



## Municipal Secondary Market Disclosure Information Cover Sheet

Notice of **Material Information** #2003-31

Dated October 24, 2003

This document provides information which may be material to financial evaluation of the State of Wisconsin, *however*, neither the preparation nor submission of this document constitutes a Notice of Material Event pursuant to the State's Master Agreement on Continuing Disclosure.

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**Type of Information:** Annual Financial Information and Operating Data pursuant to Rule 15c2-12

Attached is the [Annual Fiscal Report \(Budgetary Basis\) State of Wisconsin 2003](#). This Annual Fiscal Report is NOT intended to represent financial statements prepared in accordance with generally accepted accounting principles (GAAP).

**Fiscal Period Covered:** July 1, 2002 through June 30, 2003.

**Type of Filing:** Filed in both electronic and paper form with each Nationally Recognized Municipal Securities Information Repository. This notice is also available on the State of Wisconsin Capital Finance Office web site at:

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

The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office, which is the office of the State of Wisconsin responsible for providing Annual Reports and Notice of Material Events when notice is required by the State's Master Agreement on Continuing Disclosure.

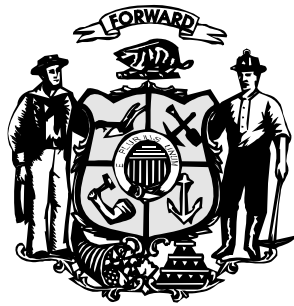
/s/ FRANK R. HOADLEY

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*FY03*

# ANNUAL FISCAL REPORT

## Budgetary Basis



State of Wisconsin  
2003



**State of Wisconsin**  
**2003 Annual Fiscal Report**

**(Budgetary Basis)**

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October 10, 2003

The Honorable Jim Doyle  
The Honorable Members of the Legislature

This report presents statements of fund condition and operations (budgetary basis) of the State of Wisconsin for the fiscal year ended June 30, 2003. This satisfies the requirements of sec. 16.40(3), Wisconsin Statutes. Displayed are major sources of revenues and major categories of expenditures for the General Fund and other funds compared to the prior year.

The General Fund has an undesignated balance of -\$282.2 million as of the end of the fiscal year. This is \$1.412 million better than the balance of -\$283.6 million projected in 2003 Act 1. The improvement in the balance was the result of lower than expected tax revenues offset by lower than expected spending.

General-purpose revenue taxes were \$10.2 billion compared to \$10.02 billion in the prior year, an increase of \$179.5 million or 1.8 percent. This increase was \$23.8 million below the Legislative Fiscal Bureau January 2003 estimate of \$10.224 billion. General-purpose revenue expenditures, excluding fund transfers, were \$11.033 billion compared to \$11.259 billion in the prior year, a decrease of \$226.5 million or 2.0 percent.

In fiscal year 2003, the State of Wisconsin continued to devote the major share of state tax collections to assistance to local school districts, municipalities and counties. Local assistance accounted for 58.4 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 17.4 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 9.5 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 14.7 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2003. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,

Marc J. Marotta  
Secretary

William J. Raftery, CPA  
State Controller



## **Economic Section**



## The Year In Summary

### Revenue Highlights

General purpose revenue (GPR) taxes for the fiscal year (FY) ending June 30, 2003 totaled \$10,199.7 million, an increase of 1.8 percent from FY 2002 collections of \$10,020.2 million.

Total tax collections for FY 2003 were \$23.8 million, or 0.2 percent, below the Legislative Fiscal Bureau (LFB) January 2003 estimate of \$10,223.5 million.

**Table 1**

**General Purpose Revenue (GPR) Taxes By Source  
GPR Tax Collections  
(\$ Millions)**

Tax Source	FY 03	% of Total	FY 02	% of Total	Change FY03-FY02	% Change
Individual Income	\$5,052.5	49.5%	\$4,979.7	49.7%	\$ 72.8	1.5%
General Sales & Use	3,738.0	36.6%	3,695.8	36.9%	42.2	1.1%
Corporation Franchise & Income	526.5	5.2%	503.0	5.0%	23.5	4.7%
Excise	354.8	3.5%	348.3	3.5%	6.5	1.9%
Inheritance, Estate & Gift	68.7	0.7%	82.6	0.8%	- 13.9	-16.8%
Public Utility	276.8	2.7%	252.2	2.5%	24.6	9.8%
Insurance Companies	114.9	1.1%	96.1	1.0%	18.8	19.6%
Miscellaneous	67.5	0.7%	62.5	0.6%	5.0	8.0%
<b>TOTAL GPR</b>	<b>\$10,199.7</b>	<b>100.0%</b>	<b>\$10,020.2</b>	<b>100.0%</b>	<b>\$ 179.5</b>	<b>1.8%</b>

### Individual Income Tax

Individual income tax collections increased \$72.8 million (1.5 percent) from \$4,979.7 million in FY 2002 to \$5,052.5 in FY 2003. This was \$67.5 million (1.3 percent) below the \$5,120.0 million estimate. The individual income tax share of total GPR taxes decreased from 49.7 percent in FY 2002 to 49.5 percent in FY 2003.

The largest component of individual income tax collections is withholding from wages and salaries, which increased 3.2 percent from \$4,916 million to \$5,073 million.

Estimated payments decreased 1.8 percent from \$852 million to \$837 million. Refunds increased 5.9 percent from \$1,313 million to \$1,391 million.

### General Sales and Use Tax

Collections from the 5 percent general sales and use tax increased 1.1 percent from \$3,695.8 million to \$3,738.0 million. This was \$22.0 million (5.9 percent) below the \$3,760.0 million estimate. Sales tax collections as a percentage of total GPR taxes decreased from 36.9 percent in FY 2002 to 36.6 percent in FY 2003.

Initial collections increased 0.9 percent from \$3,611 million to \$3,643 million. Additional collections increased 28 percent from \$66.6 million to \$85.5 million. Delinquent collections decreased 16.5 percent from \$40.3 million to \$33.6 million.

### **Corporation Franchise and Income Tax**

Corporate collections increased 4.7 percent from \$503.0 million in FY 2002 to \$526.5 million in FY 2003. Corporate collections as a percentage of total GPR taxes increased from 5.0 percent to 5.2 percent. Corporate collections were \$36.5 million above the estimate of \$490.0 million.

The major source of corporate collections, estimated payments, was unchanged at \$552 million. Payments with tax returns decreased 1.0 percent from \$41.0 million to \$40.6 million.

### **Excise Tax**

Cigarette tax collections increased 1.7 percent from \$288.8 million in FY 2002 to \$293.7 million in FY 2003. Collections in FY 2003 were \$1.7 million (0.6 percent) above the estimate.

The 31 percent tax increase (from \$0.59 per pack to \$0.77 per pack) was in effect for all of FY 2003 as compared to nine months of FY 2002. If taxed consumption had remained unchanged, this would have produced a 6.7 percent increase in collections; however, the number of packs sold declined 5.0 percent.

Liquor and wine tax collections were flat at 36.0 million. Collections fell short of the estimate of \$36.3 million by \$0.3 million (0.7 percent).

Beer tax collections decreased 0.8 percent from \$9.6 million to \$9.5 million and were \$0.2 million below estimates. The peak year for beer tax collections was FY 1984 with \$10.3 million.

Tobacco products tax collections increased 11.3 percent from \$13.9 million to \$15.5 million. The increased collections were in part attributable to the fact that the increase in the tax rate (from 20 percent to 25 percent of the wholesale price) was in effect for all of FY 2003 as compared to nine months of FY 2002. This factor alone increased collections by about 5.3 percent.

### **Other Taxes**

Public utility tax collections increased \$24.6 million (9.7 percent) from \$252.2 million to \$276.8 million. This was \$16.4 million more than forecast. Telephone taxes increased from \$86.6 million to \$106.3 million. About \$10 million was the result of one-time settlement payments. Public utility taxes on private light heat and power companies increased from \$143.1 million to \$147.0 million.

Estate tax decreased 16.9 percent from \$82.6 million to \$68.7 million in FY 2003; collections were \$1.7 million (2.5 percent) more than estimated. The decline is in part attributable to a federal law change, which reduced state revenues. Beginning in FY 2003, Wisconsin has decoupled its estate tax from federal law.

Insurance company taxes (generally based on premiums) increased 19.6 percent from \$96.1 million to \$114.9 million. This is \$9.9 million more than the \$105 million estimate.

Miscellaneous taxes increased 9.0 percent from \$62.5 million to \$68.1 million. The major tax in this group is the real estate transfer fee, which increased 12.1 percent from \$51.2 million to \$57.4 million.

## Expenditure Highlights

Total state General Purpose Revenue (GPR) spending decreased 2.0 percent or \$226.5 million in FY 2003, as shown in Table 2. This compares with a 1.6 percent increase in FY 2002.

