

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.

\$33,645,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2016, SERIES A

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

STATE OF WISCONSIN

Acting by and through the Department of Administration

Dated: Delivery Date

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

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

Tax Exemption Interest on the Certificates is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers-See pages 12-13.
Interest on the Certificates is not exempt from current State of Wisconsin income and franchise taxes-See page 12.

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

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

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

Purpose Funding Lease Schedules currently financed through a revolving credit facility and paying costs of issuance for the Certificates-See page 3.

Interest Payment Dates March 1 and September 1

First Interest Payment Date September 1, 2016

Denominations Multiples of \$5,000

Closing/Delivery/Settlement On or about July 14, 2016

Bond Counsel Foley & Lardner LLP

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

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

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

2015 Annual Report This Official Statement incorporates by reference Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015.

[The prices and yields listed on the inside front cover were determined on June 23, 2016 at negotiated sale.

PNC Capital Markets LLC

Barclays

Blaylock Beal Van, LLC

June 23, 2016

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND OTHER INFORMATION

\$33,645,000

**MASTER LEASE CERTIFICATES OF PARTICIPATION
OF 2016, SERIES A**

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

STATE OF WISCONSIN

Acting by and through the Department of Administration

CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
977087 HS7	September 1, 2016	\$ 4,065,000	5.00%	0.60%	100.572%	Not Callable	-
977087 HT5	March 1, 2017	3,645,000	2.00	0.65	100.847	Not Callable	-
977087 HU2	September 1, 2017	3,680,000	4.00	0.73	103.674	Not Callable	-
977087 HV0	March 1, 2018	3,655,000	4.00	0.85	105.089	Not Callable	-
977087 HW8	September 1, 2018	3,385,000	5.00	0.91	108.609	Not Callable	-
977087 HX6	March 1, 2019	3,090,000	4.00	1.00	107.768	Not Callable	-
977087 HY4	September 1, 2019	2,545,000	5.00	1.04	112.165	Not Callable	-
977087 HZ1	March 1, 2020	2,605,000	5.00	1.14	113.688	Not Callable	-
977087 JA4	September 1, 2020	2,675,000	5.00	1.20	115.267	Not Callable	-
977087 JB2	March 1, 2021	1,095,000	4.00	1.31	112.046	Not Callable	-
977087 JC0	September 1, 2021	780,000	3.00	1.37	107.288	^(a) March 1, 2021	100%
977087 JD8	March 1, 2022	405,000	3.00	1.48	106.777	^(a) March 1, 2021	100
977087 JE6	September 1, 2022	355,000	3.00	1.53	106.546	^(a) March 1, 2021	100
977087 JF3	March 1, 2023	1,665,000	5.00	1.36	116.280	^(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.

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

The Honorable Scott Walker
Governor
State of Wisconsin

Mr. Scott A. Neitzel
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. David R. Erdman
Capital Finance Director
(608) 267-0374

Mr. Joseph S. Adomakoh III
Capital Finance Officer
(608) 267-3799

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:	\$33,645,000 Master Lease Certificates of Participation of 2016, Series A (State of Wisconsin)
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about July 14, 2016)
Record Date:	February 15 and August 15
Interest Payments:	March 1 and September 1, commencing September 1, 2016.
Maturities:	March 1 and September 1, commencing September 1, 2016 and ending March 1, 2023.
Redemption:	<i>Optional</i> —The Certificates maturing on or after September 1, 2021 are callable at par on March 1, 2021 or any date thereafter.— <i>See page 4.</i> <i>Mandatory</i> —Master lease certificates of participation of all series, including the Certificates, are subject to mandatory redemption at par upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease— <i>See page 4.</i>
Form:	Book-entry-only— <i>See pages 4-5.</i>
Paying Agent:	All payments of the principal of, and interest on, the Certificates will be paid by U.S. Bank National Association, as Trustee. All payments initially will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Certificates evidence proportionate interests in certain Lease Payments under the State’s Master Lease Program. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture for the Program. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation. As of June 1, 2016, the principal amount of all outstanding master lease certificates of participation was \$125 million— <i>See pages 5-8.</i>
State Budget:	The State budget is the legislative document that authorizes amounts of State expenditures for the two fiscal years in the biennium, based on the amount of revenues (primarily taxes) projected to be received. The executive budget for the 2015-17 biennium was enacted on July 12, 2015— <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 pages 7-8.</i>

Fiscal Controls and Priority of Payments:	If an emergency arises which requires payments in excess of available money, then 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 page 8.</i>
Authority for Issuance:	The State entered into the Master Lease under Section 16.76 of the Wisconsin Statutes.
Purpose:	Funding Lease Schedules currently financed through a revolving credit facility and paying costs of issuance for the Certificates— <i>See page 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 12-13.</i> Interest on the Certificates is not exempt from current State of Wisconsin income and franchise taxes— <i>See page 12.</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1.</i>
2015 Annual Report:	This Official Statement incorporates by reference, and makes changes and additions to, Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015.

OFFICIAL STATEMENT

\$33,645,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2016, SERIES A

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

STATE OF WISCONSIN

Acting by and through the Department of Administration

INTRODUCTION

This Official Statement provides information about the \$33,645,000 Master Lease Certificates of Participation of 2016, Series A (**Certificates**) that represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Third Amended and Restated Master Lease, dated April 28, 2000 (**Master Lease**), between a predecessor-in-interest of U.S. Bank National Association (**Lessor**), as lessor, and the State, acting by and through the State of Wisconsin Department of Administration (**Department of Administration**), as lessee (**Lessee**).

This Official Statement includes by reference **Parts I, II, and IV** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 (**2015 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. 2016-A (**Supplemental Indenture**), dated July 14, 2016, 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 2015 Annual Report. **APPENDIX A** also includes changes and additions to Part II of the 2015 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2015-16 and 2016-17 fiscal years and General Fund tax collection projections for the 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (LFB) on January 21, 2016 (**January 2016 LFB Report**).
- General Fund information for the 2015-16 fiscal year through March 31, 2016 which is presented on either a cash basis or an agency-recorded basis and projected General Fund information for the remainder of the 2015-16 fiscal year and for the 2016-17 fiscal year, which is presented on a cash basis.

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

Contact: State of Wisconsin Department of Administration
Attn: Capital Finance Office
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
Phone: (608) 267-0374
E-mail: DOACapitalFinanceOffice@wisconsin.gov
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 June 1, 2016, the total amount of originations completed through the Program was \$724 million, and the principal amount of outstanding master lease certificates of participation was \$125 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 2015 Annual Report. **APPENDIX B** also includes changes and additions to Part IV of the 2015 Annual Report.

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

Contact: State of Wisconsin Department of Administration
Attn: Capital Finance Office
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
Phone: (608) 267-0374
E-mail: DOACapitalFinanceOffice@wisconsin.gov
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 currently financed through a revolving credit facility in which the State pays interest based on short-term, taxable, variable interest rates, and to pay costs of issuance for the Certificates. See “**SECURITY FOR CERTIFICATES; Two-Phase Financing Structure**”.

Sources and Uses

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

Sources:	
Principal Amount of Certificates	\$33,645,000.00
Original Issue Premium	<u>2,491,838.10</u>
Total Sources	<u>\$36,136,838.10</u>
Uses:	
Funding Lease Schedules.....	\$35,792,030.44
Cost of Issuance	215,321.66
Underwriters’ Discount.....	<u>129,486.00</u>
Total Uses	<u>\$ 36,136,838.10</u>

THE CERTIFICATES

General

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

The Certificates will be dated their date of delivery and will bear interest from that date payable on March 1 and September 1 of each year, beginning on September 1, 2016.

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

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

Ratings

The following ratings have been assigned to the Certificates:

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

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

Redemption Provisions

Optional Redemption

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

Mandatory Redemption

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

Selection of Certificates

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

Notice of Redemption

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

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

Registration and Payment of Certificates

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

Book-Entry-Only Form

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

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

Payment

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

Notices and Voting Rights

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

Redemption

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

Discontinued Service

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

Further Information

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

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

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

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

Payment of principal would be made by check or draft issued upon the presentation and surrender of the Certificates at the principal office of the Paying Agent, as designated by the State and the Trustee. Payment of interest due on the Certificates would be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the record date—which is the 15th day (whether or not a business day) of the calendar month before the interest payment date.

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

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

SECURITY FOR CERTIFICATES

General

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

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

Common Pool of Collateral

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

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

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

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

Reserve Fund

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

Expected Refunding of Certificates

Some of the Lease Schedules to be funded with the Certificates currently have terms that extend beyond the final maturity date of the Certificates, including some terms that extend to March 1, 2029. The State intends to issue additional master lease certificates of participation on or prior to March 1, 2023, to refund all or a portion of the principal of the Certificates maturing on March 1, 2023. In connection with the issuance of the Certificates, the Lease Schedules will be amended to provide for rental payments sufficient to make scheduled payments of principal of, and interest on, the Certificates. Upon issuance of any master lease certificates of participation to refund the Certificates maturing March 1, 2023, the State may further amend the Lease Schedules to extend the payment terms in a manner consistent with their current terms.

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. 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 currently funded with proceeds from the revolving credit facility. Since the proceeds of master lease certificates of participation being used as part of the second phase are immediately applied to acquire existing Lease Schedules, the proceeds of the Certificates are not subject to nonorigination risk. Prior to the issuance of the Certificates, fixed-rate master lease certificates of participation were most recently issued to fund Lease Schedules in July 2015.

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 2015-17 biennial budget.

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 2015-17 biennial budget of the State was enacted on July 12, 2015, which was 11 days after the start of the biennium. Of the ten prior biennial budgets, the 2009-11, 2011-13 and 2013-15 biennial budgets were enacted prior to the start of the biennium; however, each of the seven 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, then 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, 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 and the State's appropriations to the Wisconsin Center District in the approximate amount of \$8 million to assist in the development and construction of a new arena in Milwaukee, Wisconsin. 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.

As described under “**SECURITY FOR CERTIFICATES; Expected Refunding of Certificates**”, some Lease Schedules funded with the Certificates currently have scheduled Lease Payment dates extending to March 1, 2029. Similarly, Lease Schedules funded with master lease certificates of participation previously issued under the Master Indenture had original scheduled payment dates extending beyond the final maturities of those certificates. These include approximately \$36 million of payments attributable to principal that are currently due on or after the final maturity for the Certificates and the previously issued master lease certificates of participation. The State intends to refund portions of the principal amounts of the Certificates and previously issued master lease certificates that mature on March 1, 2023. However, if such refunding does not occur for any reason, larger than normal appropriations would be needed to provide for the payment of the Certificates and previously issued master lease certificates of participation maturing on March 1, 2023.

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 2016

This is the first series of master lease certificates of participation to be issued in calendar year 2016. A revolving credit facility with PNC Bank, National Association is used by the State for origination of Lease Schedules; the termination date of this facility is September 1, 2016. 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. The amount and timing of any additional series of master lease certificates of participation to be issued in this calendar year depend on the amount and timing of originations under the Program and any extension or replacement of the bank 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 PNC Capital Markets LLC 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 \$36,007,352.10, reflecting an original issue premium of \$2,491,838.10 and an underwriters’ discount of \$129,486.00. The Underwriters have agreed to reoffer the Certificates at the public offering prices or yields set forth on the **inside front cover**.

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

The Underwriters and their affiliates include full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors, and employees may purchase, sell, or hold investments or other financial instruments for their own accounts and for the accounts of their customers. Such investment and trading activities may involve assets, securities, or other instruments of the State (directly, as collateral securing other obligations, or otherwise) or of others that have relationships with the State. The Underwriters and their affiliates may also communicate independent investment recommendations, market color, or trading ideas and may publish or express independent research views in respect of any such assets, securities, or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities, or instruments.

The Representative is an affiliate of PNC Bank, National Association, the current provider of the revolving credit facility for the Program, which will receive the net proceeds of the Certificates as repayment of balances under the facility.

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.

