than anticipated year-to-date growth in tax collections; (b) increased growth projected for 2014-15 for taxable personal consumption expenditures in Global Insight's forecast; and (c) enhanced sales and use tax collections from Amazon.com agreeing to collect Wisconsin sales and use taxes beginning November, 2013 (the Department of Revenue estimates state tax revenue increases of \$28 million annually resulting from this agreement).

Corporate Income and Franchise Tax. Corporate income and franchise taxes were \$925.4 million in 2012-13. Corporate income/franchise tax revenues are projected to be \$1,065.0 million in 2013-14, and \$1,100.0 million in 2014-15. These amounts represent an annual increase of 15.1% in 2013-14, and 3.3% in 2014-15. The new estimates are higher than prior estimates by \$104.0 million in 2013-14, and \$110.4 million in 2014-15.

The new estimates reflect year-to-date corporate income and franchise tax collections, which are approximately 25% higher than a year ago. In addition, the outlook for corporate earnings is positive. Corporate profits are forecast to increase in 2014 and 2015, with economic profits projected to increase 6.3% in 2013-14, and 4.3% in 2014-15. Consumer confidence has improved with both the Conference Board Consumer Confidence and University of Michigan Consumer Sentiment indexes increasing. Real disposable income is forecast to increase 3.3% in 2014, and 3.5% in 2015, and consumer purchases of durable goods are projected to increase 5.1% in 2014, and 5.2% in 2015. The improving economy is also expected to signal to businesses that it is time to expand. Companies have substantial amounts of cash on hand, profits are strong, and interest rates are low. Investment in equipment is projected to increase 7.0% in 2014 and 9.2% in 2015. Also, industrial production is forecast to grow at a faster rate than 2013, in both 2014 and 2015, and manufacturing output is projected to improve in both years as well.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including allowing combined group members to share pre-2009 net business losses, increasing the total credit limit for the economic development tax credit, and the phase-in the manufacturing and agriculture tax credit, that are effective for fiscal years 2013-14 and 2014-15. In addition, the estimates have been adjusted to reflect certain law changes related to tax

enforcement activities by the Department of Revenue, including the reduction in the interest rate on tax refunds.

Public Utility Taxes. Public utility tax revenues were \$341.2 million in 2012-13, and are currently projected at \$353.7 million in 2013-14 and \$358.3 million in 2014-15. Compared to the previous estimates, these figures are \$4.6 million lower in 2013-14 and \$2.4 million higher in 2014-15. Utility tax collections are currently expected to increase by 3.7% in 2013-14 and 1.3% in 2014-15. Private light, heat, and power companies are the largest taxpayer group, comprising 65% of estimated public utility taxes for the 2013-15 biennium. Collections from these companies totaled \$226.1 million in 2012-13, and are estimated to increase to \$226.8 million (0.3%) in 2013-14 and \$234.8 million (3.5%) in 2014-15.

Excise Taxes. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were \$689.5 million in 2012-13. Excise tax revenues are currently estimated at \$699.4 million in 2013-14 and \$697.0 million in 2014-15, which represents increased revenue of \$23.9 million in the first year and \$28.4 million in the second year compared to the prior estimates. Excise tax revenues have been increased largely due to higher year-to-date cigarette tax collections, which represent 82% of total estimated excise tax revenues.

Cigarette tax revenues were \$569.2 million in 2012-13, which was 3.2% lower than the previous year. Cigarette tax collections are currently estimated at \$575.0 million in 2013-14 and \$570.0 million in 2014-15, which represents increased revenue of 1.0% in the first year and reduced revenue of 0.9% in the second year. Compared to the previous estimates, these amounts are \$23.8 million higher in the first year and \$28.6 million higher in the second year, primarily due to higher than expected year-to-date collections. Minnesota enacted a significant cigarette tax rate increase on July 1, 2013, resulting in its current rate of \$3.432 per pack (which is higher than Wisconsin's tax rate of \$2.52 per pack). It is believed that higher year-to-date tax collections are, in part, due to consumers living along the state border purchasing cigarettes in Wisconsin, rather than in Minnesota, in response to that state's tax increase.

Insurance Premiums Taxes. Insurance premiums taxes were \$159.3 million in 2012-13. Premiums tax collections are projected to be \$164.0 million in 2013-14, and \$172.0 million in 2014-15. The estimates are higher than prior estimates by \$4.0 million in 2013-14, and \$4.3 million in 2014-15. The estimate for 2013-14 is based on year-to-date premiums tax collections, which are 3.7% higher than 2012-13 collections. The estimate for 2014-15 reflects industry forecasts of moderate growth in sales, premiums, and profits.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, a small amount from the occupational tax on coal, and some estate tax revenue from ongoing lawsuit settlements. Miscellaneous tax revenues were \$63.2 million in 2012-13, and are estimated at \$67.8 million in 2013-14 and \$74.9 million in 2014-15. These estimates are higher than the previous estimates by \$2.8 million in 2013-14 and \$1.9 million in 2014-15. The increase in estimated revenue is due primarily to higher than expected year-to-date RETF collections.

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

Sincerely,

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

Robert Wm. Lang
Director

RWL/sas

cc: Members, Wisconsin Legislature

APPENDIX B

INFORMATION ABOUT THE MASTER LEASE PROGRAM

This Appendix includes by reference information concerning the Master Lease Program (**Program**) and master lease certificates of participation, as contained in [Part IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013 \(2013 Annual Report\)](#), which can be obtained as described below. This Appendix also includes updated information, or makes changes or additions to the information, presented in Part IV of the 2013 Annual Report.