The decrease in GPR expenditures in FY 2003 was due to the use of proceeds from the securitization of the state's stream of revenues from the tobacco settlement. During FY 2003, \$598.5 million of the securitization proceeds were used to make payments to local governments as part of the shared revenue program. If these shared revenue payments had been funded by GPR similar to prior years, total GPR expenditures would have increased by \$371.9 million or 3.3% over FY 2002.

The use of the proceeds from the securitization of tobacco settlement payments also had the effect of reducing the percent of GPR expenditures used for local assistance while increasing the percent used for aids to individuals and state operations.

The largest portion of GPR expenditures in FY 2003 was directed to school districts and local units of government, consistent with past years. Local assistance accounted for \$6,438.0 million or 58.4 percent of total GPR spending compared to \$6,792.0 million or 60.3 percent in FY 2002. Aids to individuals were \$1,924.7 million or 17.4 percent of total GPR spending in FY 2003 compared to 16.8 percent in FY 2002. State operations accounted for 24.2 percent of total GPR

spending, up from 22.9 percent in FY 2002. Local assistance payments represented the largest share of the net decrease in total GPR spending at \$354.0 million less than FY 2002. Again, this reflects the displacement of GPR by securitization proceeds.

By percentage change, local assistance showed the largest decrease in spending at 5.2 percent. The majority of this decrease was associated with shared revenues (57 percent less than FY 2002). Aids to individuals increased 2.0 percent in FY 2003 compared to 1.7 percent in FY 2002. State operations spending increased 3.4 percent in FY 2003 compared to a 1.1 percent decrease in FY 2002. State operations spending in all agencies, excluding the UW System, increased 0.4 percent in FY 2003.

If the proceeds from the securitization of the tobacco settlement payments had not been used to offset the GPR shared revenue payments, FY 2003 GPR local assistance payments would have increased by \$244.5 million or 3.6 % over FY 2002.

The GPR budget is shaped by the ten largest programs, as detailed in Table 3. These programs comprise 83.5 percent of total GPR expenditures, as compared with 84.5 percent of GPR expenditures in FY 2002. Immediately following this section is a brief explanation of each program.

**Table 2**

### GPR BUDGET BY PURPOSE *GPR Expenditures* (\$ Millions)

	FY03	% of Total	FY02	% of Total	\$ Change FY03-FY02	% Change
Local Assistance	\$6,438.0	58.4%	\$6,792.0	60.3%	- 354.0	-5.2%
Aids to Individuals	1,924.7	17.4%	1,886.1	16.8%	38.6	2.0%
State Operations:						
UW System *	1,052.3	9.5%	970.6	8.6%	81.7	8.4%
All Other Agencies	1,617.6	14.7%	1,610.4	14.3%	7.2	0.4%
Total	\$11,032.6	100.0%	\$11,259.1	100.0%	- 226.5	-2.0%
Transfer to Tobacco Control Fund	15.3		6.0			
<b>TOTAL GPR</b>	<b>\$11,047.9</b>		<b>11,265.1</b>			

\* Includes a \$50.2 million reduction in debt service for fiscal year 2002 attributable to a restructuring of the state's general obligation debt.

Table 3

**TOP TEN PROGRAMS**  
*GPR Expenditures*  
*(\$ Millions)*

	FY03	% of Total	FY02	% of Total	\$ Change FY03FY02	% Change
School Aids	\$4,756.1	43.1%	\$4,552.8	40.4%	203.3	4.5%
Medical Assistance	1,038.6	9.4%	1,070.5	9.5%	- 31.9	-3.0%
Shared Revenues*	430.9	3.9%	1,019.2	9.1%	- 588.3	-57.7%
UW System	1,063.8	9.6%	981.4	8.7%	82.4	8.4%
Corrections and Related	852.9	7.7%	819.3	7.3%	33.6	4.1%
Property Tax Credits	469.3	4.3%	469.3	4.2%	0.0	0.0%
Community Aids	180.9	1.6%	178.5	1.6%	2.4	1.3%
Wisconsin Works	131.1	1.2%	147.0	1.3%	- 15.9	-10.8%
Tax Relief to Individuals	159.5	1.4%	144.4	1.3%	15.1	10.5%
Supplemental Security Income (SSI)	128.3	1.2%	128.3	1.1%	0.0	0.0%
All Others	1,821.2	16.5%	1,748.4	15.5%	72.8	4.2%
Subtotal	\$11,032.6	100.0%	\$11,259.1	100.0%	-226.5	-2.0%
Transfer to Tobacco Control Fund	15.3		6.0			
	<u>\$11,047.9</u>		<u>\$11,265.1</u>			

\* Reflects use of \$598.5 million of proceeds from securitization of tobacco settlement revenues to replace GPR for shared revenue.

**School Aids:** State assistance to Wisconsin's 426 school districts increased by 4.5 percent or \$203.3 million in FY 2003. Total state aids to schools plus property tax credits enabled the state to reimburse an estimated 66.4 percent of school costs in FY 2003.

Since the 1993-94 school year, school districts have been subject to statewide revenue limits. These limits control the allowable increase in each school district's revenues by limiting the total revenue a district can collect from the combined sources of property tax levies for non-debt purposes and state general aids. These controls, combined with the large increase in state school aids, succeeded in reducing the statewide gross school property tax levy by 16.4 percent in FY 1997. Since FY 1998 the gross levy has increased by an average of 4.0 percent annually.

There are two major types of direct school aid. Approximately 88 percent of school aids are general aids, distributed by a formula designed to equalize each school district's property tax base per student, and aids to support the Milwaukee Public Schools voluntary desegregation program. The

remaining 12 percent are categorical aids, distributed based on local expenditures for specific activities or educational programs. The major categorical aid programs are programs for addressing special education needs and educational technology.

**Shared Revenue:** State shared revenue provides unrestricted aid to municipal and county governments. In FY 2003, the shared revenue formula distributed \$939.8 million from GPR and proceeds from the securitization of the tobacco settlement payments. The Expenditure Restraint Program distributed another \$57.6 million to municipalities with tax rates over 5 mills that restrained their spending increases. Two additional programs, Small Municipality Shared Revenue and County Mandate Relief, provided \$11.1 million to municipalities with populations under 5,000 and \$21.0 million in per capita payments to counties, respectively. The FY 2003 shared revenue payment from GPR was \$430.9 million, a decrease of \$588.3 million from the previous fiscal year. Including the tobacco securitization proceeds, total FY 2003 shared revenue payments were \$1,029.4 million, or a 1.0 percent increase over FY 2002.

Statewide, shared revenue payments provided municipalities with about 18.9 percent and counties with about 4.3 percent of their general revenues.

**Medical Assistance:** Wisconsin's state and federally funded Medical Assistance (MA) program pays for medical services to certain categories of low income persons. Included are recipients of Supplemental Security Income; children and low-income families; and pregnant women and other low-income individuals who have high medical expenses. In FY 2003, total MA expenditures were \$3,756.9 million of which \$1,038.6 million were GPR, \$362.5 million were segregated revenues, and the balance was federally funded. Segregated revenues, which are in the Medical Assistance Trust Fund, are derived from federal revenues leveraged through the state's Intergovernmental Transfer Program. Total MA spending in FY 2003 increased by 9.3 percent over FY 2002 expenditures compared to a 15.8 percent increase in the previous year. The state funded portion of MA decreased 3.0 percent in FY 2003, compared to a 7.8 percent increase the previous year.

**University of Wisconsin System:** Total general purpose revenue expenditures for the UW System increased by \$82.4 million, or 8.4 percent in FY 2003. The magnitude of this increase is affected by the one-time reduction in debt service expenditures attributable to the restructuring of the state's general obligation debt in FY 2002. Excluding this one-time savings, the effective increase is \$32.2 million, or 3.1 percent. Tuition at UW institutions, despite annual increases, continues to be a relative bargain in higher education. Resident undergraduate tuition at Madison was \$1,445 below the "Big Ten" median. UW-Milwaukee was \$784 below its peer group median and all other campuses were approximately \$947 below their peer group medians in FY 2003.

**Correctional Services:** Wisconsin's correctional population and related expenditures continued to increase in FY 2003. The population of incarcerated felons under the supervision of the state adult corrections program increased from an average daily population of 21,025 in FY 2002 to 21,825 in FY 2003, an increase of 3.8 percent. Total GPR expenditures for the state corrections program increased \$33.6 million or 4.1 percent over the prior year, reaching \$852.9 million in FY 2003.

**State Property Tax Credits:** The School Levy Tax Credit pays local governments to reduce each property owner's taxes. Funding for the credit in FY 2003 was \$469.3 million, the same as in the prior fiscal year. The School Levy Tax Credit in FY 2003 offset 6.7 percent of 2001 gross property tax levies for all purposes statewide.