\$33,645,000
Master Lease Certificates of Participation of 2016, Series A
(State of Wisconsin)

Dated and Delivery Date: On or about July 14, 2016

First Interest Date: September 1, 2016

<u>CUSIP</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Optional Call Date</u>	<u>Call Price</u>
977087 HS7	September 1, 2016	\$ 4,065,000	5.00%	0.60%	100.572%	Not Callable	-
977087 HT5	March 1, 2017	3,645,000	2.00	0.65	100.847	Not Callable	-
977087 HU2	September 1, 2017	3,680,000	4.00	0.73	103.674	Not Callable	-
977087 HV0	March 1, 2018	3,655,000	4.00	0.85	105.089	Not Callable	-
977087 HW8	September 1, 2018	3,385,000	5.00	0.91	108.609	Not Callable	-
977087 HX6	March 1, 2019	3,090,000	4.00	1.00	107.768	Not Callable	-
977087 HY4	September 1, 2019	2,545,000	5.00	1.04	112.165	Not Callable	-
977087 HZ1	March 1, 2020	2,605,000	5.00	1.14	113.688	Not Callable	-
977087 JA4	September 1, 2020	2,675,000	5.00	1.20	115.267	Not Callable	-
977087 JB2	March 1, 2021	1,095,000	4.00	1.31	112.046	Not Callable	-
977087 JC0	September 1, 2021	780,000	3.00	1.37	107.288 ^(a)	March 1, 2021	100%
977087 JD8	March 1, 2022	405,000	3.00	1.48	106.777 ^(a)	March 1, 2021	100
977087 JE6	September 1, 2022	355,000	3.00	1.53	106.546 ^(a)	March 1, 2021	100
977087 JF3	March 1, 2023	1,665,000	5.00	1.36	116.280 ^(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 for interest on the Certificates to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Certificates to be included in gross income for federal income tax purposes, perhaps even starting from the date the Certificates are issued. No provision is made for an increase in interest rates or a redemption of the Certificates in the event interest on the Certificates is included in gross income.

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

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

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

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

State of Wisconsin Income and Franchise Taxes

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

Premium Certificates

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

representations from the Underwriters, the State expects the issue price of each maturity of the Certificates to be the Price at Issuance set forth in the table under “**OTHER INFORMATION; Reference Information About the Certificates**”.

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

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Certificates, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will file the Annual Report with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. [Part I of the 2015 Annual Report](#), which contains information on the undertaking, is included by reference as part of this Official Statement.

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

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

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

Dated: June 23, 2016

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

/s/ SCOTT A. NEITZEL

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

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) and its general obligations, contained in [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 \(2015 Annual Report\)](#), which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part II of the 2015 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2015-16 and 2016-17 fiscal years and General Fund tax collection projections for the 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (LFB) on January 21, 2016 (**January 2016 LFB Report**).
- General Fund information for the 2015-16 fiscal year through March 31, 2016, which is presented on either a cash basis, or an agency-recorded basis and projected General Fund information for the remainder of the 2015-16 fiscal year and for the 2016-17 fiscal year, which is presented on a cash basis.

[Part II of the 2015 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 2014-15 and State budget for the 2015-17 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 2015 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2015, 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 2015 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 2015 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) 267-0374
DOACapitalFinanceOffice@wisconsin.gov

The State independently provided, from July 2001 to June 2013, monthly reports on general fund financial information. The State did not provide these monthly reports from June 2013 through March

2014, and the frequency of the reports provided during calendar year 2015 was less than monthly. These reports are not required by any of the State's undertakings to provide information concerning the State's securities. These reports are available on the State's Capital Finance Office web site that is listed above and also were filed as additional voluntary information with the MSRB through its EMMA system; however, the reports are not incorporated by reference into this Official Statement or Part II of the 2015 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2015 Annual Report, certain changes or events occurred that affect items discussed in the 2015 Annual Report. Listed below, by reference to particular sections of Part II of the 2015 Annual Report, are changes or additions to the discussions contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

State Budget; Budget for 2015-17 Biennium and 2015-17 General Fund Tax Collections (Part II; Pages 34-36). Update with the following information:

January 2016 LFB Report

On January 21, 2016, LFB released a memorandum that includes an updated General Fund condition statement and estimated General Fund tax revenues for each fiscal year of the 2015-17 biennium. The General Fund condition statement projections included in the January 2016 LFB Report show net ending balances at the end of the 2015-16 fiscal year of \$219 million, and at the end of the 2016-17 fiscal year of \$70 million. These amounts are both greater than the 2015-17 biennial budget estimates by \$122 million for the 2015-16 fiscal year and \$4 million for the 2016-17 fiscal year.

The table on the following page includes the estimated General Fund condition statement for each year of the 2015-17 biennium. The table also includes, for comparison, the estimated General Fund condition statement for each year of the 2015-17 biennium, as included in the 2015-17 biennial budget (2015 Wisconsin Act 55).

The estimated General Fund tax revenues included in the January 2016 LFB Report are \$15.176 billion for the 2015-16 fiscal year, or a decrease of \$32 million from the amounts included in the 2015-17 biennial budget, and \$15.656 billion for the 2016-17 fiscal year, or a decrease of \$136 million from the amounts included in the 2015-17 biennial budget.

PROJECTED GENERAL FUND CONDITION STATEMENT
2015-16 and 2016-17 FISCAL YEARS
(in Millions)

	2015-16 Fiscal Year		2016-17 Fiscal Year	
	2015-2017	LFB	2015-2017	LFB
	<u>Budget</u>	<u>Jan. 2016</u>	<u>Budget</u>	<u>Jan. 2016</u>
Revenues				
Opening Balance	\$ 0.3	\$ 135.5	\$ 161.8	\$ 284.0
Taxes	15,207.9	15,175.6	15,791.6	15,655.7
Department Revenues				
Tribal Gaming	23.4	25.6	23.1	24.7
Other	<u>516.1</u>	<u>518.0</u>	<u>513.5</u>	<u>514.0</u>
Total Available	\$15,747.6	\$15,854.8	\$16,490.0	\$16,478.4
Appropriations				
Gross Appropriations	\$15,886.4	\$15,896.4	\$17,041.4	\$17,058.4
Sum Sufficient Reestimates	-	(40.3)	-	(46.9)
Transfers to Transportation Fund	38.0	38.0	39.5	39.5
Compensation Reserves	10.7	10.7	18.6	18.6
Less: Lapses	<u>(349.2)</u>	<u>(334.1)</u>	<u>(740.8)</u>	<u>(726.4)</u>
Net Appropriations	\$15,585.8	\$15,570.8	\$16,358.7	\$16,343.2
Balances				
Gross Balance	161.8	284.0	131.4	135.2
Less: Required Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 96.8	\$ 219.0	\$ 66.4	\$ 70.2

The following table includes a summary of the estimated General Fund tax revenues for each fiscal year of the 2015-17 biennium as included in the January 2016 LFB Report. The table also includes, for comparison, the actual General Fund tax collections for the 2014-15 fiscal year and the estimated General Fund tax revenues as included in the 2015-17 biennial budget (2015 Wisconsin Act 55).

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2015-16 AND 2016-17 FISCAL YEARS

(in Millions)

	2015-16 Fiscal Year			2016-17 Fiscal Year	
	2014-15	2015-17	LFB	2015-17	LFB
	<u>Actual</u>	<u>Budget</u>	<u>Jan. 2016</u>	<u>Budget</u>	<u>Jan. 2016</u>
Individual Income	\$ 7,325.8	\$ 7,858.6	\$ 7,810.0	\$ 8,238.4	\$ 8,050.0
Sales and Use	4,892.1	5,054.1	5,050.9	5,224.0	5,217.5
Corp. Income & Franchise	1,004.9	994.0	990.0	1,015.7	1,045.0
Public Utility	381.8	366.8	370.8	373.4	382.4
Excise					
Cigarettes	569.6	551.0	571.0	545.5	565.5
Liquor & Wine	71.9	71.4	76.4	73.6	79.6
Tobacco Products	48.8	48.5	50.0	49.4	51.0
Beer	8.8	8.6	9.0	8.4	9.0
Insurance Company	165.5	181.0	168.0	187.0	172.0
Miscellaneous Taxes	<u>72.0</u>	<u>73.9</u>	<u>79.5</u>	<u>76.3</u>	<u>83.7</u>
TOTAL	\$14,541.2	\$15,207.9	\$15,175.6	\$15,791.6	\$15,655.7

A complete copy of the January 2016 LFB Report is included as part of this Official Statement at the **end of this Appendix A**. In addition, the State has filed the January 2016 LFB Report with the MSRB through its EMMA system, and a copy is available at the addresses included **on pages A-1 and A-2**.

General Fund Information; General Fund Cash Flow (Part II; Pages 43-55). The following tables provide updates and additions to various tables containing General Fund information for the 2015-16 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through March 31, 2016.

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 or 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, 2015 TO MARCH 31, 2016
PROJECTED GENERAL FUND CASH FLOW; APRIL 1, 2016 TO JUNE 30, 2016^(a)**
(AMOUNTS IN THOUSANDS)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
BALANCES^{(a)(b)}												
Beginning Balance	\$ 1,370,554	\$ 469,093	\$ 729,166	\$ 1,203,261	\$ 1,557,648	\$ 1,621,473	\$ 1,199,444	\$ 1,903,640	\$ 2,030,976	\$ 1,175,216	\$ 1,395,199	\$ 1,941,340
Ending Balance^(c)	469,093	729,166	1,203,261	1,557,648	1,621,473	1,199,444	1,903,640	2,030,976	1,175,216	1,395,199	1,941,340	1,469,478
Lowest Daily Balance^(c)	338,299	194,537	633,217	919,870	1,187,304	202,565	1,199,444	1,783,047	981,754	969,603	897,063	306,441
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 666,489	\$ 522,178	\$ 768,990	\$ 478,412	\$ 762,096	\$ 604,664	\$ 997,805	\$ 840,499	\$ 712,063	\$ 1,203,448	\$ 707,732	\$ 811,660
Sales & Use	489,113	482,535	465,150	474,261	467,462	410,578	515,068	392,797	377,792	436,651	421,630	471,969
Corporate Income	92,451	39,285	213,589	28,566	21,600	204,579	29,461	29,030	228,456	67,282	34,038	212,123
Public Utility	26	23	202	10,969	206,709	2,397	25	510	134	1,250	180,503	998
Excise	65,577	60,991	63,906	60,550	59,908	61,016	59,381	41,528	57,488	58,459	58,315	63,296
Insurance	96	1,430	12,756	1	1	3	344	6,645	4,160	10,499	1,548	10,482
Subtotal Tax Receipts	\$ 1,313,752	\$ 1,106,442	\$ 1,524,593	\$ 1,052,759	\$ 1,517,776	\$ 1,283,237	\$ 1,602,084	\$ 1,311,009	\$ 1,380,093	\$ 1,777,589	\$ 1,403,766	\$ 1,570,528
NON-TAX RECEIPTS												
Federal	\$ 803,301	\$ 711,694	\$ 947,952	\$ 646,940	\$ 844,109	\$ 511,053	\$ 885,584	\$ 1,069,489	\$ 741,764	\$ 734,914	\$ 773,035	\$ 721,735
Other & Transfers	504,970	147,192	583,051	597,118	78,081	723,458	102,919	673,252	363,523	477,873	433,963	620,688
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,308,271	\$ 858,886	\$ 1,531,003	\$ 1,244,058	\$ 922,190	\$ 1,234,511	\$ 988,503	\$ 1,742,741	\$ 1,105,287	\$ 1,212,787	\$ 1,206,998	\$ 1,342,423
TOTAL RECEIPTS	\$ 2,622,023	\$ 1,965,328	\$ 3,055,596	\$ 2,296,817	\$ 2,439,966	\$ 2,517,748	\$ 2,590,587	\$ 3,053,750	\$ 2,485,380	\$ 2,990,376	\$ 2,610,764	\$ 2,912,951
DISBURSEMENTS												
Local Aids	\$ 1,319,758	\$ 161,471	\$ 837,873	\$ 86,607	\$ 823,030	\$ 1,205,846	\$ 167,920	\$ 658,162	\$ 1,222,230	\$ 119,369	\$ 149,243	\$ 1,876,227
Income Maintenance	993,857	653,300	664,523	754,435	716,932	814,285	688,948	752,339	809,106	775,950	735,579	380,971
Payroll and Related	427,901	344,133	423,358	515,823	316,263	366,986	446,827	392,812	457,368	493,804	389,280	495,557
Tax Refunds	94,031	95,212	99,015	99,116	80,819	175,511	93,212	550,617	490,668	410,519	124,603	100,849
Debt Service	252,542	-	-	178,708	-	-	-	-	-	537,195	124,347	257
Miscellaneous	435,395	451,139	556,732	307,741	439,097	377,149	489,484	572,484	361,768	433,556	541,571	530,952
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 3,523,484	\$ 1,705,255	\$ 2,581,501	\$ 1,942,430	\$ 2,376,141	\$ 2,939,777	\$ 1,886,391	\$ 2,926,414	\$ 3,341,140	\$ 2,770,393	\$ 2,064,623	\$ 3,384,813

(a) The results, projections, or estimates in this table reflect the enacted budget for the 2015-17 biennium (2015 Wisconsin Act 55), the estimated General Fund tax revenues included in a memorandum from LFB, dated January 23, 2015, as further addressed in a memorandum from LFB, dated May 6, 2015, and the estimated General Fund tax revenues included in the January 2016 LFB Report, but do not include any temporary reallocations of cash.