Part IV to the 2013 Annual Report contains information about the Program and master lease certificates of participation. More specifically, that part presents information about the following matters:

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

The 2013 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system, and is also available from the part of the Capital Finance Office web site called “Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin.” The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2013 Annual Report may also be obtained from:

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

After publication and filing of the 2013 Annual Report, certain changes or events have occurred that affect items discussed in the 2013 Annual Report. Listed below, by reference to particular sections of Part IV of the 2013 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State’s undertakings.

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

**OUTSTANDING MASTER LEASE SCHEDULES
(As of October 15, 2014)**

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
00-031	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	569,400.00	27,180.92
00-032	4/28/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,450,000.00	69,217.27
00-045	5/18/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	74,600.00	3,560.67
00-068	6/30/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	32,594.00	1,505.50
00-073	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	624,000.00	29,742.28
00-074	7/19/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,800,000.00	85,795.07
00-081	8/7/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	501,520.00	46,770.26
00-086	8/25/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	102,562.00	4,771.11
00-095	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	312,000.00	14,444.38
00-096	9/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	750,000.00	34,644.65
00-097	9/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	364,820.00	32,071.19
00-108	10/16/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	413,798.00	36,431.18
00-120	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	276,714.00	24,393.59
00-121	11/2/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	292,169.21	25,756.44
00-128	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	364,307.50	32,176.97
00-129	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	131,710.25	6,089.76
00-130	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	450,000.00	20,806.31
00-131	11/22/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	1,200,000.00	55,483.49
00-132	11/22/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	78,880.00	6,966.98
00-135	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	182,598.00	16,161.03
00-142	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	516,614.64	45,723.57
00-144	12/18/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	391,860.00	34,682.00
00-146	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	351,434.00	31,132.76
00-147	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	216,443.15	19,174.23
00-148	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	79,455.00	7,038.76
00-149	12/29/2000	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	7,529.95
00-151	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	452,800.00	20,908.68
00-152	12/29/2000	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	16,161.75
01-001	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	33,274.50	2,955.96
01-007	2/1/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	794,500.00	102,442.90
01-008	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	27,812.00	1,278.16
01-009	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	140,829.20	12,510.51
01-010	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,062.00	22,747.20
01-011	2/1/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	85,000.00	7,550.98
01-012	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	200,000.00	9,191.40
01-013	2/1/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	350,000.00	16,084.94
01-025	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	160,584.00	20,834.17
01-029	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	256,912.00	22,984.57
01-030	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	129,036.87	11,544.26
01-031	3/27/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	93,375.00	12,121.14
01-033	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	998,500.00	46,230.01
01-034	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	73,838.75	3,418.68
01-035	3/27/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	151,040.00	6,993.06
01-036	3/27/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	92,000.00	8,230.75
01-039	4/17/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Colleges Waukesha County	53,534.00	4,802.71
01-048	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	25,000.00	1,163.98
01-049	5/9/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	250,000.00	11,639.83
01-050	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	50,477.20	4,540.02
01-051	5/9/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	24,025.89	2,160.92
01-052	5/9/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	484,510.00	63,214.42
01-059	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	153,466.00	20,101.83
01-065	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	88,700.00	4,147.24
01-066	5/30/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	63,011.00	2,946.13

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of October 15, 2014)

Schedule Number	Origination Date	Maturity Date	Leased Item	Financed	Principal
				Amount	Balance
01-069	5/30/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	319,552.00	41,856.68
01-073	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	13,500.00	1,775.59
01-077	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	45,208.00	2,123.25
01-078	6/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	40,300.00	1,892.73
01-080	6/28/2001	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	36,145.20	3,278.28
01-081	6/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	442,300.00	58,173.70
01-092	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	138,000.00	18,287.09
01-094	8/2/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 1	307,262.00	40,716.89
01-095	8/2/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,150.00	1,048.64
01-106	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	28,700.00	3,815.56
01-107	8/31/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	278,000.00	36,959.05
01-110	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	435,980.00	58,152.89
01-117	9/28/2001	9/1/2015	WEI 3-Energy Perf Contract; Winnebago MHI	20,965.00	1,929.46
01-120	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	45,000.00	6,002.30
01-122	9/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	62,800.00	8,376.53
01-123	9/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	26,650.00	1,270.86
01-125	9/28/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	666,242.00	114,187.58
01-133	11/21/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	487,245.20	84,013.65
01-138	11/21/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	334,050.00	44,840.52
01-147	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	51,210.00	6,905.23
01-151	12/28/2001	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	23,675.00	1,142.74
01-152	12/28/2001	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	587,298.00	79,191.99
02-005	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	1,022,343.35	156,135.63
02-013	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	1,081,226.20	165,128.43
02-014	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	81,075.00	9,639.93
02-015	1/31/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	227,500.00	27,050.03
02-019	2/21/2002	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 1	17,552.00	756.71
02-020	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 2	21,655.60	1,793.52
02-025	2/21/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	100,000.00	11,951.64
02-028	2/21/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	196,496.80	30,160.68
02-029	2/21/2002	9/1/2015	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 3	10,083.54	835.09
02-043	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Sections 1 & 2	225,000.00	27,324.40
02-044	4/26/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	429,034.20	66,885.35
02-048	4/26/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Platteville	85,858.00	10,426.73
02-050	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	1,307,850.00	246,110.86
02-051	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	825,640.24	155,368.75
02-052	5/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	250,000.00	47,341.18
02-055	5/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	142,872.90	22,423.75
02-056	5/24/2002	3/1/2016	WEI 3-Energy Perf Contract; Mendota MHI	32,340.00	3,954.65
02-059	5/31/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	696,128.00	131,992.58
02-061	6/18/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	127,832.05	20,178.22
02-062	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	250,000.00	47,594.65
02-063	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	206,800.00	39,370.29
02-064	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	31,000.00	3,813.17
02-071	6/18/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	185,490.00	22,831.62
02-083	7/16/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	79,754.00	15,288.82
02-084	7/16/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	1,006,392.00	160,096.90
02-085	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	49,230.00	7,889.35
02-086	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	124,032.00	23,945.35
02-087	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	175,328.20	28,097.13
02-088	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	382,687.28	73,880.79
02-089	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	120,000.00	23,166.95
02-090	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	229,500.00	36,778.44
02-104	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	682,701.48	131,650.45
02-105	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	222,320.50	35,587.21
02-106	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	105,963.42	16,961.77
02-107	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	553,036.00	106,646.10
02-108	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	575,550.00	110,987.64