**Community Aids:** Community Aids are state and federal funds distributed to counties to fund various human services programs. Total expenditures reached \$266.5 million in FY 2003, of which \$180.9 million was GPR. Total all funds expenditure levels decreased by \$7.7 million or 2.8 percent from FY 2002, due to one-time federal revenue expended in FY 2002.

**Tax Relief to Individuals:** Wisconsin paid out \$159.5 million GPR in tax relief to individuals through a variety of programs during FY 2003.

The GPR funded Homestead Credit and Farmland Preservation Credit and the Farmland Tax Relief Credit, which is funded by lottery proceeds, are "circuit-breaker" tax credits. Circuit-breakers assist households to pay property taxes in excess of their ability to pay. Claimants receive a credit against their state income tax liability or a refund check.

Wisconsin's Homestead Credit pioneered property tax relief through circuit-breakers. The program remains one of the nation's leaders in providing circuit-breaker relief, ranking third among the states in comprehensiveness and per capita expenditures for residential property tax relief. The Homestead Credit provided \$113.4 million of tax relief in FY 2003, compared with \$104.4 million in FY 2002. About 214,100 low-income homeowners and renters--over half of them elderly--benefit from the program each year.

The Farmland Preservation Credit provides a refundable credit to 20,900 farmers who qualify through exclusive agricultural zoning or individual farmland preservation agreements. Wisconsin's Farmland Preservation Credit is one of only two similar state programs in the country. Farmland Preservation Credit expenditures totaled \$16.5 million in FY 2003, a decrease of \$0.3 million from the prior year.

The Earned Income Credit program reduces income taxes for 189,600 low-income working families with children. In FY 2003, the Earned Income Credit paid a total of \$71.9 million to these households, an increase of \$9.2 million. Of this amount, federal TANF funding provided \$54.2 million and GPR provided \$17.7 million.

**Wisconsin Works:** Wisconsin Works or W-2 is the state's replacement program for the Aid to Families with Dependent Children (AFDC) program. W-2 is a work-based system that provides support services, such as child care and transportation, to families in order to help them achieve self-sufficiency. On average, there were approximately 13,934 W-2 cases per month served over the course of FY 2003. As of June 2003, the monthly W-2 caseload for cash assistance has fallen to just over 10,655, on average, from 34,430 in 1997 when W-2 was implemented.

In addition to W-2 cash benefits, other W-2 expenditures like work experience, job search, education and training, and administration are

funded by the program. Also included are state funds for fraud programs and several other small public assistance-type programs. In total, \$131.1 million of state GPR was spent on W-2 and other public assistance programs administered by the Department of Workforce Development in FY 2003, a decrease of 10.8 percent from the previous fiscal year. This decrease is due primarily to the transfer of funding for Food Stamp eligibility determination from the W-2 program to the Department of Health and Family Services.

**State Supplemental Income:** Wisconsin provides a supplement to the federal supplemental security income (SSI) program which provides cash assistance to low income aged, blind and disabled workers and to disabled parents as support for their children. In FY 2003, a total of \$151.0 million was expended in SSI payments. This included \$128.3 million in state funding and \$22.7 million in federal funds.

**Comparative Condition of the General Fund**  
(in Thousands)

	FY03 Final Budget	Chapter 20 <sup>1</sup>	Variance
<b>OPENING BALANCES</b>			
Undesignated, Unreserved Opening Balance	\$ 53,782	\$ 53,782	\$ 0 <sup>2</sup>
Add Prior Year Designation of Continuing Balances	<u>32,959</u>	<u>0</u>	<u>32,959</u> <sup>3</sup>
Unreserved Opening Balance	<u>86,741</u>	<u>53,782</u>	<u>32,959</u>
<b>REVENUES</b>			
Taxes	10,199,739	10,223,500	(23,761) <sup>4</sup>
Departmental Revenues	<u>485,581</u>	<u>427,696</u>	<u>57,885</u> <sup>5</sup>
Total Revenues	<u>10,685,320</u>	<u>10,651,196</u>	<u>34,124</u>
Total Available Resources	<u>10,772,061</u>	<u>10,704,978</u>	<u>67,083</u>
<b>APPROPRIATIONS</b>			
Gross Appropriations	11,194,304	11,102,345	91,959 <sup>6</sup>
Compensation Reserves	76,224	79,816	(3,592) <sup>7</sup>
Transfer to Tobacco Control Board	15,345	15,345	0 <sup>8</sup>
Less: Lapses	<u>(231,591)</u>	<u>(208,895)</u>	<u>(22,696)</u> <sup>9</sup>
Net Appropriations	<u>11,054,282</u>	<u>10,988,611</u>	<u>65,671</u>
<b>UNDESIGNATED, UNRESERVED FUND BALANCE</b>	<u>\$ (282,221)</u>	<u>\$ (283,633)</u>	<u>\$ 1,412</u>

Notes:

1. The Chapter 20 figures were taken from the 2001-03 General Fund Condition Statement 2003 Wisconsin Act 1, prepared by the Legislative Fiscal Bureau.
2. UNDESIGNATED, UNRESERVED OPENING BALANCE. Act 1 of the 2003 Wisconsin Statutes contains the budget for the biennial period which includes the fiscal years 2002 and 2003, both ending June 30. The Act 1 opening balance for fiscal year 2003 was based on actual revenues, appropriations and opening balance for the preceding year, the first year of the biennium.
3. PRIOR YEAR DESIGNATION FOR CONTINUING BALANCE. A portion of the previous year's gross ending balance had been designated, or set aside, to cover left over continuing budget authority that could legally be carried forward and spent in the next year. This continuing authority is generated in biennial appropriations in the first year, or even numbered year, of the biennium and in continuing appropriations each year. The Chapter 20 fund condition summary does not include an estimate for the amount of continuing authority carried forward, and therefore, the designated amount for continuing balances is always a variance with Chapter 20.
4. TAXES. Actual tax collections were less the estimated Act 1 tax collections.
5. DEPARTMENTAL REVENUES. Departmental revenues are revenues received by individual state agencies and deposited in the general fund. Actual departmental revenues may differ from budgeted revenue due to the manner in which the legislature treats certain required appropriation reductions. For example, larger actual revenues compared to revenues budgeted in Act 1 were due primarily to the manner savings were captured and paid into the general fund for sum certain GPR appropriations. These savings, which related to the suspension of employer contributions for unused sick leave and supplemental health insurance premium credits, were paid in cash to the general fund. Act 1 treated these savings as lapsing appropriation authority.
6. GROSS APPROPRIATIONS. Final gross appropriations varied from Act 1 gross appropriations as follows:

Gross Appropriations Per Act 1	11,102,345
Add: continuing appropriation authority brought forward	32,959
Add: increases to sum sufficient appropriations above Chapter 20	67,644
Add: fiscal year legislation other than budget bill legislation	4,861
Less: second year biennial appropriation authority used in first year	<u>-13,505</u>
<b>FINAL GROSS APPROPRIATIONS</b>	<u>11,194,304</u>
7. COMPENSATION RESERVES. Compensation reserves are budgetary set-asides for employee wage and benefit increases for the fiscal year.
8. TRANSFERS. During the fiscal year, a transfer was made to the Tobacco Control Board as required by Act 1.
9. LAPSES. A lapse is the automatic termination of an appropriation. It represents the amount of unexpended, unencumbered balance of the appropriation at the end of the fiscal year. Actual lapses may differ from budgeted lapses due to the manner in which the legislature treats certain required appropriation reductions.