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

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2015-16 fiscal year are approximately \$1.430 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 or defer certain payments.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2016 TO JUNE 30, 2017^(a)
(AMOUNTS IN THOUSANDS)

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
BALANCES^{(a)(b)}												
Beginning Balance	\$ 1,469,478	\$ 271,741	\$ 774,167	\$ 1,285,823	\$ 2,030,715	\$ 1,788,450	\$1,104,850	\$2,281,621	\$2,189,542	\$ 847,628	\$1,179,977	\$1,708,329
Ending Balance^(c)	271,741	774,167	1,285,823	2,030,715	1,788,450	1,104,850	2,281,621	2,189,542	847,628	1,179,977	1,708,329	1,371,665
Lowest Daily Balance^(c)	159,195	214,083	661,747	1,190,367	1,781,536	390,775	1,104,850	2,055,822	847,628	768,580	869,527	1,057,285
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 535,508	\$ 723,636	\$ 832,817	\$ 707,664	\$ 631,230	\$ 474,836	\$1,376,008	\$ 689,051	\$ 736,338	\$1,207,584	\$ 729,490	\$ 828,497
Sales & Use	504,106	493,219	490,474	494,123	473,180	432,162	528,156	400,470	385,339	454,059	437,472	490,950
Corporate Income	67,159	46,044	226,765	39,090	24,818	218,386	35,572	35,255	251,371	67,181	35,149	220,362
Public Utility	27	24	208	11,312	213,176	2,472	26	526	138	1,289	186,150	1,029
Excise	63,820	63,111	65,876	60,629	61,905	56,870	60,345	47,014	52,545	58,501	57,580	60,912
Insurance	98	1,464	13,060	1	1	3	352	6,803	4,259	10,749	1,585	10,732
Subtotal Tax Receipts	\$ 1,170,718	\$ 1,327,498	\$ 1,629,200	\$ 1,312,819	\$ 1,404,310	\$ 1,184,729	\$ 2,000,459	\$ 1,179,119	\$ 1,429,990	\$ 1,799,363	\$ 1,447,426	\$ 1,612,482
NON-TAX RECEIPTS												
Federal	\$ 817,184	\$ 736,468	\$ 1,033,544	\$ 676,344	\$ 732,709	\$ 617,538	\$ 957,811	\$ 956,441	\$ 732,013	\$ 708,365	\$ 750,023	\$ 736,851
Other & Transfers	530,598	235,438	625,644	546,466	249,870	537,725	297,059	636,772	411,492	477,639	410,046	633,836
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,347,782	\$ 971,906	\$ 1,659,188	\$ 1,222,810	\$ 982,579	\$ 1,155,263	\$ 1,254,870	\$ 1,593,213	\$ 1,143,505	\$ 1,186,004	\$ 1,160,069	\$ 1,370,687
TOTAL RECEIPTS	\$ 2,518,500	\$ 2,299,404	\$ 3,288,388	\$ 2,535,629	\$ 2,386,889	\$ 2,339,992	\$ 3,255,329	\$ 2,772,332	\$ 2,573,495	\$ 2,985,367	\$ 2,607,495	\$ 2,983,169
DISBURSEMENTS												
Local Aids	\$ 1,536,287	\$ 114,196	\$ 805,398	\$ 94,096	\$ 940,392	\$ 1,265,777	\$ 167,818	\$ 640,243	\$ 1,565,458	\$ 87,825	\$ 174,901	\$ 1,824,368
Income Maintenance	1,043,219	724,411	815,637	727,410	752,538	837,080	838,590	728,358	846,600	780,044	739,734	367,421
Payroll and Related	349,218	359,014	510,054	355,790	435,622	353,415	509,809	392,763	562,646	376,092	373,422	480,719
Tax Refunds	90,103	96,252	84,221	110,690	89,835	165,500	84,755	593,822	553,182	513,345	159,351	132,614
Debt Service	260,098	6,253	-	158,811	6,253	257	-	6,253	-	506,012	107,860	259
Miscellaneous	437,312	496,852	561,422	343,939	404,514	401,563	477,587	502,972	387,523	389,700	523,875	514,453
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	\$ 3,716,237	\$ 1,796,978	\$ 2,776,732	\$ 1,790,736	\$ 2,629,154	\$ 3,023,592	\$ 2,078,559	\$ 2,864,411	\$ 3,915,409	\$ 2,653,018	\$ 2,079,143	\$ 3,319,834

(a) The results, projections, or estimates in this table reflect the enacted budget for the 2015-17 biennium (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report, but do not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The ending monthly balances of designated funds ranged from \$1.1 billion to \$1.9 billion for the 2014-15 fiscal year, and are expected to range from \$1.0 billion to \$1.8 billion for the 2015-16 fiscal year and from \$1.0 billion to \$1.8 billion for the 2016-17 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$25 million during the 2015-16 and 2016-17 fiscal years.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be 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 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 2016-17 fiscal year are approximately \$1.533 billion and \$511 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 or 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 table.

**2015-16 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of March 31, 2016
(Amounts in Thousands)**

	<u>2014-15 Fiscal Year through March, 2015</u>		<u>2015-16 Fiscal Year through March, 2016</u>				
	<u>Actual</u>	<u>Actual^(b)</u>	<u>Estimate^(b)</u>	<u>Variance</u>	<u>Adjusted Variance^(c)</u>	<u>Difference FY15 Actual to FY16 Actual</u>	
RECEIPTS							
Tax Receipts							
Individual Income	\$ 6,208,810	\$ 6,353,196	\$ 6,550,248	\$ (197,052)	\$ (197,052)	\$ 144,386	
Sales	3,876,612	4,074,756	4,002,707	72,049	72,049	198,144	
Corporate Income	862,120	887,017	925,240	(38,223)	(38,223)	24,897	
Public Utility	186,661	220,995	181,178	39,817	39,817	34,334	
Excise	527,155	530,345	531,829	(1,484)	(1,484)	3,190	
Insurance	71,461	25,436	67,174	(41,738)	(41,738)	(46,025)	
Inheritance	-	-	-	-	-	-	
Total Tax Receipts	\$ 11,732,819	\$ 12,091,745	\$ 12,258,376	\$ (166,631)	\$ (166,631)	\$ 358,926	
Non-Tax Receipts							
Federal	\$ 7,142,301	\$ 7,161,886	\$ 7,596,005	\$ (434,119)	\$ (434,119)	\$ 19,585	
Other and Transfers	3,919,021	3,773,564	4,316,604	(543,040)	(543,040)	(145,457)	
Note Proceeds	-	-	-	-	-	-	
Total Non-Tax Receipts	\$ 11,061,322	\$ 10,935,450	\$ 11,912,609	\$ (977,159)	\$ (977,159)	\$ (125,872)	
TOTAL RECEIPTS	\$ 22,794,141	\$ 23,027,195	\$ 24,170,985	\$ (1,143,790)	\$ (1,143,790)	\$ 233,054	
DISBURSEMENTS							
Local Aids	\$ 6,724,852	\$ 6,482,897	\$ 6,812,053	\$ 329,156	\$ 329,156	\$ (241,955)	
Income Maintenance	6,444,742	6,847,725	7,390,821	543,096	543,096	402,983	
Payroll & Related	3,635,140	3,691,471	3,788,938	97,467	97,467	56,331	
Tax Refunds	1,759,263	1,778,201	1,700,910	(77,291)	(77,291)	18,938	
Debt Service	364,809	431,250	440,999	9,749	9,749	66,441	
Miscellaneous	4,147,546	3,990,989	4,384,993	394,004	394,004	(156,557)	
Note Repayment	-	-	-	-	-	-	
TOTAL DISBURSEMENTS	\$ 23,076,352	\$ 23,222,533	\$ 24,518,714	\$ 1,296,181	\$ 1,296,181	\$ 146,181	
2015-16 FISCAL YEAR VARIANCE YEAR-TO-DATE				\$ 152,391	\$ 152,391		

- (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 2015-16 fiscal year reflect the budget bill for the 2015-17 biennium (2015 Wisconsin Act 55) and reflect the estimated General Fund tax revenues included in the January 2016 LFB Report.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances, if any, to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-13; General Fund Monthly Cash Position (Part II; Page 50). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2014 through March 31, 2016 – Actual
April 1, 2016 through June 30, 2017 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2014	July.....	\$ 1,500,597	\$ 2,523,202	\$ 3,402,690
	August.....	621,109	1,925,561	1,790,500
	September.....	756,170	3,309,752	2,336,835
	October.....	1,729,087	2,397,552	2,054,160
	November.....	2,072,479	2,105,588	2,330,123
	December.....	1,847,944	2,469,466	3,115,458
2015	January.....	1,201,952	2,912,758	1,952,696
	February.....	2,162,014	2,554,751	2,832,186
	March.....	1,884,579	2,595,511	3,261,704
	April.....	1,218,386	3,028,756	2,745,526
	May.....	1,501,616	2,140,123	1,952,163
	June.....	1,689,576	3,028,930	3,347,952
	July.....	1,370,554	2,622,023	3,523,484
	August.....	469,093	1,965,328	1,705,255
	September.....	729,166	3,055,596	2,581,501
	October.....	1,203,261	2,296,817	1,942,430
	November.....	1,557,648	2,439,966	2,376,141
	December.....	1,621,473	2,517,748	2,939,777
2016	January.....	1,199,444	2,590,587	1,886,391
	February.....	1,903,640	3,053,750	2,926,414
	March.....	2,030,976	2,485,380	3,341,140
	April.....	1,175,216	2,990,376	2,770,393
	May.....	1,395,199	2,610,764	2,064,623
	June.....	1,941,340	2,912,951	3,384,813
	July.....	1,469,478	2,518,500	3,716,237
	August.....	271,741	2,299,404	1,796,978
	September.....	774,167	3,288,388	2,776,732
	October.....	1,285,823	2,535,629	1,790,736
	November.....	2,030,716	2,386,889	2,629,154
	December.....	1,788,451	2,339,992	3,023,592
2017	January.....	1,104,851	3,255,329	2,078,559
	February.....	2,281,621	2,772,332	2,864,411
	March.....	2,189,542	2,573,495	3,915,409
	April.....	847,628	2,985,367	2,653,018
	May.....	1,179,977	2,607,495	2,079,143
	June.....	1,708,329	2,983,169	3,319,834

^(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 2015-16 and 2016-17 fiscal years reflect the budget bill for the 2015-17 biennium and the estimated General Fund tax revenues included in the January 2016 LFB Report.

^(c) Operating notes were not issued for the 2014-15 and 2015-16 fiscal years, and are not expected to be issued for the 2016-17 fiscal year.