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of October 15, 2014)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
02-109	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	419,000.00	67,070.05
02-111	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	96,300.00	18,570.26
02-112	9/13/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	597,251.20	133,329.37
02-126	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	30,641.00	5,894.95
02-127	10/24/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	361,201.60	80,446.07
02-128	10/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	100,000.00	15,969.86
02-129	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	75,000.00	14,429.12
02-132	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	1,077,876.00	207,370.24
02-143	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	63,250.00	12,148.33
02-146	11/19/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	90,000.00	14,348.98
02-147	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	59,634.00	11,453.78
02-148	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	171,500.00	32,939.74
02-152	12/30/2002	3/1/2016	WEI 3-Energy Perf Contract; Kings Veterans' Home	13,010.00	1,677.30
02-156	12/30/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	189,187.30	43,842.10
02-157	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	120,000.00	23,985.57
02-158	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	130,075.00	21,552.45
02-159	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	103,000.00	20,587.60
02-163	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	42,633.43	7,064.05
03-001	1/24/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	41,851.50	9,756.10
03-003	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	51,670.00	10,390.65
03-004	1/24/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	222,760.00	37,140.76
03-005	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	82,800.00	16,650.82
03-016	2/28/2003	3/1/2016	WEI 3-Energy Perf Contract; UW-Milwaukee Phase 4	55,150.00	7,223.71
03-017	2/28/2003	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	16,880.00	3,424.79
03-020	2/28/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	69,900.00	18,478.86
03-032	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	85,000.00	17,438.16
03-033	4/14/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	38,911.40	9,248.83
03-034	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	157,664.00	32,345.53
03-035	4/14/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	35,496.15	6,041.19
03-046	7/31/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	52,680.00	14,425.92
03-052	5/27/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	306,308.00	52,721.43
03-061	6/19/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	189,775.00	32,835.49
03-062	7/10/2003	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	27,851.81	4,844.92
03-066	7/10/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	19,432.00	4,072.03
03-076	7/31/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	250,000.00	52,679.63
03-093	10/27/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	163,040.00	45,669.51
03-099	11/13/2003	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	130,000.00	32,430.53
03-100	12/11/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	758,482.00	137,709.00
03-101	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	254,050.00	55,476.78
03-102	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	75,617.00	16,512.43
03-105	12/11/2003	3/1/2015	WEI 3-Energy Perf Contract; UW-Madison Charter Street Phase 2	22,500.00	1,157.53
04-006	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	31,633.00	7,046.27
04-012	2/24/2004	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	277,000.00	51,332.11
04-013	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	278,200.00	61,969.21
04-017	4/22/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	163,226.00	36,941.62
04-021	4/22/2004	9/1/2015	WEI 3-Energy Perf Contract; UW-Madison Biotron Facility	6,165.00	631.69
04-032	6/10/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	4,915.00	1,458.18
04-043	8/20/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	190,000.00	44,348.60
04-051	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	30,663.00	7,294.47
04-054	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	175,000.00	41,631.05
04-055	10/29/2004	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	28,051.00	7,694.67
04-061	11/30/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	42,765.00	13,229.99
05-009	3/17/2005	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	501,490.00	142,346.11
05-010	3/17/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	320,550.00	79,004.80
05-011	3/17/2005	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	290,000.00	59,681.67
05-022	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	547,825.00	136,537.66
05-023	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	387,180.00	96,606.05
05-047	9/7/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	165,000.00	42,412.84