## **Statements of Fund Condition and Operations**



# 21-Year Comparison of Wisconsin's Ending General Fund Unreserved Balances

(In Millions of Dollars)

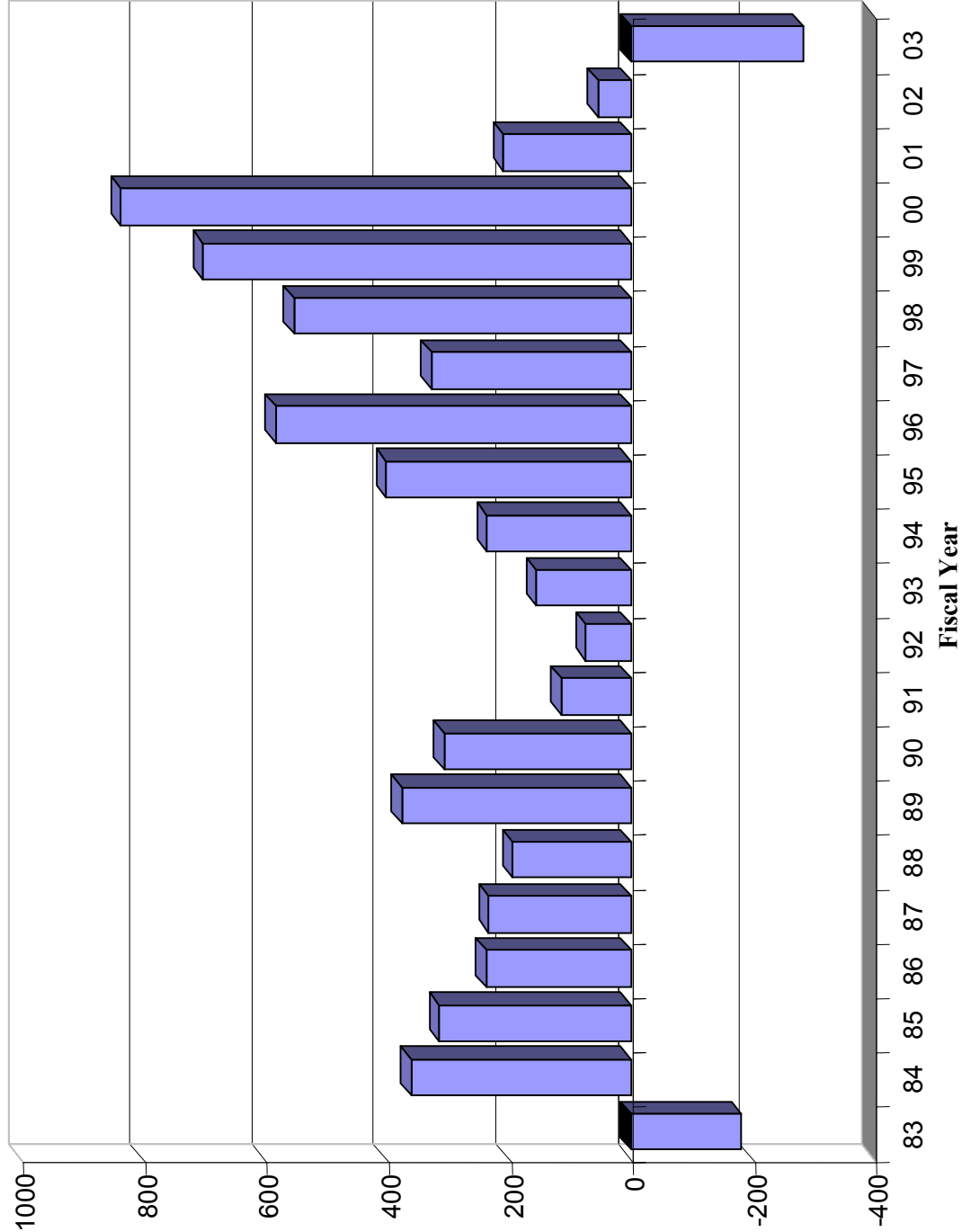


Exhibit A-1

State of Wisconsin  
 Statement of Recorded Revenues, Expenditures and Fund Balance-Budget vs.  
 Actual-General Purpose Revenues-Statutory Basis  
 For the Fiscal Year Ended June 30, 2003  
 (In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved					
Undesignated Balance.....	\$ 235,056	\$ (181,274)	\$ 53,782	\$ 53,782	\$ 0
Beginning Unreserved					
Designated Balance.....	0	32,959	32,959	32,959	0
Total.....	235,056	(148,315)	86,741	86,741	0
<b>REVENUES</b>					
Taxes:					
Individual.....	5,310,600	(190,600)	5,120,000	5,051,997	(68,003)
Corporation.....	535,000	(45,000)	490,000	526,545	36,545
Sales & Use.....	3,830,200	(70,200)	3,760,000	3,737,912	(22,088)
Excise.....	365,700	(11,800)	353,900	354,760	860
Inheritance & Gift.....	67,000	0	67,000	68,702	1,702
Public Utility.....	257,400	3,000	260,400	276,790	16,390
Insurance.....	90,000	15,000	105,000	114,897	9,897
Miscellaneous.....	59,600	7,600	67,200	68,136	936
Total Taxes.....	10,515,500	(292,000)	10,223,500	10,199,739	(23,761)
Departmental Revenue:					
Tobacco Settlement.....	157,603	(8,521)	149,082	153,923	4,841
Other.....	257,177	21,437	278,614	263,913	(14,701)
Total Department Revenues.....	414,780	12,916	427,696	417,836	(9,860)
Total Revenues.....	10,930,280	(279,084)	10,651,196	10,617,575	(33,621)
TOTAL AVAILABLE.....	11,165,336	(427,399)	10,737,937	10,704,316	(33,621)
<b>EXPENDITURES</b>					
Commerce.....	47,388	2,995	50,383	42,200	8,183
Education.....	6,133,775	41,554	6,175,329	6,108,760	66,569
Environmental Resources.....	197,485	3,949	201,434	189,806	11,628
Human Relations & Resources.....	3,077,521	63,761	3,141,282	3,092,199	49,083
General Executive.....	181,937	853	182,790	175,697	7,093
Judicial.....	93,056	5,014	98,070	96,141	1,929
Legislative.....	59,101	8,416	67,517	59,889	7,628
General (Incl. Shared Revenue).....	1,331,301	16,020	1,347,321	1,267,843	79,478
Transfer to Tobacco Control Fund.....	15,345	0	15,345	15,345	0
Compensation Reserves.....	79,816	(76,224)	3,592	0	3,592
Less: Estimated Lapse.....	(186,676)	(22,219)	(208,895)	0	(208,895)
TOTAL EXPENDITURES.....	11,030,049	44,119	11,074,168	11,047,880	26,288
Inter-Fund Transfers.....				67,745	67,745
UNRESERVED BALANCE	135,287	(471,518)	(336,231)	(275,819)	60,412
Designation for continuing balances.....	0	(6,402)	(6,402)	(6,402)	0
UNRESERVED					
Undesignated Balance.....	\$ 135,287	\$ (477,920)	\$ (342,633)	\$ (282,221)	\$ 60,412
	(1)				

The accompanying notes are an integral part of this statement.

(1) See Note E

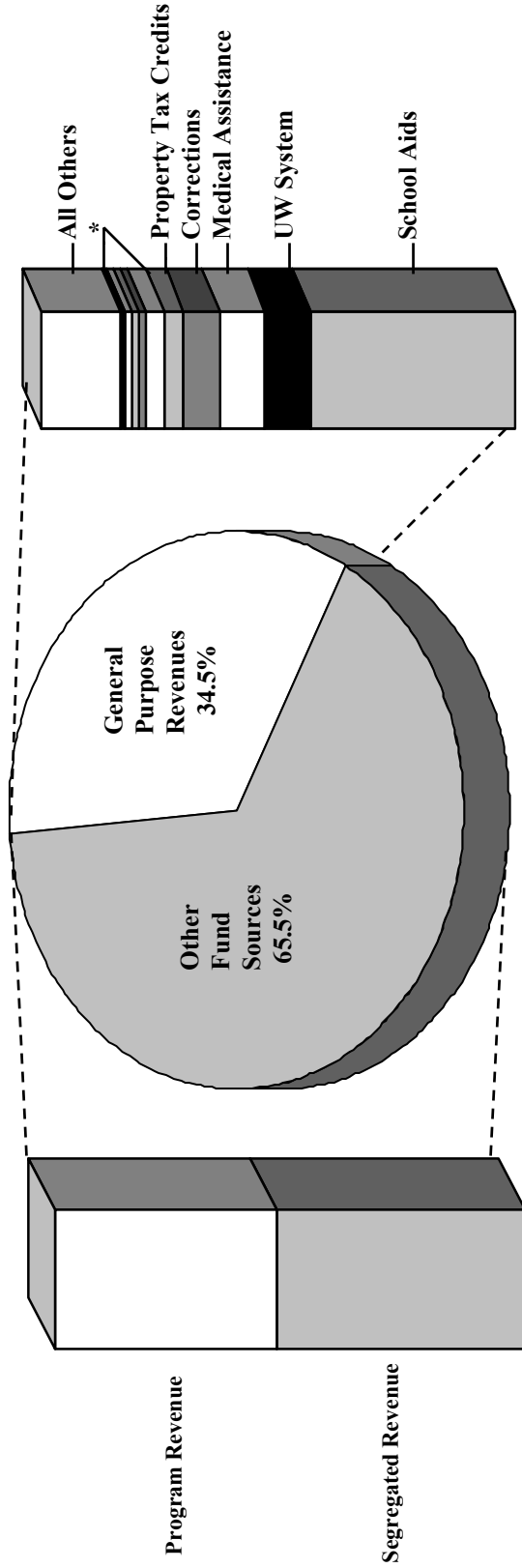
# Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2003