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, 2014 to March 31, 2016 – Actual
April 30, 2016 to June 30, 2017 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (LGIP), and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of \$2.11 billion during November 2011 to a high of \$3.46 billion during February 2013. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

<u>Month (Last Day)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
January		\$1,264	\$1,613	\$1,613
February		1,368	1,613	1,613
March		1,406	1,612	1,612
April		1,415	1,644	1,644
May		1,430	1,620	1,620
June.....		1,481	1,533	1,533
July	\$1,396	1,245	1,245	
August	1,311	1,359	1,359	
September.....	1,373	1,674	1,674	
October.....	1,294	1,303	1,303	
November.....	1,266	1,277	1,276	
December	1,346	1,557	1,557	

Available Balances; Includes Balances in the LGIP

<u>Month (Last Day)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
January		\$4,198	\$4,639	\$4,639
February		4,464	4,871	4,871
March		4,688	5,177	5,177
April		4,354	4,605	4,605
May		4,241	4,173	4,173
June.....		4,222	4,012	4,012
July	\$4,588	4,642	4,642	
August	3,879	4,071	4,071	
September.....	3,821	4,249	4,249	
October.....	3,438	3,589	3,589	
November.....	3,440	3,621	3,621	
December	3,965	4,275	4,275	

^(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, 2015 to March 31, 2016 Compared With Previous Year

	Annual Fiscal Report Revenues <u>2014-15 Fiscal Year^(b)</u>	Projected Revenues <u>2015-16 Fiscal Year^(c)</u>	Recorded Revenues July 1, 2014 to <u>March 31, 2015^(d)</u>	Recorded Revenues July 1, 2015 to <u>March 31, 2016^(e)</u>
Individual Income Tax	\$ 7,325,817,000	\$ 7,858,620,000	\$4,911,693,037	\$5,057,247,855
General Sales and Use Tax	4,892,126,000	5,054,130,000	3,206,456,757	3,307,725,510
Corporate Franchise and Income Tax	1,004,926,000	994,020,000	\$677,303,157	679,234,822
Public Utility Taxes	381,819,000	366,800,000	195,415,155	197,997,660
Excise Taxes	699,060,000	679,475,000	459,967,343	467,840,959
Inheritance Taxes	(112,000)	-	-105,771	0
Insurance Company Taxes	165,448,000	181,000,000	106,013,997	118,505,951
Miscellaneous Taxes	<u>72,117,000</u>	<u>73,900,000</u>	<u>55,027,687</u>	<u>55,601,769</u>
SUBTOTAL.....	<u>14,541,201,000</u>	<u>15,207,945,000</u>	<u>9,611,771,362</u>	<u>9,884,154,526</u>
Federal and Other Inter- Governmental Revenues ^(f)	10,216,151,000	10,603,138,400	7,722,581,016	7,497,819,554
Dedicated and Other Revenues ^(g)	<u>5,865,052,000</u>	<u>5,258,827,500</u>	<u>4,555,232,450</u>	<u>4,788,149,807</u>
TOTAL.....	<u>\$ 30,622,404,000</u>	<u>\$ 31,069,910,900</u>	<u>\$ 21,889,584,828</u>	<u>\$ 22,170,123,887</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 2014-15 fiscal year, dated October 15, 2015.

^(c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2015-17 biennial budget (2015 Wisconsin Act 55), but do not reflect the estimated General Fund tax revenues included in the January 2016 LFB Report.

^(d) The amounts shown are 2014-15 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Wisconsin Department of Revenue (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 2015-16 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

^(f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

^(g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration

Table II-16; General Fund Recorded Expenditures by Function (Part II; Page 55). Replace with the following updated table.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2015 to March 31, 2016 Compared With Previous Year**

	Annual Fiscal Report Expenditures 2014-15 Fiscal Year^(b)	Appropriations 2015-16 Fiscal Year^(c)	Recorded Expenditures July 1, 2014 to March 31, 2015^(d)	Recorded Expenditures July 1, 2015 to March 31, 2016^(e)
Commerce.....	\$ 231,274,000	\$ 200,900,000	\$ 146,452,312	\$ 125,459,983
Education.....	12,965,215,000	13,042,874,200	9,464,765,527	9,243,340,732
Environmental Resources.....	331,465,000	348,785,900	118,271,879	115,568,762
Human Relations & Resources	13,881,927,000	13,729,644,600	10,497,827,246	10,608,464,510
General Executive.....	987,071,000	1,170,397,600	774,962,721	794,832,611
Judicial.....	130,748,000	137,494,300	95,900,970	98,458,125
Legislative.....	65,596,000	75,781,100	43,352,258	45,121,689
General Appropriations.....	<u>2,267,905,000</u>	<u>2,364,033,200</u>	<u>2,192,888,305</u>	<u>2,308,715,393</u>
TOTAL.....	<u>\$ 30,861,201,000</u>	<u>\$ 31,069,910,900</u>	<u>\$ 23,334,421,218</u>	<u>\$ 23,339,961,805</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 2014-15 fiscal year, dated October 15, 2015.
- (c) The results and estimates included in this table reflect the 2015-17 biennial budget (2015 Wisconsin Act 55).
- (d) The amounts shown are 2014-15 fiscal year expenditures as recorded by all State agencies.
- (e) The amounts shown are 2015-16 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

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

Annual annuity adjustments for the remainder of calendar year 2016 were announced by the Wisconsin Retirement System (WRS) on March 16, 2016, and include an increase of 0.5% for retirees in the WRS Core Retirement Trust.

Statistical Information; Table II-39; Unemployment Rate Comparison (Part II; Page 89). Replace with the following updated table.

UNEMPLOYMENT RATE COMPARISON^{(a)(b)}

By Month 2011 To 2016

By Quarter 2007 To 2010

	<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>	
	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>
January	5.2	5.3	5.4	6.1	6.4	7.0	7.9	8.5	7.8	8.8	8.8	9.8
February	5.5	5.2	5.5	5.8	6.8	7.0	7.9	8.1	8.2	8.7	9.1	9.5
March	5.0	5.1	5.3	5.6	6.6	6.8	7.6	7.6	7.9	8.4	8.8	9.2
April			4.5	5.1	5.6	5.9	7.1	7.1	7.0	7.7	7.9	8.7
May			4.6	5.3	5.4	6.1	6.5	7.3	7.0	7.9	7.7	8.7
June			4.8	5.5	5.6	6.3	7.1	7.8	7.5	8.4	8.2	9.3
July			4.6	5.6	5.5	6.5	6.7	7.7	7.3	8.6	7.8	9.3
August			4.2	5.2	5.1	6.3	6.3	7.3	6.9	8.2	7.5	9.1
September..			4.0	4.9	4.6	5.7	5.9	7.0	6.1	7.6	7.0	8.8
October.....			3.9	4.8	4.4	5.5	5.9	7.0	6.0	7.5	6.7	8.5
November..			4.2	4.8	4.5	5.5	6.0	6.6	6.2	7.4	6.7	8.2
December ..			<u>4.2</u>	<u>4.8</u>	<u>4.5</u>	<u>5.4</u>	<u>6.0</u>	<u>6.5</u>	<u>6.6</u>	<u>7.6</u>	<u>6.9</u>	<u>8.3</u>
Annual Average.....			4.6	5.3	5.4	6.2	6.7	7.4	7.0	8.1	7.8	8.9
	2010 Quarters		<u>WI</u>	<u>U.S.</u>			2009 Quarters		<u>WI</u>	<u>U.S.</u>		
I			10.3	10.4	I			8.6	8.8			
II			8.7	9.5	II			8.7	9.1			
III			8.1	9.5	III			8.5	9.6			
IV			7.6	9.2	IV			8.5	9.5			
	2008 Quarters		<u>WI</u>	<u>U.S.</u>			2007 Quarters		<u>WI</u>	<u>U.S.</u>		
I			5.3	5.3	I			5.7	4.8			
II			4.5	5.2	II			5.0	4.4			
III			4.6	6.0	III			4.6	4.7			
IV			5.3	6.6	IV			4.3	4.6			

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

^(b) Historical information has been adjusted due to benchmarking through the Local Area Unemployment Statistics (LAUS).

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

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January 21, 2016

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, net general fund balance at the end of this biennium (June 30, 2017) to be \$70.2 million. This is \$94.3 million below the \$164.5 million balance that was estimated prior to our review. The \$164.5 million balance includes all bills enacted to date in this legislative session (through 2015 Act 126).

The \$94.3 million reduction is the net result of: (1) a decrease of \$158.2 million in estimated tax collections; (2) an increase in departmental revenues of \$6.3 million; (3) a decrease of \$87.1 million in sum sufficient appropriation expenditures; and (4) a \$29.5 million decrease in estimated lapses to the general fund.

The following table reflects the 2015-17 general fund condition statement, which incorporates our revenue and expenditure projections.

TABLE 1**2015-17 General Fund Condition Statement**

	<u>2015-16</u>	<u>2016-17</u>
Revenues		
Opening Balance, July 1	\$135,555,000	\$283,990,800
Taxes	15,175,600,000	15,655,700,000
Departmental Revenues		
Tribal Gaming Revenues	25,605,000	24,705,800
Other	<u>518,042,900</u>	<u>513,953,700</u>
Total Available	\$15,854,802,900	\$16,478,350,300
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$15,896,434,700	\$17,058,396,000
Sum Sufficient Reestimates	-40,252,300	-46,884,300
Transfer to Transportation Fund	38,009,600	39,458,300
Compensation Reserves	10,692,500	18,616,800
Less Lapses	<u>-334,072,400</u>	<u>-726,425,200</u>
Net Appropriations	\$15,570,812,100	\$16,343,161,600
Balances		
Gross Balance	\$283,990,800	\$135,188,700
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$218,990,800	\$70,188,700

Net appropriations are projected to decrease by \$57.6 million (a decrease of \$87.1 million of sum sufficient expenditures offset by a \$29.5 million reduction in estimated lapses). Significant factors in this estimate include a reduction in homestead tax credits for the biennium (-\$19.5 million) and earned income tax credits (-\$4.9 million). In addition, debt service is projected to be \$18.8 million lower than previously anticipated.

The following additional points should be noted about Table 1. First it incorporates the fiscal effects of all bills enacted to date in the current legislative session (through 2015 Act 126). 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 changes to the appropriations for the medical assistance (MA) program, or assume any lapses of unexpended GPR from those appropriations. 2015 Act 55 (the 2015-17 budget act) allocated \$5.6 billion GPR for MA benefits over the 2015-17 biennium. Statutes require the Department of Health Services to submit a quarterly report to the Joint Committee on Finance on the status of the MA budget, based on actual expenditures and updated program information. The most recent report, dated December 30, 2015, projects a biennial GPR surplus in the MA budget of \$72.6 million (approximately 1.3% of the total MA

GPR budget). This is due mainly to lower-than-expected enrollment in the program over the first half of 2015-16, and an increase in the projected federal matching rate for federal fiscal year 2016-17. As the biennium progresses, projected MA expenditures will change due to fluctuations in program enrollment, average benefit costs, federal revenue, and other factors. 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.

General Fund Taxes

The following section presents information regarding general fund taxes for the 2015-17 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2015-16 and 2016-17.

National Economic Review and Forecast. This office prepared revenue estimates for the 2015-17 biennium in January, 2015, based on IHS Global Insight, Inc.'s January, 2015, forecast for the U.S. economy. The forecast predicted accelerated economic growth in 2015, primarily due to lower gasoline prices, income gains, and positive consumer sentiment. Slower, positive growth was predicted for 2016 and 2017. Under that forecast, Global Insight assumed that the Federal Reserve would begin increasing the federal funds rate in June of 2015, and that Congress would pass legislation to increase the debt ceiling prior to mid-March. In addition, the forecast assumed that the Brent spot price for oil would average \$64/barrel in 2015, reaching its lowest level during the second quarter of 2015, and that the trade-weighted value of the dollar would appreciate by 5.7% in 2015. The primary risk to the forecast was a slowdown in Chinese and European economies that could create downward pressure on growth in the U.S. economy.

In May, our office reviewed additional tax collection data and Global Insight's April economic forecast and did not revise revenue estimates for 2014-15, 2015-16, or 2016-17. Our office noted that it was possible that additional revenues would be realized in 2014-15, but that any excess collections in that year would likely be offset by reduced growth rates for personal income and personal consumption expenditures in the following two years. General fund tax collections in 2014-15 were \$71.4 million above estimated amounts, which was 0.5% higher than aggregate general fund tax collection estimates for that year.

Economic growth in 2015 was somewhat slower than projected last January. Real (inflation-adjusted) growth in U.S. gross domestic product (GDP) is now estimated at 2.4% in 2015, which is lower than the projection of 3.1% for that year. The U.S. dollar appreciated faster in 2015 compared to foreign currencies, caused by expansionary monetary policy among major trading partners and lower than expected growth among emerging markets. The stronger dollar contributed to downward pressure on U.S. exports and domestic production. Global Insight expected declining oil prices (which decreased faster and for a longer period of time than forecast) to provide consumers with additional disposable income to spend on other goods and services. However, oil refinery shutdowns in California and Chicago tightened the supply of refined gasoline, causing pump prices for consumers to fall at a slower rate than the declining price of crude oil. In addition, consumers chose to save a larger portion of their reduced energy costs than Global Insight had expected, lowering the personal consumption growth rate to 3.4% in 2015 rather than the previously forecasted rate of 3.9%. In response to slower growth, the Federal Reserve did not increase the federal funds target rate until December of 2015, six months

after Global Insight had projected.