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of October 15, 2014)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
05-055	11/23/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	170,643.00	44,702.42
06-002	1/11/2006	3/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 2	24,000.00	4,191.94
06-005	1/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	88,770.00	27,387.64
06-010	3/3/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	110,600.00	29,622.88
06-014	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	33,231.00	8,948.23
06-015	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	42,500.00	11,444.15
06-016	3/31/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	70,442.00	15,903.43
06-017	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	45,776.55
06-018	3/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,544.00	7,891.92
06-025	5/19/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	367,500.00	83,795.80
06-026	5/19/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	240,000.00	65,231.44
06-027	5/19/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,000.00	7,792.10
06-037	6/30/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	574,730.00	132,212.30
06-038	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	530,000.00	145,259.59
06-039	6/30/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	21,990.51
06-041	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	50,000.00	13,703.74
06-051	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	47,342.13
06-052	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	40,000.00	11,139.32
06-057	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	160,000.00	34,810.11
06-058	8/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	18,266.49
06-060	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	152,000.00	33,069.60
06-064	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	180,000.00	39,383.59
06-065	9/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	95,000.00	24,922.53
06-066	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	28,000.00	6,126.34
06-074	12/15/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	230,000.00	51,110.08
06-075	12/15/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	285,000.00	75,634.23
06-078	12/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	110,879.00	24,712.41
06-079	12/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	61,396.83
07-008	2/2/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	318,576.00	85,598.58
07-035	8/10/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	780,000.00	251,447.47
07-048	12/7/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	300,000.00	99,187.57
08-007	3/7/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	150,000.00	50,657.49
08-010	3/27/2008	3/1/2015	Campaign Finance Information System	144,106.00	8,224.32
08-017	6/6/2008	3/1/2015	Campaign Finance Information System	144,106.00	8,469.32
08-018	6/27/2008	3/1/2015	Campaign Finance Information System	14,420.00	855.31
08-020	7/18/2008	3/1/2015	Campaign Finance Information System	82,248.00	6,084.27
08-022	8/5/2008	9/1/2015	CNC Milling Machine	39,231.00	3,626.59
08-023	8/5/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	100,000.00	32,018.66
08-026	9/5/2008	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	12,912.00	3,753.00
08-031	10/31/2008	3/1/2015	Campaign Finance Information System	238,716.00	18,559.36
08-033	11/26/2008	9/1/2015	Digital Microwave Equipment Replacement - Phase 2	1,442,233.00	208,647.60
08-034	11/26/2008	9/1/2015	Wisconsin Integrated Correction System (WICS) - Phase 1	3,990,331.85	577,276.38
08-035	11/26/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	76,240.18
08-038	12/23/2008	3/1/2015	Campaign Finance Information System	26,704.00	2,115.72
09-005	2/6/2009	3/1/2016	Motor Coach Buses for Prisoner Transport	873,764.00	183,093.41
09-012	4/10/2009	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	99,440.00	34,646.31
09-015	4/30/2009	3/1/2016	ITS Phase 3-WINPAS Project	180,000.00	39,054.31
09-019	6/16/2009	3/1/2016	ITS Phase 3-WINPAS Project	270,000.00	59,718.09
09-021	6/30/2009	3/1/2016	ITS Phase 3-WINPAS Project	112,500.00	25,045.12
09-024	7/31/2009	3/1/2016	ITS Phase 3-WINPAS Project	737,500.00	166,825.70
09-028	8/31/2009	9/1/2015	Digital Radio Replacement	365,750.00	60,438.24
09-031	10/23/2009	3/1/2016	ITS Phase 3-WINPAS Project	600,000.00	141,041.04
09-032	11/16/2009	3/1/2016	Campus Vehicles (Truck-Grounds and SUV-Law Enforcement)	50,516.00	12,010.56
09-033	12/16/2009	3/1/2016	Campus Vehicles (Snowplow for truck)	4,597.45	1,109.97
10-002	1/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	250,000.00	61,357.01
10-004	1/15/2010	3/1/2016	Statewide Vital Records Information System	119,079.90	29,225.54
10-005	1/15/2010	9/1/2015	Mobile Radio Replacement	707,548.40	108,224.85
10-006	2/16/2010	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	224,156.70