**Other Expenditures**  
\$20.9 Billion

**Total Expenditures**  
\$31.9 Billion

**General Purpose Revenue Expenditures**  
\$11.0 Billion



\* State Supplement to SSI  
Wisconsin Works  
Tax Relief to Individuals  
Community Aids  
Shared Revenues

Exhibit A-2

State of Wisconsin  
 Statement of Recorded Revenues, Expenditures, and Changes in Fund Balance  
 All Funds - Statutory Basis  
 For the Fiscal Year Ended June 30, 2003  
 (In Thousands)

	General Fund			Major Special Revenue Funds		Other	As of June 30, 2003
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation		
<b>REVENUES</b>							
Taxes..... \$	10,199,739 \$	18,255 \$	10,217,994 \$	925,087 \$	70,923 \$	109,117 \$	11,323,121
Intergovernmental Revenue.....	10,034	6,658,312	6,668,346	726,494	36,924	86,546	7,518,310
Licenses.....	64,982	155,974	220,956	310,847	80,519	233,454	845,776
Charges for Goods and Services.....	12,913	1,968,932	1,981,845	39,812	16,123	549,552	2,587,332
Contributions.....	0	0	0	0	0	2,038,155	2,038,155
Interest & Investment Income.....	(894)	63,638	62,744	3,694	560	1,971,505	2,038,503
Gifts & Donations.....	1	326,984	326,985	8	3,236	12,924	343,153
Other Revenue.....	245,097	362,291	607,388	17,262	1,143	1,456,529	2,082,322
Transfers.....	11,439	(324,716)	(313,277)	1,166	19,888	1,231,629	939,406
Other Transactions.....	74,264	836,676	910,940	24,662	20	(15,293)	920,329
Proceeds from Bonds & Notes.....	0	0	0	142,726	0	503,274	646,000
<b>TOTAL REVENUES</b>	<b>10,617,575</b>	<b>10,066,346</b>	<b>20,683,921</b>	<b>2,191,758</b>	<b>229,336</b>	<b>8,177,392</b>	<b>31,282,407</b>
<b>EXPENDITURES</b>							
Commerce.....	42,200	179,943	222,143	88	1,513	243,843	467,587
Education.....	6,108,760	2,978,266	9,087,026	0	467	225,687	9,313,180
Environmental Resources.....	189,806	74,476	264,282	2,276,275	243,441	288,189	3,072,187
Human Relations & Resources.....	3,092,199	5,537,821	8,630,020	0	2,517	1,848,998	10,481,535
General Executive.....	175,697	470,474	646,171	2,496	0	4,407,922	5,056,589
Judicial.....	96,141	13,556	109,697	0	0	356	110,053
Legislative.....	59,889	1,330	61,219	0	0	0	61,219
General (Incl. Shared Revenue).....	1,283,188	652,739	1,935,927	17,980	6	1,465,967	3,419,880
<b>TOTAL EXPENDITURES</b>	<b>11,047,880</b>	<b>9,908,605</b>	<b>20,956,485</b>	<b>2,296,839</b>	<b>247,944</b>	<b>8,480,962</b>	<b>31,982,230</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>							
EXPENDITURES.....	(430,305)	157,741	(272,564)	(105,081)	(18,608)	(303,570)	(699,823)
<b>BEGINNING FUND BALANCE</b>							
<b>PRIOR PERIOD ADJUSTMENT</b>							
DESIGNATED.....	32,959	0	32,959	0	0	0	32,959
UNDESIGNATED.....	53,782	(9,313)	44,469	(545,188)	40,520	60,145,135	59,684,936
<b>TOTAL</b>	<b>86,741</b>	<b>(9,313)</b>	<b>77,428</b>	<b>(545,188)</b>	<b>40,520</b>	<b>60,034,423</b>	<b>59,607,183</b>
<b>INTER-FUND</b>							
TRANSFERS.....	67,745	(29,815)	37,930	(12,382)	1,000	(11,202)	15,346
<b>ENDING FUND BALANCE</b>	<b>(275,819)</b>	<b>118,613</b>	<b>(157,206)</b>	<b>(662,651)</b>	<b>22,912</b>	<b>59,719,651</b>	<b>58,922,706</b>
DESIGNATED.....	(6,402)	0	(6,402)	0	0	0	(6,402)
UNDESIGNATED..... \$	(282,221) \$	118,613 \$	(163,608) \$	(662,651) \$	22,912 \$	59,719,651 \$	58,916,304
				(1)			

The accompanying notes are an integral part of this statement.

(1) See Note H

Exhibit A-3

State of Wisconsin  
 Summary of Recorded Revenues and Expenditures-All Other Funds-  
 Statutory Basis (Including Inter-Fund Transfers)  
 For the Fiscal Year Ended June 30, 2003  
 (In Thousands)

Funds By Category		Undesignated Fund			Inter-Fund Transfers	Undesignated Fund
		Balance as of June 30, 2002	Revenues	Expenditures		Balance as of June 30, 2003
<b>OTHER GOVERNMENTAL FUNDS</b>						
<u>Other Special Revenue</u>						
213	Heritage State Parks & Forests	\$ 1,069	\$ 142	\$ 34	\$ 0	1,177
214	WI Health Education Loan Repay	(7)	80	57	0	16
217	Waste Management	6,352	101	5	0	6,448
218	Wisconsin Election Campaign	593	346	596	0	343
219	Investment and Local Impact	166	2	0	0	168
220	Election Administration	0	14	0	0	14
222	Industrial Building Construction	143	24	(40)	0	207
224	Self-Insured Employer Liability	335	23	98	0	260
225	Medical Assistance Trust	361,655	328,164	362,490	0	327,329
226	Work Injury Benefits	4,423	2,344	2,431	0	4,336
228	Tobacco Control Fund	4,132	37	16,950	13,345	564
229	Uninsured Employers	9,463	2,397	2,042	0	9,818
235	Utility Public Benefits	21,795	93,772	91,350	0	24,217
238	Mediation	277	214	356	0	135
250	State Capitol Restoration	0	0	0	0	0
257	Agricultural Chemical Cleanup	1,223	2,842	3,865	0	200
258	Farms For The Future	0	0	0	0	0
259	Agrichemical Management	2,189	5,462	5,477	0	2,174
261	Agricultural Producer Security	1,022	2,519	736	0	2,805
264	Historical Legacy Trust	60	1	0	0	61
272	Petroleum Inspection	8,653	157,579	145,268	(2,457)	18,507
274	Environmental	7,136	39,373	28,929	(11,346)	6,234
277	Dry Cleaner Environmental Responsibility	2,891	1,146	1,464	0	2,573
279	Recycling	9,428	38,170	34,230	(10,120)	3,248
280	Information Technology Investment	(2,985)	1	0	0	(2,984)
285	Universal Service	5,929	19,421	24,183	(400)	767
286	Budget Stabilization	0	3	0	0	3
291	Tobacco Settlement Endowment	595,155	3,353	598,508	0	0
723	Children's Trust	177	128	0	0	305
	<b>Total Other Special Revenue</b>	<b>1,041,274</b>	<b>697,658</b>	<b>1,319,029</b>	<b>(10,978)</b>	<b>408,925</b>
<u>Debt Service</u>						
315	Bond Security and Redemption	3,093	710,546	705,483	0	8,156
<u>Capital Projects</u>						
490	State Building Trust	30,493	66,473	59,640	0	37,326
492	Energy Efficiency	204	(204)	0	0	0
495	Capital Improvement	132,839	420,662	348,603	(41,111)	163,787
	<b>Total Capital Projects</b>	<b>163,536</b>	<b>486,931</b>	<b>408,243</b>	<b>(41,111)</b>	<b>201,113</b>
<u>Permanent</u>						
743	Agriculture College	305	0	0	0	305
744	Common School Principal	480,106	36,746	0	0	516,852
745	Normal School	19,162	249	0	0	19,411

Exhibit A-3

State of Wisconsin  
 Summary of Recorded Revenues and Expenditures-All Other Funds-  
 Statutory Basis (Including Inter-Fund Transfers)  
 For the Fiscal Year Ended June 30, 2003  
 (In Thousands)