Global Insight expects underlying domestic economic growth in employment, consumer spending, and housing to offset declines in manufacturing that are expected to be caused by weak international demand and an increased value of the U.S. dollar. Under the current (January, 2016) forecast, Global Insight expects real GDP growth of 2.7% in 2016 and 2.9% in 2017. The revised forecast is based on the following key assumptions. First, the outlook incorporates changes from recently enacted federal spending and tax bills and assumes that: (1) the federal tax on high-premium insurance plans will be postponed until 2020; (2) the federal gasoline tax will remain at its current level through the forecast period; (3) grants-in-aid to state and local government and local highway spending will be higher than previously forecast; and (4) accelerated depreciation allowances on equipment will be made permanent, rather than sunset after 2019. Second, the Federal Reserve will increase its target for the federal funds rate at a steady, moderate pace until it reaches 3.25% by the end of 2018. Third, real GDP growth over the next decade will average 1.8% per year among major currency partners and 3.6% among other important trading partners. Fourth, the average price of oil will decline from \$54/barrel in 2015 to \$48/barrel in 2016 before increasing to \$58/barrel in 2017. Finally, the inflation-adjusted, trade-weighted value of the dollar is expected to continue appreciating against the U.S.'s broad index of trading partners through the first half of 2016, at which point the dollar is expected to be 17.7% higher than its average value in the second half of 2014, and then begin a steady decline over the remainder of the forecast period.

GDP. Real GDP is now projected to grow 2.7% in 2016 and 2.9% in 2017. The revised forecast maintains the same growth rate in 2016 and a slightly higher growth rate compared to the January, 2015, forecast of 2.7% in 2017. The expectations for nominal (current-dollar) GDP growth are slightly lower in 2016 and slightly higher in 2017 as compared to the prior forecast, changing from 4.6% in 2016 and 2017 to 4.4% in 2016 and 4.9% in 2017. As noted previously, both real and nominal GDP growth in 2015 were lower than had been previously forecast by 0.7 percentage points and 1.4 percentage points, respectively.

Consumer Prices. The Consumer Price Index (CPI) rose by 0.1% in 2015, which was the same as had been anticipated by Global Insight last January. CPI is expected to rise 1.2% in 2016 and 2.6% in 2017. The revised forecast is significantly lower than the prior forecast in 2016, which expected the CPI to increase by 2.3%, and slightly higher than the prior forecast of 2.4% for 2017. The previous forecast expected energy prices to increase in 2016, following declining prices in 2015. However, the current forecast expects prices for energy and commodities to continue to fall in 2016, providing a larger offset against higher prices for food and services than was previously forecast. The higher CPI growth in 2017 reflects Global Insight's expectation that energy prices will increase faster in that year than under the previous forecast.

Monetary Policy. The U.S. Federal Reserve increased its target range for the federal funds rate of 0.25% to 0.50% at its mid-December meeting. The Fed had maintained its previous target for the federal funds rate of 0% to 0.25% since December, 2008, and this was the first rate increase by the Fed since June, 2006. The Fed has expressed confidence that inflation will rise, over the medium term, to its 2% objective and that the labor market has shown considerable improvement over the course of the year. However, the Fed noted that continued low prices for energy and non-energy imports in the near term could result in a lower level of inflation.

Global Insight projects that the Fed will gradually increase rates during the forecast period, with the average federal funds rate rising from 0.13% in 2015 to 0.90% in 2016 and 1.91% in 2017. These rates are lower than Global Insight's prior forecast, which projected the average federal funds rate to rise to 0.44% in 2015, 1.56% in 2016, and 3.33% in 2017. The lower federal funds rate projections, in part, reflect that the Fed first increased rates in December instead of June, as previously forecast.

Personal Consumption. Nominal consumption expenditures rose by 3.4% in 2015, which is lower than the 3.9% projection under the prior forecast. Sales of items generally subject to the state sales tax (most durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 4.3% in 2015, led by strong growth in sales of new light trucks and motor vehicle leasing services. Sales of nontaxable items (food for home consumption, gasoline, certain medical equipment and products, and most services) grew by 3.0% in 2015, with growth in expenditures for most services offsetting the reduction in gasoline expenditures. Nominal expenditures for taxable and nontaxable goods and services were projected under the prior forecast to be 4.7% and 3.5%, respectively, in 2015. As previously noted, lower gasoline prices did not result in as much of an increase in spending on other items as was previously forecast by Global Insight, with consumers choosing to increase savings.

The forecast expects consumption growth of 4.1% in 2016 and 5.2% in 2017, which is considerably lower in 2016 and slightly higher in 2017 than the prior projection of 4.9% in both years. Growth in purchases of items subject to the sales tax is projected to be 4.3% in 2016 and 5.4% in 2017. Sales of nontaxable goods and services are projected to follow a similar growth pattern, increasing 3.9% in 2016 and 5.2% in 2017. As compared to the previous forecast, growth in purchases of nontaxable goods and services are significantly lower for 2016, primarily due to the expectation that expenditures on gasoline, natural gas, and other energy goods will continue to decline in that year rather than increase as had been previously predicted.

Personal Income. Personal income grew by 4.5% in 2015, which was slightly faster than the 4.4% growth that was previously projected. Global Insight expects personal income growth of 4.2% in 2016 and 5.2% in 2017, which is lower than the previous forecast of 5.0% in 2016 and 5.5% in 2017. The downward revision for personal income growth in 2016 reflects reduced expectations for growth in wages and salaries, personal dividend interest, personal interest income, and proprietors' farm income.

Personal income is a proxy for adjusted gross income (AGI), which is the basis for calculating individual income taxes. However, not all components of personal income are included in AGI. Wage and salary income is the largest component of both measures, and forecasted growth rates for wages and salaries are 4.2% in 2016 and 5.2% in 2017. These percentages represent downward revisions to the previous forecast, which predicted growth rates of 5.0% for 2016 and 5.5% for 2017. AGI also includes farm and nonfarm proprietors' income, rental income, personal dividend income, personal interest income, and transfer payments from businesses to individuals, and the current forecast predicts combined growth rates of 2.9% in 2016 and 5.2% in 2017 for these personal income components. These rates compare to 5.7% for 2016 and 6.9% for 2017 under the previous forecast. It should be noted that these personal income components also have a nontaxable component since personal income includes a small amount of imputed income. In addition, AGI includes certain components that are not included

in personal income.

Employment. Expectations for the national unemployment rate, which is a function of both the number of jobs and the number of labor market participants, improved under Global Insight's most recent forecast. The average unemployment rate was 5.3% in 2015, which is lower than the prior forecast of 5.5%. The average unemployment rate is expected to decline to 4.9% in 2016 and remain at that level in 2017, which is lower than the previous forecast of 5.3% in 2016 and 5.2% in 2017. The labor force participation rate has declined each year from a peak of 64.6% in 2006 to 61.3% in 2015. However, this trend is expected to reverse beginning in 2016, with the labor force participation rate increasing to 61.6% in that year and to 61.8% in 2017. These rates are slightly lower than projected last January.

Total nonfarm payrolls increased by an estimated 243,000 per month in 2015, and are projected to increase by 198,000 per month in 2016 and 155,000 per month in 2017. These projections are similar to the prior forecast. Private sector payrolls are expected to grow by 1.9% in 2016 and 1.4% in 2017, and public sector payrolls are expected to grow by 0.4% in 2016 and 0.6% in 2017.

Housing. The average interest rate for a conventional 30-year fixed rate mortgage was 3.9% in 2015, and is projected to increase to 4.4% in 2016 and 4.7% in 2017. These projections are lower than Global Insight's previous forecast of 4.4% in 2015, 5.4% in 2016, and 6.1% in 2017. Compared to the previous forecast, the lowered projections reflect delayed rate increases by the Federal Reserve.

Housing starts increased 110,000 in 2015 to 1.11 million, and are expected to increase to 1.26 million in 2016 and 1.42 million in 2017. These projections are lower than Global Insight's previous projections, which expected housing starts to reach 1.50 million by 2017. Similarly, growth in sales of new and existing houses has been revised downward from the previous forecast, with estimated growth of 6.5% in 2015, 3.2% in 2016, and 3.6% in 2017. Under the prior forecast, new and existing home sales were projected to grow by 10.4% in 2015 and 7.4% in 2016, and then fall by 1.3% in 2017. Although the growth rate in 2017 has improved under the revised forecast, overall sales of new and existing homes are projected to be 165,000 units lower in that year than under the previous forecast. It should also be noted that sales of new and existing homes and the number of housing starts in 2015 remain 32% and 46% below their 2005 peak levels, respectively, and are not expected to exceed those levels over the forecast period.

Global Insight estimates that home prices contracted by 0.4% in 2015, which is lower than the 4.4% growth that had been projected in the prior forecast. Home prices are expected to recover over the forecast period, with projected growth of 4.1% in 2016 and 4.4% in 2017. The revised estimates project higher growth rates over the next two years compared to Global Insight's previous forecast, which expected growth in home prices of 2.0% in 2016 and 3.6% in 2017.

Corporate Profits. Economic profits are estimated to have declined 1.6% in 2015, but are anticipated to grow by 4.0% in 2016 and 2.8% in 2017. Global Insight had previously forecast growth of 10.6% in 2015 and 1.8% in 2016, followed by a contraction of 3.9% in 2017. Before-tax book profits grew 4.6% in 2015, which was lower than the prior growth forecast of 5.5%.

Growth in before-tax book profits is now estimated at 2.8% in 2016 and -0.2% in 2017, which is higher growth than was projected in the January, 2015, forecast of -0.1% in 2016 and -5.8% in 2017. The before-tax profits estimates are significantly affected by federal law changes regarding bonus depreciation.

Business Investment. Business investment in equipment grew at a rate of 4.5% in 2015, and is expected to grow 5.5% in 2016 and 7.2% in 2017. These estimates are lower than Global Insight's previous forecast, which anticipated growth of 7.8% in 2015 and 7.6% in 2016, but higher than the previous forecast for growth in 2017 of 5.8%. According to Global Insight, the slower near-term growth rate is primarily caused by capital spending cutbacks among companies that are exposed to foreign competition, low oil and gas prices, and falling agricultural prices.

Intellectual property investment for software, another indicator of business investment, grew by 4.9% in 2015 and is expected to grow at slower rates over the forecast period of 4.5% in 2016 and 5.0% in 2017. In the January, 2015, forecast, intellectual property investment was expected to grow by 7.2% in 2015, 7.1% in 2016, and 6.8% in 2017.

Business investment in nonresidential structures contracted 1.7% in 2015, and is expected to grow by 3.6% in 2016 and 5.6% in 2017. Under the previous forecast, growth was projected at 0.3% in 2015, 6.1% in 2016, and 11.9% in 2017. The downward revision to the forecast reflects significant reductions in investment for mining and petroleum structures, which contracted by more than twice the rate that had been previously forecast for 2015 and is expected to continue contracting by nearly 25% in 2016.

International Trade. In 2015, exports decreased by \$88.4 billion (3.8%) compared to reduced imports of \$93.0 billion (3.2%), which decreased the U.S. trade deficit by \$4.6 billion. Weak foreign growth and a stronger dollar contributed to lower exports, but were offset by a steep decline in imports of petroleum products due to low oil prices. The trade deficit improved less than was expected in the prior forecast, which anticipated a reduction of \$124.1 billion in 2015. Global Insight expects the trade deficit to decline by an additional \$58.3 billion in 2016 before reversing direction in 2017, when net imports are expected to increase by \$84.9 billion. The declining trade deficit in 2016 under the current forecast is primarily due to continued reductions in petroleum imports coupled with improved growth in exports of services.

According to Global Insight, weak foreign growth coupled with continued U.S. growth resulted in the trade-weighted value of the dollar appreciating against all major currency and other important trading partners (except for those pegged to the U.S. dollar) in 2015. The dollar appreciated against major currency trading partners by 19.6% and against other important trading partners by 11.5% in 2015, which is substantially higher than the prior forecast that the dollar would appreciate 10.7% against major currency trading partners and 3.8% against other important trading partners. The dollar was expected to depreciate in value against all other currencies in 2016 and 2017 under Global Insight's prior forecast. However, the current forecast expects the trade-weighted value of the dollar to continue to appreciate by 5.6% against major currency trading partners and 7.5% against other important trading partners in 2016, but then depreciate by 7.5% and 1.5%, respectively, in 2017.

The revised projections outlined above, which reflect Global Insight's baseline forecast, are

summarized in Table 2.