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of October 15, 2014)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
10-008	2/16/2010	3/1/2015	Scheduling Software	61,250.00	6,102.01
10-009	3/12/2010	3/1/2016	ITS Phase 3-WINPAS Project	1,000,000.00	252,553.85
10-010	3/12/2010	3/1/2015	High Speed Printer / Scanner	30,352.20	3,074.10
10-011	3/12/2010	3/1/2015	Automated Functional Screen Software	180,000.00	18,230.44
10-014	3/12/2010	3/1/2015	Automated Clinical Chemistry Analyzer	110,700.00	11,211.72
10-016	4/9/2010	3/1/2015	Integrated Property Assessment System (IPAS)	717,272.00	73,875.39
10-017	4/9/2010	3/1/2015	Automated Functional Screen Software	220,000.00	22,658.88
10-018	4/30/2010	3/1/2015	Scheduling Software	85,806.00	8,956.07
10-019	4/30/2010	3/1/2016	ITS Phase 3-WINPAS Project	650,000.00	168,381.53
10-022	5/21/2010	3/1/2016	Statewide Vital Records Information System	38,894.50	10,192.32
10-023	5/21/2010	3/1/2015	Orchard Sprayer - Peninsular Ag Research Station	19,399.10	2,052.62
10-024	5/21/2010	3/1/2015	Golf Course Maintenance Equipment	65,178.00	6,896.52
10-026	5/21/2010	3/1/2015	Tractor - Seed Potato Farm	79,440.00	8,405.60
10-027	6/18/2010	3/1/2017	Pneumatic Granular Fertilizer Applicator	59,349.45	22,435.69
10-028	6/18/2010	3/1/2015	Scheduling Software	10,000.00	1,076.41
10-029	6/18/2010	3/1/2015	Golf Course Maintenance Equipment	45,314.00	4,877.63
10-032	6/30/2010	3/1/2015	Avionic Radio Replacement	279,530.35	19,473.10
10-033	6/30/2010	3/1/2015	Scheduling Software	140,850.00	15,277.55
10-036	7/26/2010	9/1/2015	Milk Carton Filling Machine	188,131.50	34,937.77
10-037	7/26/2010	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	183,508.69
10-038	7/26/2010	3/1/2015	Automated Functional Screen Software	550,000.00	56,870.18
10-039	7/26/2010	3/1/2015	Golf Course Maintenance Equipment	17,610.00	1,820.87
10-041	8/16/2010	3/1/2016	Statewide Vital Records Information System	216,957.00	55,342.89
10-042	8/16/2010	9/1/2015	IT Infrastructure FY10	215,019.00	40,400.36
10-043	8/16/2010	3/1/2015	Campaign Finance Information System	82,600.00	8,652.91
10-044	8/16/2010	9/1/2015	Integrated Property Assessment System (IPAS)	434,002.00	81,545.53
10-047	9/15/2010	9/1/2015	IT Infrastructure FY10	900,349.43	172,214.69
10-048	9/15/2010	3/1/2015	Scheduling Software	79,857.00	8,533.55
10-049	9/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	375,000.00	97,220.39
10-050	9/15/2010	3/1/2015	Campaign Finance Information System	82,600.00	8,826.66
10-052	9/30/2010	9/1/2015	IT Infrastructure FY11	94,790.94	18,309.18
10-054	9/30/2010	3/1/2016	Statewide Vital Records Information System	8,188.00	2,141.73
10-055	10/15/2010	9/1/2017	Wisconsin Integrated Correction System (WICS) - Phase 2	1,643,868.00	673,253.06
10-058	10/29/2010	3/1/2016	ITS Phase 3-WINPAS Project	1,125,000.00	299,476.05
10-059	10/29/2010	9/1/2015	Milk Carton Filling Machine	94,065.75	18,522.99
10-060	10/29/2010	9/1/2015	IT Infrastructure FY11	120,998.79	23,826.53
10-062	11/15/2010	3/1/2015	Automated Functional Screen	410,000.00	45,795.87
10-063	11/15/2010	3/1/2015	Scheduling Software	10,000.00	1,116.99
10-064	11/15/2010	3/1/2016	Statewide Vital Records Information System	65,692.00	17,658.89
10-065	11/15/2010	9/1/2015	Milk Carton Filling Machine	56,439.45	11,233.81
10-066	11/15/2010	9/1/2015	Integrated Property Assessment System (IPAS)	796,995.00	158,635.21
10-067	11/15/2010	9/1/2015	IT Infrastructure FY11	1,002,370.34	199,513.45
10-070	11/30/2010	9/1/2015	IT Infrastructure FY11	316,054.04	63,557.61
10-071	11/30/2010	9/1/2017	Base Station Radios	1,366,000.00	571,830.12
10-072	11/30/2010	9/1/2015	IT Infrastructure FY10	19,499.50	3,921.30
10-073	11/30/2010	3/1/2015	Scheduling Software	36,965.90	4,176.48
10-074	12/15/2010	9/1/2015	Milk Carton Filling Machine	37,626.30	7,645.45
10-075	12/15/2010	3/1/2016	ITS Phase 3-WINPAS Project	450,000.00	123,259.17
10-079	12/15/2010	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	1,740,330.00	733,999.21
10-082	12/30/2010	9/1/2015	IT Infrastructure FY11	448,047.38	90,817.54
10-084	12/30/2010	3/1/2016	Statewide Vital Records Information System	393,848.00	108,904.76
11-002	1/27/2011	9/1/2017	Base Station Radios	444,243.15	191,470.35
11-004	1/27/2011	3/1/2016	Space and Leasing Software Package	91,441.00	25,739.40
11-005	1/27/2011	9/1/2015	IT Infrastructure FY11	391,950.56	82,066.52
11-008	1/27/2011	3/1/2015	Automated Functional Screen	570,000.00	67,357.76
11-010	2/16/2011	9/1/2015	IT Infrastructure FY11	182,746.79	38,764.38
11-011	2/16/2011	3/1/2015	Scheduling Software	83,000.00	9,952.16
11-016	2/28/2011	9/1/2015	IT Infrastructure FY11	62,093.83	13,300.31