Funds By Category		Undesignated Fund			Inter-Fund Transfers	Undesignated Fund
		Balance as of June 30, 2002	Revenues	Expenditures		Balance as of June 30, 2003
746	University	234	0	0	0	234
760	Historical Society Trust	9,914	759	797	0	9,876
763	Common School Income	114	21,468	17,416	0	4,166
767	Benevolent	14	0	0	0	14
875	University Trust Principal	172,915	(1,509)	0	0	171,406
876	University Trust Income	18,877	19,481	19,382	0	18,976
	Total Permanent	701,407	77,194	37,595	0	741,240
	TOTAL OTHER GOVERNMENTAL FUNDS	1,909,310	1,972,329	2,470,350	(52,089)	1,359,434
<b><u>FIDUCIARY AND OTHER</u></b>						
<b><u>Pension (and Other Employee Benefit)</u></b>						
262	Public Employe Trust	1,199,763	839,165	902,712	0	1,136,216
747	Fixed Retirement Investment	50,417,616	3,196,146	2,634,944	0	50,978,818
751	Variable Retirement Investment	5,459,648	36,955	442,052	0	5,054,551
	Total Pension (and Other Employee Benefit)	57,077,027	4,072,266	3,979,708	0	57,169,585
<b><u>Private Purposes</u></b>						
570	Tuition Trust	14,771	(1,275)	111	0	13,385
769	College Savings Program Trust	1,014	2,314	260	0	3,068
	Total Private Purposes.....	15,785	1,039	371	0	16,453
<b><u>Agency</u></b>						
788	Support Collections Trust	2,161	933,112	934,700	0	573
<b><u>Other (Business-type funds)</u></b>						
521	Lottery	17,698	437,432	442,764	0	12,366
530	Health Insur Risk Sharing Plan	22,675	106,137	92,511	0	36,301
531	Local Govt Property Insurance	26,241	20,319	23,913	0	22,647
532	State Life Insurance	81,434	13,021	3,871	0	90,584
533	Patients Compensation	587,975	104,379	26,888	0	665,466
573	Environmental Improvement	135,138	157,383	134,018	0	158,503
582	Veterans Trust	37,959	26,497	31,817	0	32,639
583	Veterans Mortgage Loan Repayment	120,488	333,365	340,051	40,887	154,689
587	Transportation Infrastructure Loan	298	113	0	0	411
	Total Other (Business-type funds).....	1,029,906	1,198,646	1,095,833	40,887	1,173,606
	TOTAL FIDUCIARY AND OTHER.....	58,124,879	6,205,063	6,010,612	40,887	58,360,217
	TOTAL - ALL FUNDS.....	\$ 60,034,189	\$ 8,177,392	\$ 8,480,962	\$ (11,202)	\$ 59,719,651

The accompanying notes are an integral part of this statement

Exhibit A-4

State of Wisconsin  
 Comparative General Fund Statement of Assets, Liabilities and Fund Balance  
 Fiscal Years Ended June 30, 2003, 2002, and 2001  
 (In Thousands)

	June 30, 2003	June 30, 2002	June 30, 2001
<b><u>ASSETS</u></b>			
General Purpose Revenue Cash.....	\$ (669,360)	\$ (653,451)	\$ (244,150)
Program Revenue Cash.....	373,964	237,260	532,942
Contingent Fund Advances.....	3,533	3,539	3,514
Investments.....	445	445	446
Accounts Receivable.....	1,050,580	1,069,077	1,028,554
Due from Other Funds.....	60,087	333,205	39,165
Inventory.....	0	0	418
Prepayments.....	59,731	59,690	54,807
<b>TOTAL ASSETS.....</b>	<b>878,980</b>	<b>1,049,765</b>	<b>1,415,696</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable.....	413,162	315,491	343,261
Due to Other Funds.....	62,182	66,493	46,898
Tax and Other Deposits.....	33,539	33,900	41,925
Deferred Revenue.....	27,752	50,174	38,848
<b>TOTAL LIABILITIES.....</b>	<b>536,635</b>	<b>466,058</b>	<b>470,932</b>
<b><u>FUND BALANCE</u></b>			
<b><u>Reserved Balances</u></b>			
GPR Encumbrances.....	91,922	98,986	96,523
PR Encumbrances.....	407,629	407,293	392,327
<b>Total Reserved Balances.....</b>	<b>499,551</b>	<b>506,279</b>	<b>488,850</b>
<b><u>Unreserved Designated Balances</u></b>			
GPR Designation for Continuing Balances.....	6,402	32,959	9,915
<b><u>Unreserved Balances</u></b>			
GPR Unreserved Balance.....	(282,221)	53,782	207,508
PR Unreserved Balance.....	118,613	(9,313)	238,491
<b>Total Unreserved Balances.....</b>	<b>(163,608)</b>	<b>44,469</b>	<b>445,999</b>
<b>TOTAL FUND BALANCE.....</b>	<b>342,345</b>	<b>583,707</b>	<b>944,764</b>
<b>TOTAL LIABILITIES AND FUND BALANCE.....</b>	<b>\$ 878,980</b>	<b>\$ 1,049,765</b>	<b>\$ 1,415,696</b>

The accompanying notes are an integral part of this statement

Exhibit A-5  
 Budget vs Actual Expenditures  
 All Funds-Statutory Basis  
 For the Fiscal Year Ended June 30, 2003  
 (in Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget	Budget Adjustments	Final Budget	Expenditures	
Commerce	\$ 418,614	\$ 104,939	\$ 523,553	\$ 438,796	\$ 84,757
Education	8,930,245	463,965	9,394,210	9,152,763	241,447
Environmental Resources	2,757,713	749,795	3,507,508	2,979,202	528,306
Human Relations and Resources	8,076,730	1,831,062	9,907,792	9,415,064	492,728
General Executive	774,435	228,050	1,002,485	834,321	168,164
Judicial	105,853	7,365	113,218	110,053	3,165
Legislative	60,590	8,505	69,095	61,220	7,875
General Appropriations	2,287,221	633,320	2,920,541	2,668,172	252,369
Total Chapter 20	<u>\$ 23,411,401</u>	<u>\$ 4,027,001</u>	<u>\$ 27,438,402</u>	<u>\$ 25,659,591</u>	<u>\$ 1,778,811</u>
Retirement Annuities			3,547,731	2,947,016	600,715
Support Collection Trust Payments			932,613	932,613	-
Insurance Premiums			874,800	808,256	66,544
Debt Service Payments			709,000	705,483	3,517
Capital Projects Expenditures			2,520,919	406,370	2,114,549
Lottery Prizes			248,910	248,408	502
Clearing and Custody Accounts			438,771	21,276	417,495
Total State Expenditures			<u>\$ 36,711,146</u>	<u>\$ 31,729,013</u>	<u>\$ 4,982,133</u>

The accompanying notes are an integral part of this statement



## Notes To Fund Statements

### Note A Statutory Basis of Accounting

The State of Wisconsin Annual Fiscal Report is a report of financial results recognized on the statutory basis of accounting, for the fiscal year, against the state's budget as reflected in Chapter 20 of the Wisconsin Statutes. The report is not intended to display accounting information in accordance with Generally Accepted Accounting Principles (GAAP).

The State's Comprehensive Annual Financial Report, which is prepared in accordance with GAAP is issued under a separate cover at the end of the calendar year.

Statutes generally require that revenues and expenditures be recognized in the fiscal year in which they are received or paid, with specific exceptions. The legislature may change the recognition of revenues and expenditures among fiscal years.

The state's centralized accounting records remain open until July 31 (August 15 for income, sales and use tax receipts) to permit the state departments to record revenues and expenditures applicable to the fiscal year ended June 30.

The July and August recording of prior fiscal years' revenues and expenditures results in accrued revenues and accounts payable in the statement of assets, liabilities and fund balances. Included in these amounts are receivables and payables between funds which are not eliminated for presentation as "due to" or "due from" other funds.

Encumbrances are treated as expenditures in the initial year. However, the recording of charges and encumbrances applicable to the prior year is limited by the available appropriation balances of that year.

Note that the health and life insurance premiums are paid two months in advance of the actual coverage months. The health and life insurance costs for the last two months of the fiscal year are recorded as expenditures in the following fiscal year.

All investments owned by the state retirement funds are an exception to the requirement to recognize revenues and expenditures on the cash basis since investments are adjusted to market and the resultant

unrealized gains or losses are reflected in the accounts of those funds.

State statutes also provide that contributions to the state retirement funds received after August 1, which relate to earnings paid for services rendered in the previous fiscal year, may be recorded as revenues of the previous fiscal year.

The Building Trust Fund, the Capital Improvement Fund, and the Bond Security and Redemption Fund, are closed as of June 30.

In addition, state administrative policies require that revenues and expenditures be reported on a net basis; i.e., overcollections refunded are deducted from revenues, and overpayments collected are deducted from expenditures. Collections on loan principal and interest are recorded as receipts.

Equity transfers are recorded as receipts or expenditures from/to the receiving or paying funds, respectively.

Certain unused appropriation balances may be allowed to continue for use in future years, rather than lapse to the General Fund. In these cases the continuing balances are treated as reserves for Program Revenue (PR) or General Purpose Revenue (GPR) balances. GPR consists of general taxes and miscellaneous revenues which are paid into the general fund and are then available for appropriation by the legislature. PR consists of funds also paid into the General Fund which are dedicated for specific purposes and are appropriated by the legislature as estimates through the use of revolving accounts.