TABLE 2
Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast January, 2016
(\$ in Billions)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Nominal Gross Domestic Product	\$17,348.1	\$17,951.1	\$18,743.4	\$19,668.4
Percent Change	4.1%	3.5%	4.4%	4.9%
Real Gross Domestic Product	\$15,961.7	\$16,346.8	\$16,780.6	\$17,274.5
Percent Change	2.4%	2.4%	2.7%	2.9%
Consumer Prices (Percent Change)	1.6%	0.1%	1.2%	2.6%
Personal Income	\$14,694.2	\$15,359.7	\$15,998.1	\$16,825.4
Percent Change	4.4%	4.5%	4.2%	5.2%
Personal Consumption Expenditures	\$11,865.9	\$12,269.8	\$12,767.5	\$13,435.9
Percent Change	4.2%	3.4%	4.1%	5.2%
Economic Profits	\$2,072.9	\$2,040.7	\$2,122.8	\$2,181.5
Percent Change	1.7%	-1.6%	4.0%	2.8%
Unemployment Rate	6.2%	5.3%	4.9%	4.9%
Total Nonfarm Payrolls (Millions)	139.023	141.944	144.319	146.174
Percent Change	1.9%	2.1%	1.7%	1.3%
Light Vehicle Sales (Millions of Units)	16.44	17.39	17.76	18.19
Percent Change	5.8%	5.8%	2.1%	2.4%
Sales of New and Existing Homes (Millions)	5.360	5.708	5.890	6.101
Percent Change	-2.6%	6.5%	3.2%	3.6%
Housing Starts (Millions of Units)	1.001	1.109	1.265	1.419
Percent Change	7.8%	10.9%	14.0%	12.2%

Global Insight also prepares "pessimistic" and "optimistic" scenarios. Under the pessimistic scenario, given a 20% probability of occurring, the U.S. economy enters a recession during the middle two quarters of 2016 in response to unanticipated declines in international markets. Global Insight predicts that, under this scenario, European markets decline more than anticipated and lower commodity prices cause slower growth in emerging markets, which in turn causes investors to purchase U.S. assets and further strengthen the dollar compared to other currencies. Under this scenario: (1) domestically manufactured goods become more expensive as the dollar appreciates; (2) nonresidential construction declines; (3) employers choose to hire fewer employees; and (4) the unemployment rate begins to increase. The Federal Reserve does not increase the target federal funds rate over the forecast period in response to recessionary pressures. Real GDP growth is projected to be lower than the baseline scenario by 1.8 percentage points in 2016 and 1.6 percentage points in 2017.

In the optimistic scenario, to which Global Insight assigns a 15% probability, higher productivity growth, an increase in household formation, and stronger foreign growth cause a lower trade-adjusted value of the dollar to help the U.S. economy grow at a faster rate than forecast under the baseline. Increased residential and nonresidential construction, consumer spending, and corporate profits are projected under this scenario, contributing an additional 0.7 percentage points to real GDP growth in 2016 and 1.0 percentage points in 2017. The optimistic scenario projects that oil prices average 22.9% higher than the baseline projection in 2016, the dollar strengthens against other currencies in 2017, and the Federal Reserve increases its target for the federal funds rate more rapidly, averaging 2.58% in 2017 compared to the baseline projection of 1.91%.

General Fund Tax Projections. Table 3 shows revised general fund tax revenue estimates for 2015-16 and 2016-17. The projections are based on Global Insight's January, 2016, forecast of the U.S. economy and incorporate all tax law changes enacted to date.

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

	2014-15 <u>Actual</u>	<u>Previous Estimates</u>		<u>Revised Estimates</u> <u>January, 2016</u>	
		<u>2015-16</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2016-17</u>
Individual Income	\$7,325.8	\$7,858.5	\$8,238.2	\$7,810.0	\$8,050.0
General Sales and Use	4,892.1	5,050.9	5,217.5	5,050.9	5,217.5
Corporate Income and Franchise	1,004.9	994.0	1,015.7	990.0	1,045.0
Public Utility	381.8	366.8	373.4	370.8	382.4
Excise					
Cigarette	569.6	551.0	545.5	571.0	565.5
Tobacco Products	71.9	71.4	73.6	76.4	79.6
Liquor and Wine	48.8	48.5	49.4	50.0	51.0
Beer	8.8	8.6	8.4	9.0	9.0
Insurance Company	165.5	181.0	187.0	168.0	172.0
Miscellaneous Taxes	<u>72.0</u>	<u>73.9</u>	<u>76.3</u>	<u>79.5</u>	<u>83.7</u>
Total	\$14,541.2	\$15,204.6	\$15,784.9	\$15,175.6	\$15,655.7
Change from Prior Year		\$663.3	\$580.3	\$634.4	\$480.1
Percent Change		4.6%	3.8%	4.4%	3.2%

As shown in the table, total general fund tax revenues are estimated at \$15,175.6 million in 2015-16 and \$15,655.7 million in 2016-17. These amounts are lower than the previous estimates by \$29.0 million in the first year and \$129.2 million in the second year. The biennial decrease is \$158.2 million, or 0.5%. The largest reduction is in the individual income tax, and the estimates for insurance company taxes have also been decreased. With the exception of the sales and use tax, all of the other estimates have been increased somewhat. The sales tax estimates have not been revised.

Under current law, the state automatically conforms to federal changes to Section 179 of

the Internal Revenue Code, which allows taxpayers to claim an immediate deduction for the cost of acquiring certain types of business property, rather than depreciating such property over its useful life. Under our prior forecast, we assumed that Congress would continue to provide one-year extensions of the Section 179 expensing provisions as they existed in tax year 2014 (higher expense limits were extended on a temporary basis several times between tax years 2003 through 2014). Under the Protecting Americans from Tax Hikes Act of 2015, the higher expense limits were made permanent, rather than being extended for only one year, and will be indexed for inflation. In addition, the types of property that are eligible for immediate expensing were expanded to include certain air conditioning and heating units. Also, based on more recent federal data, the Department of Revenue has reestimated the fiscal impact of the one-year extension of the tax year 2014 provisions to be higher than previously estimated. Compared to our previous estimates, the Section 179 law changes are estimated to reduce state tax revenues by approximately \$75 million more in the 2015-17 biennium.

The remaining decrease in the estimates (\$83 million) primarily reflects the fact that the current economic forecast is less favorable than the January, 2015, forecast.

Individual Income Tax. State individual income tax revenues were \$7,325.8 million in 2014-15 and are estimated at \$7,810.0 million in 2015-16 and \$8,050.0 million in 2016-17. Relative to the previous figures, the current estimates are lower by \$48.5 million in the first year and \$188.2 million in the second year. On a year-to-year basis, the current estimates represent increases of 6.6% for 2015-16 and 3.1% for 2016-17.

Based on preliminary collection information through December, 2015, individual income tax revenues for the current fiscal year are 5.1% higher than such revenues through the same period in 2014-15. A higher rate of increase (7.9%) is anticipated over the next six months largely because fewer refunds are expected for 2015 tax returns, than were processed for 2014 tax returns. A lower level of refunds will occur this year because the withholding table change that took effect in tax year 2014, affected withholding levels for nine months in the 2014 tax year, but all 12 months in the 2015 tax year. Because withholding changes do not affect individuals' tax liabilities, lower withholding levels result in lower tax refunds.

The reductions from the prior estimates primarily reflect a reduced forecast of personal income, the federal Section 179 changes, and a larger share of the manufacturing and agriculture credit (MAC) being claimed under the individual income tax instead of the corporate tax. In addition, the estimated cost of the historic rehabilitation tax credit has been increased.

General Sales and Use Tax. State sales and use tax revenues totaled \$4,892.1 million in 2014-15, which was 5.7% higher than the year prior. Sales tax collections through December, 2015, are 2.3% higher than the same period in 2014 and are projected to accelerate to 3.9% for the remainder of the 2015-16 fiscal year. Sales tax revenues are estimated at \$5,050.9 million in 2015-16 and \$5,217.5 in 2016-17, reflecting growth of 3.2% and 3.3%, respectively. These estimates account for law changes but are otherwise unchanged from previous estimates.

Corporate Income and Franchise Tax. Corporate income/franchise taxes were \$1,004.9 million in 2014-15, which was \$69.9 million above the Act 55 estimate. Corporate tax revenues are projected to be \$990.0 million in 2015-16 and \$1,045.0 million in 2016-17. These estimates

reflect a decrease of 1.5% in 2015-16 and growth of 5.6% in 2016-17. These estimates are lower than the prior estimates by \$4.0 million in 2015-16 and higher by \$29.3 million in 2016-17.

The new estimates reflect a significant reduction in 2015 corporate economic profits (12.2 percentage points lower than the previous growth rate), but stronger growth in profits for 2016 and 2017 compared to the prior forecast. Quarterly estimated tax payments through December are 4.2% lower compared to the same period last year. Historically, estimated payments generate between 86% and 96% of total corporate tax collections. Although actual collections exceeded the estimate by nearly \$70 million last year, revenues in 2015-16 are now expected to be somewhat lower than the previous estimates due to the reduced profit forecast, weaker estimated payments through December, and increased costs of the Section 179 provisions and the historic rehabilitation credit.

The increased revenue estimate for 2016-17 primarily reflects an improved profit forecast in that year. In addition, the share of the MAC claimed by corporate filers has been reduced from the prior estimates. Overall, the estimated cost of the MAC in the 2015-17 biennium has been reduced slightly since Act 55 was enacted.

Public Utility Taxes. Public utility tax revenues were \$381.8 million in 2014-15, and are currently projected at \$370.8 million in 2015-16 and \$382.4 million in 2016-17. Compared to the previous estimates, these amounts are higher by \$4.0 million in 2015-16 and \$9.0 million in 2016-17. Utility tax collections are currently expected to decrease by 2.9% in 2015-16 and increase by 3.1% in 2016-17. Private light, heat, and power companies are the largest taxpayer group, comprising 65% of estimated public utility taxes for the 2015-17 biennium. Collections from these companies totaled \$243.8 million in 2014-15, and are estimated to decrease to \$238.1 million (-2.3%) in 2015-16 and increase to \$249.1 million (4.6%) in 2016-17. The decrease in 2015-16 reflects, in part, reduced energy prices and last year's relatively warm winter weather.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2014-15, excise tax collections totaled \$699.1 million. Of this amount, \$569.6 million (approximately 81%) was from the excise tax on cigarettes.

Excise tax revenues over the next biennium are estimated at \$706.4 million in 2015-16 and \$705.1 million in 2016-17, which represents increased revenue of \$26.9 million in the first year and \$28.3 million in the second year compared to the prior estimates. Excise tax estimates have increased largely due to higher year-to-date cigarette tax collections, which are currently 2.2% higher than collections over the same period in 2014.

Insurance Premiums Taxes. Insurance premiums taxes totaled \$165.5 million in 2014-15, which was \$10.6 million less than had been estimated in January, 2015. Premiums tax collections are projected to be \$168.0 million in 2015-16 and \$172.0 million in 2016-17. The estimates are lower than prior estimates by \$13.0 million in 2015-16 and \$15.0 million in 2016-17. The reduced estimates in the first year are primarily caused by a lower base for tax collections following the actual collection totals in 2014-15, as well as a lower than expected adjusted year-to-date growth in tax collections of 0.35%. Although year-to-date premiums tax collections are 16.2% higher than last year, the Office of the Commissioner of Insurance reports

that the strong growth rate is due to an acceleration in posting certain tax payments under the Office's new tax processing system, which will be offset by less revenue allocated to the final month of collections. The estimate for 2016-17 reflects historic tax collection growth trends.

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 audit activity. Miscellaneous tax revenues were \$72.0 million in 2014-15. Of this amount, \$57.8 million (approximately 80%) was from the RETF.

Miscellaneous tax revenues over the next biennium are estimated at \$79.5 million in 2015-16 and \$83.7 million in 2016-17, which represents increased revenue of \$5.6 million in the first year and \$7.4 million in the second year compared to the prior estimates. Miscellaneous tax estimates have increased largely due to higher year-to-date RETF collections, which are currently 15.2% above collections over the same period in 2014.

As noted above, the revised tax revenue estimates are based on Global Insight's January, 2016, baseline forecast of the U.S. economy, which projects continued economic growth for the next several years. Global Insight's pessimistic forecast foresees an economic contraction in the second and third quarters of 2016, with positive growth resuming in the fourth quarter. Global Insight assigns a 20% probability to that scenario. The January economic forecast was prepared before the recent declines in oil prices and global stock markets, which could affect future forecasts. Preparing tax revenue estimates always involves uncertainty. Final collections may be higher or lower than the estimates, depending upon the actual performance of the economy. Although we believe that the revised estimates reflect the most likely movement of the economy over the next 18 months, tax collections and economic forecasts will need to be monitored throughout the remainder of the biennium.