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of October 15, 2014)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
11-017	3/15/2011	3/1/2016	Space and Leasing Software Package	6,274.26	1,819.88
11-019	3/15/2011	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	193,370.00	85,320.57
11-020	3/15/2011	3/1/2016	Paper Cutter/Slicer/Creaser & Integrated Folder Attachment	59,516.00	17,262.93
11-023	3/31/2011	9/1/2015	IT Infrastructure FY11	206,374.84	45,136.56
11-024	4/15/2011	3/1/2015	Automated Functional Screen	250,000.00	31,391.85
11-025	4/15/2011	3/1/2016	ITS Phase 3-WINPAS Project	675,000.00	199,522.02
11-026	4/15/2011	9/1/2015	IT Infrastructure FY11	229,078.62	50,631.46
11-027	4/15/2011	3/1/2016	Statewide Vital Records Information System	252,717.30	74,700.24
11-028	4/29/2011	3/1/2016	LED Highway Sign	265,730.00	79,255.94
11-029	4/29/2011	9/1/2017	Grounds Vehicle and Accessories	45,648.61	20,817.93
11-030	4/29/2011	3/1/2015	Fleet Vehicles	28,922.00	3,672.60
11-033	4/29/2011	3/1/2016	Statewide Vital Records Information System	132,950.00	39,653.32
11-034	4/29/2011	9/1/2015	IT Infrastructure FY11	252,761.36	56,425.63
11-035	5/13/2011	3/1/2015	Automated Functional Screen	16,000.00	2,054.63
11-037	5/25/2011	3/1/2016	ITS Phase 3-WINPAS Project	281,250.00	85,314.06
11-038	5/25/2011	3/1/2016	Space and Leasing Software Package	7,438.77	2,256.47
11-040	5/25/2011	9/1/2015	IT Infrastructure FY11	9,500.00	2,160.88
11-041	6/15/2011	3/1/2016	Golf Course Maintenance Equipment	17,304.00	5,318.64
11-043	6/30/2011	3/1/2016	Golf Course Maintenance Equipment	108,306.11	33,625.17
11-044	6/30/2011	3/1/2016	Space and Leasing Software Package	4,500.00	1,397.08
11-045	6/30/2011	3/1/2016	Statewide Vital Records Information System	80,053.20	24,853.65
11-047	7/15/2011	3/1/2016	ITS Phase 3-WINPAS Project	593,750.00	186,347.91
11-048	7/15/2011	3/1/2016	Statewide Vital Records Information System	3,060.00	960.38
11-049	7/15/2011	9/1/2015	IT Infrastructure FY11	29,919.76	7,067.72
11-050	7/29/2011	3/1/2016	ITS Phase 3-WINPAS Project	630,000.00	199,555.84
11-051	8/15/2011	9/1/2016	Furniture & Moveable Medical Equipment @ King	1,404,995.56	454,145.21
11-052	8/15/2011	3/1/2015	Fleet Vehicles	20,510.00	2,846.34
11-053	8/15/2011	9/1/2017	Hybrid Grounds Vehicles	269,350.00	82,952.89
11-054	8/15/2011	3/1/2015	Scheduling Software	16,000.00	2,220.49
11-055	8/15/2011	9/1/2015	Integrated Property Assessment System (IPAS)	572,316.00	138,229.50
11-057	8/31/2011	9/1/2016	Digital Production Color Printer & Imaging System	105,229.00	40,751.64
11-059	9/16/2011	9/1/2016	Vertical Mold Milling Machine	110,746.00	43,315.25
11-060	9/16/2011	9/1/2017	Base Station Radios	213,423.67	103,314.34
11-061	9/30/2011	9/1/2015	IT Infrastructure FY11	107,662.45	26,909.16
11-062	9/30/2011	3/1/2016	ITS Phase 3-WINPAS Project	720,000.00	237,678.51
11-063	10/17/2011	3/1/2015	Scheduling Software	42,318.20	6,198.09
11-064	10/31/2011	9/1/2015	Integrated Property Assessment System (IPAS)	525,800.00	134,507.79
11-066	11/15/2011	3/1/2016	ITS Phase 3-WINPAS Project	300,000.00	102,169.67
11-067	11/15/2011	9/1/2017	Base Station Radios	67,932.76	33,920.50
11-068	11/30/2011	3/1/2016	Statewide Vital Records Information System	47,873.70	16,478.86
11-070	12/16/2011	3/1/2016	Space and Leasing Software Package	11,291.00	3,930.48
11-071	12/30/2011	3/1/2016	ITS Phase 3-WINPAS Project	900,000.00	316,421.40
11-072	12/30/2011	3/1/2016	ITS Phase 3-WINPAS Project	1,000,000.00	351,579.34
11-073	12/30/2011	3/1/2016	Space and Leasing Software Package	2,600.00	914.11
12-001	1/17/2012	9/1/2015	IT Infrastructure FY11	35,963.55	8,740.45
12-002	1/31/2012	3/1/2016	Statewide Vital Records Information System	78,942.00	25,819.46
12-004	1/31/2012	3/1/2015	Conservation Warden Laptop Replacement	894,474.00	86,832.90
12-005	2/15/2012	3/1/2019	Dispatch Console Replacement	1,776,827.76	988,050.05
12-006	2/15/2012	3/1/2015	PC Replacement (School of Business)	37,131.40	5,215.91
12-007	2/15/2012	3/1/2015	Scheduling Software	86,000.00	12,080.57
12-008	2/29/2012	3/1/2015	Scheduling Software	11,782.00	1,686.43
12-009	2/29/2012	3/1/2017	Semi-Trailer Forage Box	57,199.00	25,496.91
12-010	3/16/2012	9/1/2015	Integrated Property Assessment System (IPAS)	648,750.00	167,105.83
12-011	3/16/2012	9/1/2015	Ranger Laptop Replacement	193,473.00	17,675.30
12-012	3/30/2012	3/1/2017	Ozone Washing System	51,003.83	23,194.25
12-013	4/30/2012	3/1/2017	Liquid Manure Tanker	68,250.00	31,678.09
12-014	4/30/2012	3/1/2016	Space and Leasing Software Package	1,225.00	432.76
12-015	5/15/2012	3/1/2015	Scheduling Software	11,782.00	1,853.80