### Note B Fiscal Controls

The State Constitution provides that no money shall be paid out of the Treasury except as appropriated by law. The Secretary of Administration exercises detail allotment control over all agency appropriations and approval authority over all encumbrances. The Secretary of Administration is also responsible for the audit of expenditures.

The Department of Administration maintains separate accounts for all appropriations showing the amounts appropriated, the amounts allotted, the amounts encumbered, the amounts disbursed and certain other data necessary to the financial

management and control of all state accounts. The department also maintains the general ledgers of the funds of the state including the General Fund.

**Note C Classification of Funds**

Funds are generally classified in accordance with classification criteria appropriate for governmental accounting.

However, certain activities of a proprietary and fiduciary nature are combined within the Governmental and Trust, Agency and Other Funds. In addition, the activities of the State Building Trust Fund, included within the Capital Projects classification, consist of capital projects as well as projects for the maintenance and repair of state facilities.

**Note D Extraordinary Transfers and Transactions Affecting Fund Balance**

Compensation Reserve

In FY03, Chapter 20 included a compensation reserve for employe salary and fringe benefit increases. The total amount reserved (appropriated) was \$79,816,000 and the amount expended was \$76,224,000 leaving a lapse amount of \$3,592,000.

In FY03, there was a transfer of \$15,345,000 from the General Fund to the Tobacco Control Fund.

**Note E Published Budget**

The published budget amounts used in Exhibit A-1 are those shown for "General Purpose Revenues" (GPR) under state statute Chapter 20, Appropriations and Budget Management included in the 2001 Act 109.

The adjustments column reflects statutorily required appropriation adjustments to sum-sufficient and biennial appropriations and appropriation changes enacted under the statutory authority of the Legislative Joint Finance Committee or by statutory authority under program supplements, including 2003 Act 1, is included in the Adjustment column.

The State of Wisconsin utilizes a budgetary procedure within the General Fund which treats most federal grant revenues, licenses and fees and revenues for proprietary activities as dedicated for the activities to which they relate. As such, variable

budgeting techniques are used and the official state budget includes them only as estimates. These accounts, referred to as Program Revenue Appropriations, are not included in Exhibit A-1. Only those appropriations made from nondedicated General Purpose Revenues are included.

**Note F Projected-to-Actual General Fund Condition**

The variance between the published budgeted ending balance and actual undesignated balance at the end of fiscal year 2003 is explained as follows:

	<u>(thousands)</u>
Ending fund balance (Undesignated) per chapter 20	\$ 135,287
Opening balance adjustments:	
Prior year designation for continuing balances	32,959
Difference between budget and actual revenues and expenditures in 2003 Act 1 and 2001 Act 109	(181,274)
Total opening balance adjustments	<u>(148,315)</u>
REVENUE ADJUSTMENTS	
Taxes received less than estimate	(315,761)
Departmental revenues more than estimate	3,056
Total revenue below estimate	<u>(312,705)</u>
APPROPRIATION ADJUSTMENTS	
New Legislation	14,358
Sum Sufficient Changes	
Reestimates	(67,644)
Compensation Reserve Adjustment	(76,224)
Budget brought forward from previous year	(32,959)
Budget carried to next year for continuing appropriations	6,402
Biennial authority used in first year	13,505
Compensation Reserve Transferred to agencies	76,224
Total Appropriation Adjustments	<u>(66,338)</u>
LAPSES MORE THAN BUDGETED	48,507
INTER-FUND TRANSFERS	67,745
DESIGNATION FOR CONTINUING BALANCES	(6,402)
UNDESIGNATED FUND BALANCE	<u>\$ (282,221)</u>

**Note G General Fund Cash Flow**

Normally the General Fund experiences a short-term cash flow problem in the first half of the year, resulting in the issuance of an operating note. However because inter-fund borrowing was used to address any short-term cash flow problem an operating note was not required.

**Note H Negative Fund Balances**

The negative ending fund balance in the Transportation Fund represents commitments (encumbrances) recorded as expenditures in the current year which will be funded by the Federal and/or local governments in the future.

**Note I Unappropriated Activities**

The Department of Commerce enters into contracts with private vendors for programs that they manage. These contracts have not been budgeted within a state appropriation and therefore, this activity is summarized here to provide full disclosure of state agency operations.

	Commerce
Revenues	\$848,029
Expenditures	\$848,029
Balance	\$0

**Note J Sum Sufficient Increases**

The B-2 Exhibit shows both lapsing amounts and adjustments to sum sufficient appropriations. In order to correctly show the lapsing amounts the Increase column includes supplements made from sum sufficient appropriations to other types of appropriations.

B-2 Sum Sufficient Increases	\$57,018
Supplements	10,619
Actual Sum Sufficient Increases	\$67,637

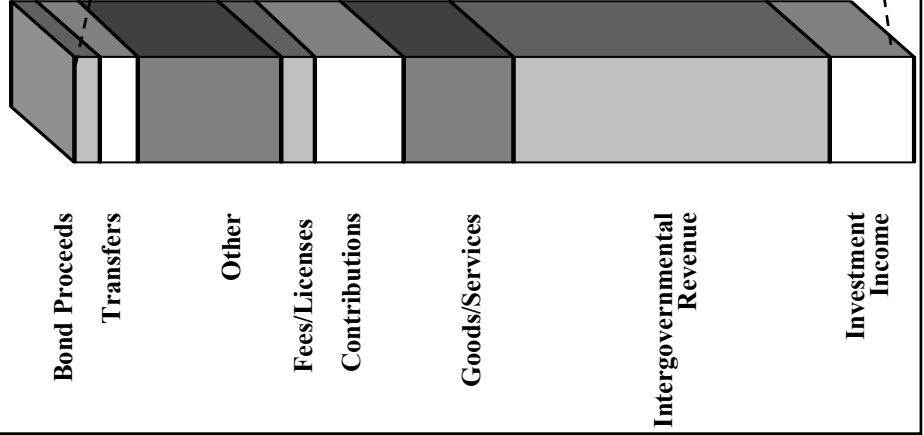
## **Supplemental Data**



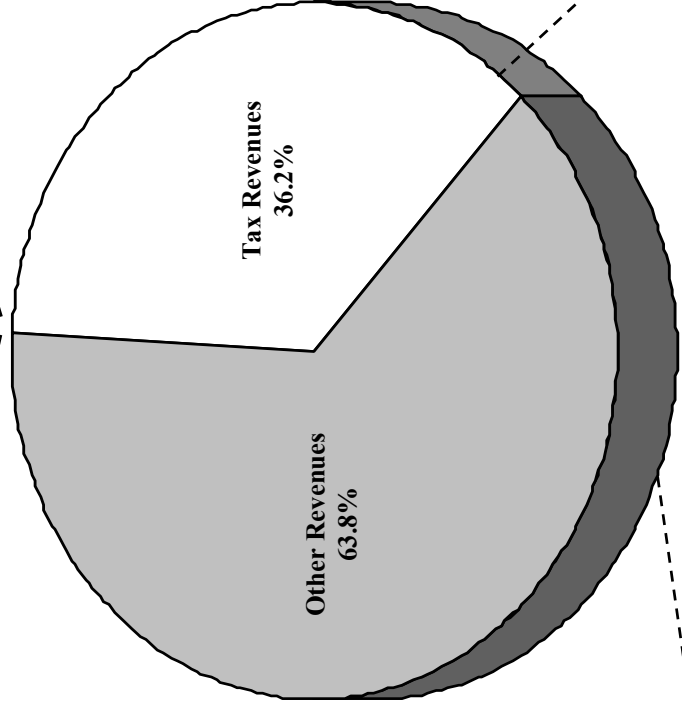
# Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2003

**Other Revenues**  
\$20.0 Billion



**Total Revenues**  
\$31.3 Billion



**Tax Revenues**  
\$11.3 Billion

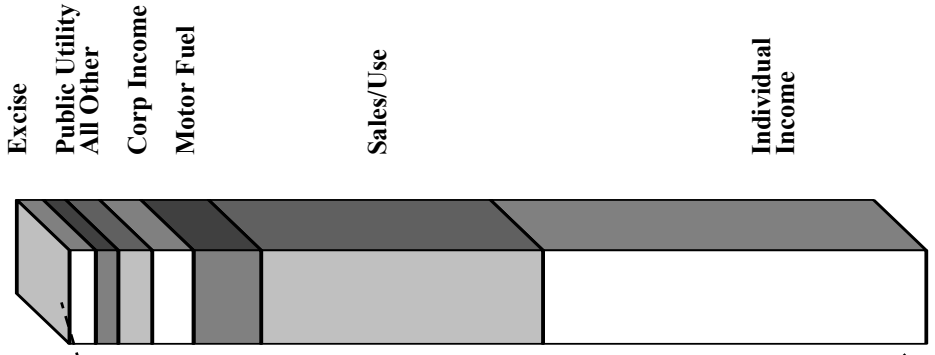


Exhibit B-1

State of Wisconsin  
 Analysis of Revenues-All Funds  
 Fiscal Years Ended June 30, 2003, 2002, and 2001  
 (In Thousands)