I will keep you apprised of any changes to the estimates that may be necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Lang", written in a cursive style.

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 23, 2015 \(2015 Annual Report\)](#), which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part IV of the 2015 Annual Report.

Part IV to the 2015 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 2015 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 2015 Annual Report may also be obtained from:

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

After publication and filing of the 2015 Annual Report, certain changes or events have occurred that affect items discussed in the 2015 Annual Report. Listed below, by reference to particular sections of Part IV of the 2015 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-3 (Part IV–Pages 136-141). Update with the following, which is a summary of all outstanding Lease Schedules (not just those funded with proceeds of the Certificates):

**OUTSTANDING MASTER LEASE SCHEDULES
(As of June 1, 2016)**

<u>Schedule Number</u>	<u>Orgination Date</u>	<u>Maturity Date</u>	<u>Leased Items</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
01-125	9/28/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	\$ 666,242.00	\$ 29,400.36
01-133	11/21/2001	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	487,245.20	21,631.36
02-005	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	1,022,343.35	40,200.90
02-013	1/31/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	1,081,226.20	42,516.32
02-028	2/21/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	196,496.80	7,765.61
02-044	4/26/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	429,034.20	17,221.27
02-050	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	1,307,850.00	101,378.15
02-051	4/26/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	825,640.24	63,999.59
02-052	5/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	250,000.00	19,500.81
02-055	5/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	142,872.90	5,773.52
02-059	5/31/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	696,128.00	54,370.49
02-061	6/18/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	127,832.05	5,195.38
02-062	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	250,000.00	19,605.22
02-063	6/18/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	206,800.00	16,217.44
02-083	7/16/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	79,754.00	6,297.79
02-084	7/16/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	1,006,392.00	41,220.86
02-085	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	49,230.00	2,031.32
02-086	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	124,032.00	9,863.59
02-087	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	175,328.20	7,234.29
02-088	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	382,687.28	30,433.03
02-089	8/22/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	120,000.00	9,542.95
02-090	8/22/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	229,500.00	9,469.52
02-104	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	682,701.48	54,229.53
02-105	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	222,320.50	9,162.79
02-106	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	105,963.42	4,367.25
02-107	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; Oshkosh Correctional	553,036.00	43,929.74
02-108	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	575,550.00	45,718.10
02-109	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	419,000.00	17,268.83
02-111	9/13/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	96,300.00	7,649.48
02-112	9/13/2002	9/1/2016	WEI 3-Energy Perf Contract; Racine Correctional	597,251.20	68,645.39
02-126	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	30,641.00	2,428.25
02-127	10/24/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	361,201.60	41,418.14
02-128	10/24/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	100,000.00	4,111.84
02-129	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	75,000.00	5,943.67
02-132	10/24/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	1,077,876.00	85,420.09
02-143	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	63,250.00	5,004.15
02-146	11/19/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	90,000.00	3,694.47
02-147	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	59,634.00	4,718.02
02-148	11/19/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	171,500.00	13,568.56
02-156	12/30/2002	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	189,187.30	22,572.35
02-157	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	120,000.00	9,880.16
02-158	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	130,075.00	5,549.20
02-159	12/30/2002	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	103,000.00	8,480.45
02-163	12/30/2002	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	42,633.43	1,818.83
03-001	1/24/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	41,851.50	5,022.98
03-003	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	51,670.00	4,280.11
03-004	1/24/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	222,760.00	9,562.77
03-005	1/24/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	82,800.00	6,858.83

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of June 1, 2016)

<u>Schedule Number</u>	<u>Orgination Date</u>	<u>Maturity Date</u>	<u>Leased Items</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
03-020	2/28/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Colleges Marathon County	\$ 69,900.00	\$ 10,829.74
03-032	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	85,000.00	7,183.15
03-033	4/14/2003	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	38,911.40	4,761.81
03-034	4/14/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	157,664.00	13,323.81
03-035	4/14/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Whitewater	35,496.15	1,555.45
03-046	7/31/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	52,680.00	8,454.46
03-052	5/27/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	306,308.00	13,574.41
03-061	6/19/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	189,775.00	8,454.27
03-062	7/10/2003	9/1/2016	WEI 3-Energy Perf Contract; Southern Wisconsin Center	27,851.81	1,247.48
03-066	7/10/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-LaCrosse	19,432.00	1,677.36
03-076	7/31/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	250,000.00	21,699.87
03-093	10/27/2003	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	163,040.00	26,765.13
03-099	11/13/2003	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	130,000.00	16,697.04
03-100	12/11/2003	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	758,482.00	35,456.53
03-101	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	254,050.00	22,852.05
03-102	12/11/2003	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	75,617.00	6,801.81
04-006	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Health	31,633.00	2,902.52
04-012	2/24/2004	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	277,000.00	13,216.69
04-013	2/24/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	278,200.00	25,526.42
04-017	4/22/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	163,226.00	15,217.04
04-032	6/10/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire Phase 3	4,915.00	854.58
04-043	8/20/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	190,000.00	18,268.12
04-051	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Colleges Baraboo/Sauk	30,663.00	3,004.74
04-054	10/29/2004	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	175,000.00	17,148.70
04-055	10/29/2004	9/1/2017	WEI 3-Energy Perf Contract; Racine Correctional	28,051.00	3,961.64
04-061	11/30/2004	3/1/2018	WEI 3-Energy Perf Contract; UW-Eau Claire	42,765.00	7,753.58
05-009	3/17/2005	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	501,490.00	73,287.73
05-010	3/17/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	320,550.00	32,543.75
05-011	3/17/2005	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	290,000.00	15,366.50
05-022	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	547,825.00	56,242.75
05-023	5/5/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	387,180.00	39,794.07
05-047	9/7/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	165,000.00	17,470.76
05-055	11/23/2005	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	170,643.00	18,413.86
06-005	1/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	88,770.00	14,100.68
06-010	3/3/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	110,600.00	12,202.28
06-014	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	33,231.00	3,685.96
06-015	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 3	42,500.00	4,714.09
06-016	3/31/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	70,442.00	4,094.73
06-017	3/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	18,856.32
06-018	3/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,544.00	4,063.21
06-025	5/19/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	367,500.00	21,575.26
06-026	5/19/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	240,000.00	26,870.22
06-027	5/19/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	25,000.00	4,011.81
06-037	6/30/2006	9/1/2016	WEI 3-Energy Perf Contract; UW-Madison Section 4	574,730.00	34,041.27
06-038	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	530,000.00	59,835.51
06-039	6/30/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	11,321.95
06-041	6/30/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	50,000.00	5,644.86
06-051	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	170,000.00	19,501.22
06-052	8/2/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	40,000.00	4,588.51
06-057	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	160,000.00	14,318.03
06-058	8/31/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	70,000.00	9,373.42
06-060	8/31/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	152,000.00	13,602.12
06-064	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	180,000.00	16,199.19
06-065	9/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	95,000.00	12,788.96
06-066	9/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	28,000.00	2,519.87
06-074	12/15/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	230,000.00	21,022.52
06-075	12/15/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	285,000.00	38,811.62
06-078	12/29/2006	3/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 5	110,879.00	10,164.67
06-079	12/29/2006	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	31,505.70
07-008	2/2/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	318,576.00	43,924.81
07-035	8/10/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	780,000.00	129,029.98
07-048	12/7/2007	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	300,000.00	50,897.98
08-007	3/7/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	150,000.00	25,994.83

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of June 1, 2016)

Schedule Number	Orgination Date	Maturity Date	Leased Items	Amount	Principal
				Financed	Balance
08-026	9/5/2008	3/1/2017	WEI 3-Energy Perf Contract; UW-Oshkosh	\$ 12,912.00	\$ 1,539.22
08-035	11/26/2008	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	230,000.00	39,617.48
09-012	4/10/2009	9/1/2017	WEI 3-Energy Perf Contract; UW-Madison Section 6	99,440.00	18,003.64
10-055	10/15/2010	9/1/2017	Wisconsin Integrated Correction System (WICS) - Phase 2	1,643,868.00	345,479.03
10-071	11/30/2010	9/1/2017	Base Station Radios	1,366,000.00	293,433.96
10-079	12/15/2010	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	1,740,330.00	376,650.88
11-002	1/27/2011	9/1/2017	Base Station Radios	444,243.15	98,252.82
11-019	3/15/2011	9/1/2017	Highly Integrated Adaptive Radiotherapy (Hi-Art) System	193,370.00	43,782.15
11-029	4/29/2011	9/1/2017	Grounds Vehicle and Accessories	45,648.61	10,682.72
11-051	8/15/2011	9/1/2016	Furniture & Moveable Medical Equipment @ King	1,404,995.56	116,930.71
11-053	8/15/2011	9/1/2017	Hybrid Grounds Vehicles	269,350.00	42,567.19
11-057	8/31/2011	9/1/2016	Digital Production Color Printer & Imaging System	105,229.00	10,492.51
11-059	9/16/2011	9/1/2016	Vertical Mold Milling Machine	110,746.00	11,152.58
11-060	9/16/2011	9/1/2017	Base Station Radios	213,423.67	53,015.68
11-067	11/15/2011	9/1/2017	Base Station Radios	67,932.76	17,406.27
12-005	2/15/2012	3/1/2019	Dispatch Console Replacement	1,776,827.76	678,473.04
12-012	3/30/2012	3/1/2017	Ozone Washing System	51,003.83	9,517.74
12-020	6/15/2012	3/1/2017	Golf Course Maintenance Equipment	75,528.60	14,845.19
12-021	6/29/2012	3/1/2019	Wisconsin Integrated Correction System (WICS) - Phase 3	1,275,647.00	519,922.46
12-024	7/16/2012	3/1/2017	Residence Hall Furniture	316,142.00	63,668.44
12-025	7/16/2012	3/1/2017	Golf Course Maintenance Equipment	20,628.15	4,154.33
12-028	8/31/2012	9/1/2016	Fleet Vehicles	18,145.00	2,134.90
12-029	8/31/2012	9/1/2016	Ranger Radio Replacement	79,919.32	6,850.66
12-033	12/17/2012	9/1/2019	Portable Radio Replacement	1,206,063.10	574,927.69
12-035	12/17/2012	9/1/2016	Fleet Vehicles	21,196.00	2,723.33
13-003	2/28/2013	9/1/2016	Fleet Vehicles	31,472.00	4,315.38
13-005	5/15/2013	3/1/2017	Golf Course Maintenance Equipment	50,990.00	11,471.59
13-006	5/15/2013	3/1/2017	Golf Course Maintenance Equipment	9,900.00	2,497.20
13-008	5/31/2013	9/1/2018	Delivery Vehicles	683,508.00	298,858.08
13-009	5/31/2013	9/1/2018	Golf Course Maintenance Equipment	70,070.89	30,637.91
13-010	6/14/2013	9/1/2028	ERP Software/Hardware - STAR Project	14,315,300.00	10,659,729.52
13-011	7/1/2013	9/1/2018	ERP Software/Hardware - STAR Project	1,606,208.91	728,823.20
13-012	7/1/2013	9/1/2018	Golf Course Maintenance Equipment	14,089.00	6,288.75
13-014	7/19/2013	9/1/2018	ERP Software/Hardware - STAR Project	1,148,211.55	526,794.37
13-015	8/1/2013	3/1/2018	Golf Course Maintenance Equipment	46,720.00	19,301.62
13-017	9/16/2013	9/1/2028	ERP Software/Hardware - STAR Project	10,000,000.00	7,617,681.90
13-019	10/1/2013	9/1/2017	Fleet Vehicles	41,042.00	15,085.91
13-020	10/1/2013	9/1/2020	Fleet Vehicles	37,942.00	22,805.87
13-021	11/1/2013	9/1/2017	Fleet Vehicles	86,516.00	32,592.42
13-024	12/6/2013	9/1/2016	Fleet Vehicles	23,816.00	4,406.07
13-025	12/23/2013	9/1/2017	Storage Hardware and Software	4,802,969.00	1,889,756.87
14-001	1/31/2014	3/1/2017	Computer Storage Cluster	76,328.00	25,025.12
14-002	2/7/2014	9/1/2017	Storage Hardware and Software	107,100.00	44,696.54
14-003	2/7/2014	3/1/2021	Potato Grader	110,000.00	73,313.60
14-004	2/28/2014	3/1/2029	Star Project	1,049,735.00	811,721.03
14-005	4/1/2014	3/1/2023	Benefits Administration System	2,500,000.00	1,803,456.67
14-006	4/1/2014	3/1/2029	Star Project	1,266,560.00	987,864.47
14-007	4/1/2014	3/1/2029	Star Project	2,629.87	2,050.76
14-008	4/11/2014	3/1/2019	Star Project	63,111.00	36,195.67
14-010	5/2/2014	3/1/2029	Star Project	1,779,630.00	1,400,063.44
14-011	5/2/2014	3/1/2018	Golf Course Maintenance Equipment	39,060.57	19,392.74
14-013	5/30/2014	3/1/2029	Star Project	2,211,085.00	1,753,088.44
14-014	5/30/2014	3/1/2018	Golf Course Maintenance Equipment	20,159.00	10,240.10
14-016	6/30/2014	3/1/2019	Wisconsin Integrated Correction System (WICS)	1,135,814.00	687,122.17
14-017	6/30/2014	9/1/2020	Patient Lifts	101,190.50	49,102.43
14-018	6/30/2014	3/1/2017	Business School Computers	31,148.92	11,355.75
14-019	6/30/2014	3/1/2023	Benefits Administration System	929,300.00	694,997.14
14-020	6/30/2014	3/1/2029	Star Project	3,150,758.69	2,505,565.44
14-022	7/18/2014	3/1/2017	Computer Storage	149,761.16	58,664.20
14-023	7/18/2014	9/1/2020	Patient Lifts	113,916.90	80,586.22
14-024	8/8/2014	3/1/2029	Storage Hardware and Software	1,862,780.00	1,515,080.39
14-025	8/8/2014	9/1/2021	Biennial Budget System	335,859.30	245,881.24
14-026	9/16/2014	3/1/2029	Storage Hardware and Software	5,995,392.20	4,879,672.11
14-027	9/16/2014	3/1/2023	Benefits Administration System	1,761,132.00	1,349,996.78
14-028	9/16/2014	9/1/2019	Networking Equipment	380,835.80	250,565.26
14-029	10/1/2014	9/1/2018	Storage Hardware and Software	13,373,204.90	7,968,303.23
14-030	10/1/2014	9/1/2020	Patient Lifts	148,281.99	104,798.47
14-031	10/17/2014	3/1/2029	Storage Hardware and Software	2,459,415.00	1,998,607.64