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of October 15, 2014)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
12-016	5/15/2012	3/1/2016	Statewide Vital Records Information System	130,500.00	46,723.69
12-017	6/15/2012	3/1/2016	Ranger Radio Replacement	219,302.52	20,590.42
12-019	6/15/2012	3/1/2016	Space and Leasing Software Package	2,800.00	1,029.85
12-020	6/15/2012	3/1/2017	Golf Course Maintenance Equipment	75,528.60	36,176.96
12-021	6/29/2012	3/1/2019	Wisconsin Integrated Correction System (WICS) - Phase 3	1,275,647.00	757,155.22
12-022	7/16/2012	3/1/2015	Scheduling Software	17,000.00	2,906.45
12-023	7/16/2012	3/1/2016	Statewide Vital Records Information System	63,000.00	23,897.37
12-024	7/16/2012	3/1/2017	Residence Hall Furniture	316,142.00	155,156.72
12-025	7/16/2012	3/1/2017	Golf Course Maintenance Equipment	20,628.15	10,123.90
12-026	8/15/2012	3/1/2015	Scheduling Software	10,162.80	1,805.05
12-027	8/15/2012	3/1/2016	Statewide Vital Records Information System	144,082.00	56,091.56
12-028	8/31/2012	9/1/2016	Fleet Vehicles	18,145.00	8,331.72
12-029	8/31/2012	9/1/2016	Ranger Radio Replacement	79,919.32	26,735.63
12-030	8/31/2012	3/1/2016	Statewide Vital Records Information System	42,150.00	16,920.55
12-031	10/31/2012	9/1/2015	PC Replacement (School of Business)	54,055.00	17,715.27
12-032	10/31/2012	3/1/2015	Scheduling Software	18,327.40	3,604.69
12-033	12/17/2012	9/1/2019	Portable Radio Replacement	1,206,063.10	796,976.47
12-034	12/17/2012	3/1/2016	Statewide Vital Records Information System	63,000.00	27,519.12
12-035	12/17/2012	9/1/2016	Fleet Vehicles	21,196.00	10,628.17
13-001	1/15/2013	3/1/2020	Potato Grader	54,600.00	39,940.10
13-002	1/31/2013	3/1/2016	Statewide Vital Records Information System	80,483.00	35,074.35
13-003	2/28/2013	9/1/2016	Fleet Vehicles	31,472.00	16,841.36
13-004	4/15/2013	3/1/2016	PC Replacement (Art Department)	12,312.00	6,078.80
13-005	5/15/2013	3/1/2017	Golf Course Maintenance Equipment	50,990.00	27,955.67
13-006	5/15/2013	3/1/2017	Golf Course Maintenance Equipment	9,900.00	6,085.55
13-007	5/15/2013	3/1/2016	Statewide Vital Records Information System	22,138.00	11,291.90
13-008	5/31/2013	9/1/2018	Delivery Vehicles	683,508.00	464,547.19
13-009	5/31/2013	9/1/2018	Golf Course Maintenance Equipment	70,070.89	47,623.79
13-010	6/14/2013	9/1/2028	ERP Software/Hardware - STAR Project	14,315,300.00	11,586,038.94
13-011	7/1/2013	9/1/2018	ERP Software/Hardware - STAR Project	1,606,208.91	1,132,888.10
13-012	7/1/2013	9/1/2018	Golf Course Maintenance Equipment	14,089.00	9,775.29
13-013	7/1/2013	9/1/2015	Integrated Property Assessment System (IPAS)	142,750.00	63,416.44
13-014	7/19/2013	9/1/2018	ERP Software/Hardware - STAR Project	1,148,211.55	818,853.02
13-015	8/1/2013	3/1/2018	Golf Course Maintenance Equipment	46,720.00	32,843.74
13-016	8/15/2013	3/1/2015	Scheduling Software	23,563.90	7,401.75
13-017	9/16/2013	9/1/2028	ERP Software/Hardware - STAR Project	10,000,000.00	8,281,362.10
13-018	10/1/2013	3/1/2016	Statewide Vital Records Information System	392,274.00	234,799.16
13-019	10/1/2013	9/1/2017	Fleet Vehicles	41,042.00	29,370.34
13-020	10/1/2013	9/1/2020	Fleet Vehicles	37,942.00	29,485.13
13-021	11/1/2013	9/1/2017	Fleet Vehicles	86,516.00	63,453.28
13-022	11/15/2013	9/1/2018	Labor Market Information System	266,464.69	204,914.33
13-023	12/6/2013	9/1/2018	Labor Market Information System	355,286.25	277,126.37
13-024	12/6/2013	9/1/2016	Fleet Vehicles	23,816.00	17,195.27
13-025	12/23/2013	9/1/2017	Storage Hardware and Software	4,802,969.00	3,679,114.63
13-026	12/23/2013	9/1/2018	Labor Market Information System	177,643.13	140,175.66
14-001	1/31/2014	3/1/2017	Computer Storage Cluster	76,328.00	60,984.93
14-002	2/7/2014	9/1/2017	Storage Hardware and Software	107,100.00	87,018.43
14-003	2/7/2014	3/1/2021	Potato Grader	110,000.00	92,392.86
14-004	2/28/2014	3/1/2029	Star Project	1,049,735.00	995,886.88
14-005	4/1/2014	3/1/2023	Benefits Administration System	2,500,000.00	2,347,464.26
14-006	4/1/2014	3/1/2029	Star Project	1,266,560.00	1,212,526.21
14-007	4/1/2014	3/1/2029	Star Project	2,629.87	2,517.68
14-008	4/11/2014	3/1/2019	Star Project	63,111.00	57,245.48
14-009	4/11/2014	3/1/2016	Statewide Vital Records Information System	17,700.00	13,793.63
14-010	5/2/2014	3/1/2029	Star Project	1,779,630.00	1,719,181.95
14-011	5/2/2014	3/1/2018	Golf Course Maintenance Equipment	39,060.57	35,239.06
14-013	5/30/2014	3/1/2029	Star Project	2,211,085.00	2,153,464.44
14-014	5/30/2014	3/1/2018	Golf Course Maintenance Equipment	20,159.00	18,623.03