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of June 1, 2016)

<u>Schedule Number</u>	<u>Orgination Date</u>	<u>Maturity Date</u>	<u>Leased Items</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
14-033	11/18/2014	3/1/2029	ERP Systems Integrator	\$ 2,459,415.00	\$ 2,015,313.71
14-034	12/3/2014	3/1/2029	STAR Project - ERP Software	2,459,415.00	2,023,922.48
15-001	1/9/2015	3/1/2029	STAR Project - ERP Software	2,459,415.00	2,044,674.30
15-002	2/13/2015	3/1/2029	STAR Project ERP Software and Services	7,468,416.60	6,306,525.52
15-003	2/13/2015	3/1/2023	Integration Benefits Administration System	652,124.03	530,053.73
15-004	2/13/2015	9/1/2019	Wireless Mobile Microphones	282,452.10	210,896.48
15-005	2/13/2015	9/1/2021	Microwave Network Communications Equipment	1,228,998.25	977,621.08
15-006	3/16/2015	3/1/2029	STAR Project ERP Software and Services	4,405,967.00	3,716,662.98
15-007	3/16/2015	9/1/2018	IT Storage Hardware and Software	1,333,701.84	922,745.41
15-008	3/16/2015	3/1/2018	Ultrasound Equipment	194,228.00	126,103.51
15-009	3/1/2015	3/1/2018	Ultrasound Equipment	137,945.50	31,128.88
15-010	4/21/2015	9/1/2018	Storage Hardware and Software	747,523.62	516,943.86
15-011	4/21/2015	9/1/2021	Microwave Network Hardware and Software	13,771.50	10,944.96
15-012	4/21/2015	3/1/2029	STAR Project ERP Software and Services	4,584,263.80	3,865,243.19
15-014	5/22/2015	9/1/2018	IT Storage Hardware and Software	151,226.85	112,749.12
15-015	5/22/2015	3/1/2018	Mainframe and Software Licenses	7,189,000.00	5,094,354.36
15-016	5/22/2015	3/1/2029	STAR Project ERP Software and Services	3,557,638.40	3,065,699.26
15-017	7/2/2015	3/1/2029	STAR Project ERP Software and Services	3,557,638.40	3,122,261.33
15-018	7/2/2015	3/1/2018	Copier/Printer/MultiFunctional Devices	129,595.00	91,792.54
15-019	7/2/2015	3/1/2020	Golf Course Maintenance Equipment	111,285.12	89,189.20
15-020	7/2/2015	9/1/2018	IT Storage Hardware and Software	1,333,701.84	1,257,243.26
15-021	7/2/2015	3/1/2018	Copier/Printer/MultiFunctional Devices	264,854.00	195,214.17
15-022	7/29/2015	9/1/2019	Management Services	885,113.10	752,732.00
15-023	7/29/2015	9/1/2020	Golf Course Maintenance Equipment	27,802.62	24,936.61
15-024	7/29/2015	3/1/2029	STAR Project ERP Software and Hardware	1,466,367.00	1,421,215.05
15-025	8/19/2015	9/1/2018	IT Storage and Hardware	102,802.21	85,835.95
15-026	8/26/2015	3/1/2029	STAR Project ERP Software and Hardware	1,466,367.00	1,426,669.71
15-027	8/19/2015	9/1/2018	IT Storage and Hardware	99,304.00	82,915.08
15-028	8/19/2015	9/1/2016	Copier/Printer/MultiFunctional Devices	90,506.00	83,890.87
15-029	9/18/2015	9/1/2020	STAR Project ERP Software and Hardware	1,340,408.15	1,230,911.84
15-030	9/18/2015	9/1/2020	STAR Project ERP Software and Hardware	1,466,367.00	1,353,221.94
15-031	10/26/2015	3/1/2017	Dell Computers	27,792.00	24,597.71
15-032	10/26/2015	9/1/2020	STAR Project ERP Software and Hardware	445,742.00	417,138.31
15-033	11/23/2015	9/1/2020	STAR Project ERP Software and Hardware	1,595,192.00	1,513,524.12
15-034	11/30/2015	9/1/2018	Biochemistry Analyzer	19,693.00	18,752.51
15-035	12/22/2015	9/1/2028	IT Storage and Hardware	1,692,524.00	1,578,499.94
15-036	12/22/2015	9/1/2018	IT Storage and Hardware	320,952.48	285,683.98
15-037	12/22/2015	9/1/2020	STAR Project ERP Software and Hardware	89,148.40	83,427.67
16-001	1/12/2016	9/1/2020	STAR Project ERP Software and Hardware	45,333.20	41,629.98
16-002	1/12/2016	9/1/2020	Veterinary Nuclear Medicine System	127,500.00	124,128.46
16-003	1/12/2016	3/1/2017	Dell Computers	20,151.00	17,834.93
16-004	1/29/2016	3/1/2021	Microwave Network	734,883.72	734,883.72
16-005	1/29/2016	3/1/2018	Mass Spectrometer	979,302.57	979,302.57
16-006	2/16/2016	3/1/2023	STAR Project ERP Software and Hardware	1,973,887.00	1,973,887.00
16-007	2/16/2016	3/1/2018	Copier/Printer/MultiFunctional Devices	3,095.00	3,095.00
16-008	2/16/2016	9/1/2020	STAR Project ERP Software and Hardware	45,333.20	45,333.20
16-009	3/2/2016	3/1/2023	Mobile Radios	83,388.65	83,388.65
16-010	3/2/2016	3/1/2018	IT Storage and Hardware	190,632.25	190,632.25
16-011	3/2/2016	9/1/2020	IT Storage and Hardware	6,455,575.11	6,455,575.11
16-012	3/2/2016	9/1/2020	IT Storage and Hardware	925,290.10	925,290.10
16-013	3/2/2016	3/1/2019	Laptops	\$2,827,902.00	\$2,827,902.00
16-014	3/2/2016	3/1/2021	STAR Project ERP Software and Hardware	89,148.40	89,148.40
16-015	3/28/2016	3/1/2021	STAR Project ERP Software and Hardware	89,148.40	89,148.40
16-016	3/28/2016	3/1/2021	STAR Project ERP Software and Hardware	253,627.83	253,627.83
16-017	3/28/2016	3/1/2023	Microwave Network	734,883.72	734,883.72
16-018	4/15/2016	3/1/2021	Mobile Radios	1,535,514.00	1,535,514.00
16-019	4/15/2016	3/1/2021	STAR Project ERP Software and Hardware	253,760.00	253,760.00
16-020	4/22/2016	9/1/2020	Computer Hardware Systems	2,157,633.56	2,157,633.56

OUTSTANDING MASTER LEASE SCHEDULES—Continued
(As of June 1, 2016)

<u>Schedule Number</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Leased Items</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
16-021	7/2/2015	3/1/2018	Copier/Printer/MultiFunctional Devices	912,886.50	912,886.50
16-022	5/13/2016	3/1/2022	Mobile Radios	327,721.90	327,721.90
16-023	5/13/2016	3/1/2022	STAR Project ERP Software and Hardware	206,933.20	206,933.20
16-024	5/13/2016	3/1/2022	IT Storage and Hardware	124,314.00	124,314.00
Total					<u>\$124,678,112.58</u>

Note: The principal balance of the Lease Schedules in the above table is as of June 1, 2016. The principal balance of certain Lease Schedules in the above table reflects amortization at an assumed fixed interest rate; however, during the period that a Lease Schedule is funded with proceeds from the revolving credit facility, interest accrues and is based on a variable interest rate. As a result, the principal balances included in this table may change slightly when reconciled to reflect actual accrued interest. During a period of low interest rates, the principal balance of each Lease Schedule (and the corresponding series of master lease certificates of participation) may actually be slightly less than shown in the table as any payment in excess of the actual accrued interest is applied as principal prepayments. Final reconciliation of the actual to the assumed interest rates occurs with either the funding of Lease Schedules with master lease certificates of participation having fixed interest rates, such as the Certificates, or the last scheduled Lease Payment.

APPENDIX C

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

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

Subject: \$33,645,000
Master Lease
Certificates of Participation of 2016, Series A
(State of Wisconsin)

We have acted as bond counsel in connection with the issuance by U.S. Bank National Association, as trustee (the “**Trustee**”), of \$33,645,000 Master Lease Certificates of Participation of 2016, Series A (State of Wisconsin), dated the date hereof (the “**Certificates**”).

The Certificates are being issued pursuant to the Master Indenture, dated as of July 1, 1996 (the “**Indenture**”), by and among a predecessor-in-interest of U.S. Bank National Association (the “**Lessor**”), a predecessor-in-interest of the Trustee, and the State of Wisconsin, acting by and through the Department of Administration (the “**Lessee**”), as supplemented by Supplemental Indenture No. 2016-A, dated as of July 14, 2016 (the “**Supplemental Indenture**”), among the same parties or their successors-in-interest.

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

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

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

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

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

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

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

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

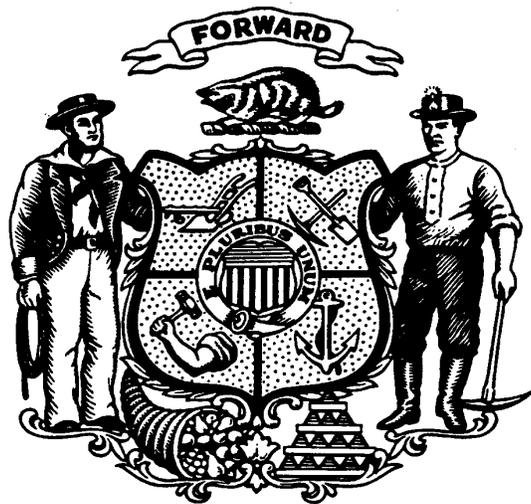
The rights of the owners of the Certificates and the enforceability of the Certificates and the Master Lease may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated June 23, 2016 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).

Our opinion is given as of the date of this letter. We assume no duty to update our opinion 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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