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of October 15, 2014)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Item</u>	<u>Financed Amount</u>	<u>Principal Balance</u>
14-016	6/30/2014	3/1/2019	Wisconsin Integrated Correction System (WICS)	1,135,814.00	1,087,958.23
14-017	6/30/2014	9/1/2020	Patient Lifts	101,190.50	98,792.96
14-018	6/30/2014	3/1/2017	Business School Computers	31,148.92	28,980.96
14-019	6/30/2014	3/1/2023	Benefits Administration System	929,300.00	905,743.46
14-020	6/30/2014	3/1/2029	Star Project	4,092,230.69	4,020,489.71
14-021	6/30/2014	9/1/2018	Labor Market Information System	177,643.12	169,378.85
14-022	7/18/2014	3/1/2017	Computer Storage	149,761.16	149,761.16
14-023	7/18/2014	9/1/2020	Patient Lifts	113,916.90	113,916.90
14-024	8/8/2014	3/1/2029	Storage Hardware and Software	1,862,780.00	1,862,780.00
14-025	8/8/2014	9/1/2021	Biennial Budget System	335,859.30	335,859.30
14-026	9/16/2014	3/1/2029	Storage Hardware and Software	5,995,392.20	5,995,392.20
14-027	9/16/2014	3/1/2023	Benefits Administration System	1,761,132.00	1,761,132.00
14-028	9/16/2014	9/1/2019	Networking Equipment	380,835.80	380,835.80
14-029	10/1/2014	9/1/2018	Storage Hardware and Software	13,373,204.90	13,373,204.90
14-030	10/1/2014	9/1/2020	Patient Lifts	148,281.99	148,281.99
					87,943,451.04

Note: The principal balance of the Lease Schedules in the above table is as of October 15, 2014. The principal balance of certain Lease Schedules in the above table reflects amortization at an assumed fixed interest rate; however, during the period that a Lease Schedule is funded with proceeds from the revolving credit facility, interest accrues and is based on a variable interest rate. As a result, the principal balances included in this table may change slightly when reconciled to reflect actual accrued interest. During a period of low interest rates, the principal balance of each Lease Schedule (and the corresponding series of master lease certificates of participation) may actually be slightly less than shown in the table as any payment in excess of the actual accrued interest is applied as principal prepayments. Final reconciliation of the actual to the assumed interest rates occurs with either the funding of Lease Schedules with master lease certificates of participation having fixed interest rates, such as the Certificates, or the last scheduled Lease Payment.

APPENDIX C

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

November 13, 2014

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

Subject: \$37,635,000
Master Lease
Certificates of Participation of 2014, Series B
(State of Wisconsin)

We have acted as bond counsel in connection with the issuance by U.S. Bank National Association, as trustee (the “**Trustee**”), of \$37,635,000 Master Lease Certificates of Participation of 2014, Series B (State of Wisconsin), dated the date hereof (the “**Certificates**”).

The Certificates are being issued pursuant to the Master Indenture, dated as of July 1, 1996 (the “**Indenture**”), by and among a predecessor-in-interest of U.S. Bank National Association (the “**Lessor**”), a predecessor-in-interest of the Trustee, and the State of Wisconsin, acting by and through the Department of Administration (the “**Lessee**”), as supplemented by Supplemental Indenture No. 2014-B, dated as of November 13, 2014 (the “**Supplemental Indenture**”), among the same parties or their successors-in-interest.

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

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

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

1. The Master Lease was duly authorized, executed, and delivered by the Lessee and, assuming due authorization, execution, and delivery thereof by the lessor thereunder, is valid and binding on the Lessee.

2. The Indenture and the Supplemental Indenture have been duly authorized, executed, and delivered by the Lessee, and, assuming due authorization, execution, and delivery thereof by the Trustee and the Lessor, the Indenture, as supplemented by the Supplemental Indenture, is valid and binding upon the Lessee.

3. The Certificates evidence valid and binding proportionate interests in, and rights to receive, the payments of rent under the Master Lease.

4. The Lessee is required to make the payments of rent from any source of legally available funds, subject to annual appropriation. The obligation of the Lessee to make the payments of rent does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any tax or for which the Lessee has levied or pledged any tax. The obligation of the Lessee to make the payments of rent does not constitute public debt (as defined under Chapter 18 of the Wisconsin Statutes) of the Lessee or any of its political subdivisions.

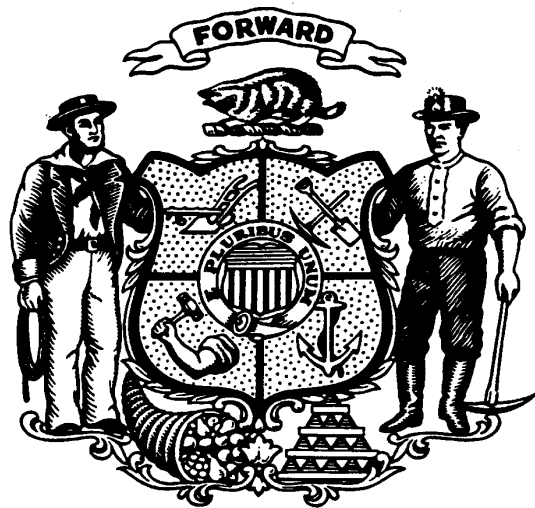
5. The portion of rent designated as and constituting interest paid by the Lessee and received by the owners of the Certificates as interest is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on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

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated October 30, 2014 or any other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement).

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

Very truly yours,



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