	June 30, 2003	June 30, 2002	June 30, 2001
<b>TAX REVENUES</b>			
General Purpose Revenue			
Income Taxes			
individual.....	\$ 5,051,997	\$ 4,979,662	\$ 5,156,565
Corporation.....	526,545	503,008	537,159
Total Income Taxes.....	5,578,542	5,482,670	5,693,724
Sales and Excise Taxes			
General Sales and Use.....	3,737,912	3,695,796	3,609,895
Cigarette.....	293,697	288,769	243,512
Other Tobacco Products.....	15,508	13,932	11,355
Liquor and Wine.....	36,038	35,984	35,543
Malt Beverage (Beer).....	9,517	9,597	9,365
Total Sales and Excise Taxes.....	4,092,672	4,044,078	3,909,670
Public Utility Taxes			
Private Light, Heat and Power.....	147,018	143,134	136,408
Municipal Light, Heat and Power.....	1,729	1,657	1,584
Telephone.....	106,256	86,638	80,375
Pipeline.....	10,542	10,260	10,431
Electric Cooperative.....	9,417	8,586	8,248
Municipal Electric.....	1,233	1,273	1,393
Conservation and Regulation.....	552	567	593
Utility Tax (Refunds) Interest and Penalties.....	43	122	206
Total Public Utility Taxes.....	276,790	252,237	239,238
Inheritance, Estate and Gift Taxes			
Inheritance and Estate.....	68,702	82,631	77,080
Gift.....	0	4	4
Total Inheritance, Estate and Gift Taxes.....	68,702	82,635	77,084
Miscellaneous Taxes			
Insurance Companies (Premiums).....	114,897	96,055	89,042
Real Estate Transfer Fee.....	57,384	51,176	44,224
Lawsuits (Courts).....	10,567	10,455	10,124
Other.....	185	878	333
Total Miscellaneous Taxes.....	183,033	158,564	143,723
<b>TOTAL GPR TAX REVENUES.....</b>	<b>10,199,739</b>	<b>10,020,184</b>	<b>10,063,439</b>
<b>Program Tax Revenues</b>			
Fire Dues.....	13,350	11,297	10,298
Pari-mutuel Taxes.....	1,916	2,104	2,526
County Expo Tax Administration.....	370	356	362
Baseball Park Administration Fee.....	354	365	341

Exhibit B-1

State of Wisconsin  
 Analysis of Revenues-All Funds  
 Fiscal Years Ended June 30, 2003, 2002, and 2001  
 (In Thousands)

	June 30, 2003	June 30, 2002	June 30, 2001
<b>Program Tax Revenues, Cont.</b>			
Business Trust Regulation Fee.....	\$ 1,520	\$ 1,692	\$ 1,808
Other.....	745	705	557
<b>TOTAL PROGRAM TAX REVENUES.....</b>	<b>18,255</b>	<b>16,519</b>	<b>15,892</b>
<b>TOTAL-GENERAL FUND TAX REVENUES.....</b>	<b>10,217,994</b>	<b>10,036,703</b>	<b>10,079,331</b>
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	902,480	865,454	827,467
Air-Carrier Tax.....	5,446	5,651	9,333
Railroad Tax.....	12,459	12,011	1,256
Aviation Fuel Tax.....	1,312	1,226	1,250
Other Taxes.....	3,390	3,592	3,628
Conservation Fund			
2/10 Mill Forestry Mill Tax.....	67,063	62,425	57,309
Forest Crop Taxes.....	3,860	3,460	1,340
Mediation Fund.....	3	3	3
Petroleum Inspection Tax.....	93,686	88,694	90,982
Recycling Fund			
Temporary Service Charges.....	15,428	12,529	26,331
<b>TOTAL STATE TAX REVENUES.....</b>	<b>11,323,121</b>	<b>11,091,748</b>	<b>11,098,230</b>
Intergovernmental Revenue.....	7,518,310	7,203,159	6,226,563
Licenses and Permits.....	845,776	805,536	731,488
Charges for Goods and Services.....	2,587,332	1,747,654	3,660,392
Contributions.....	2,038,155	1,768,712	1,847,521
Interest and Investment Income.....	2,038,503	(3,541,516)	(4,003,889)
Gifts and Donations.....	343,153	337,322	373,699
Proceeds from Sale of Bonds.....	646,000	785,364	1,012,419
Other Revenues.....	2,082,322	3,913,624	(148,006)
Other Transactions.....	920,329	1,351,492	857,949
<b>TOTAL DEPARTMENTAL REVENUES.....</b>	<b>19,019,880</b>	<b>14,371,347</b>	<b>10,558,136</b>
<b>TRANSFERS.....</b>	<b>939,406</b>	<b>1,307,220</b>	<b>620,138</b>
<b>TOTAL REVENUES.....</b>	<b>\$ 31,282,407</b>	<b>\$ 26,770,315</b>	<b>\$ 22,276,504</b>

The accompanying notes are an integral part of this statement



Exhibit B-2

General Fund Sum Sufficient Appropriations  
For the Fiscal Year Ended June 30, 2003  
(In Thousands)

Agency	Appr		Prior Year				
			Encumbrance	Chapter 20	Increases	Expenditures	Lapse
<b>State Operations</b>							
144	101	1a	Losses of Public Deposits.....	\$ 0	0	1,087	1,087 \$ 0
370	116	1fe	Endangered Resources General Fund.....	0	475	0	455 20
410	104	1c	Reimbursement Claims from Counties With State Institutions.....	0	180	36	216 0
435	610	6dm	Nursing Home Monitoring Supplement.....	0	0	0	0 0
455	102	1b	Special Counsel.....	0	808	0	703 105
455	202	2am	Officer Training Reimbursement.....	3	98	49	150 0
465	103	1c	Public Emergencies.....	0	49	0	34 15
505	402	4b	Adjudication of Equalization Appeals.....	0	0	0	0 0
505	405	4d	Claims Awards.....	0	24	21	45 0
505	801	8am	Interest on racing & bingo moneys.....	0	44	0	17 27
515	103	1c	Contingencies.....	0	28	0	0 28
525	101	1a	Governor's Office Administration.....	0	3,149	61	2,852 358
525	101	1a	Inauguration Expenses.....	0	0	87	78 9
525	102	1b	Contingent Fund.....	0	22	0	13 9
525	103	1c	Membership In National Assoc.....	0	146	0	120 26
525	201	2a	Executive Residence.....	0	195	49	241 3
625	101	1a	Circuit Courts.....	0	50,011	4,108	53,528 591
660	101	1a	Court Of Appeals.....	0	7,660	630	7,888 402
680	101	1a	Supreme Court.....	0	4,086	136	3,807 415
765	101	1a	Assembly.....	0	19,927	2,339	22,266 0
765	103	1b	Senate.....	0	13,489	833	14,303 19
765	104	1d	Legislative Documents.....	0	7,359	0	4,483 2,876
765	308	3fa	Membership In National Assoc.....	0	149	0	147 2
855	101	1a	Obligation On Operating Notes.....	0	7,100	0	0 7,100
855	102	1b	Operating Notes Expenses.....	0	160	0	0 160
855	108	1bm	Payment of Cancelled Drafts.....	0	1,800	42	1,011 831
855	301	3a	Capitol Offices Relocation.....	0	1,032	0	938 94
855	401	4a	Interest On Overpayment Of Taxes.....	0	1,000	373	1,373 0
855	403	4c	Minnesota Income Tax Reciprocity.....	0	54,800	0	49,010 5,790
855	413	4cm	Illinois Income Tax Reciprocity.....	0	30,800	1,365	32,165 0
855	405	4e	Transfer To Conservation Fund - Land Acquisition.....	0	232	0	232 0
855	408	4f	Supplemental Title Fee Matching.....	0	10,345	399	10,744 0
865	101	1a	Judgement & Legal Expenses.....	0	47	0	0 47
			<i>Total State Operations.....</i>	<u>3</u>	<u>215,215</u>	<u>11,615</u>	<u>207,906</u> <u>18,927</u>
<b>Aids and Local Assistance</b>							
115	202	2b	Animal Disease Indemnities.....	0	109	0	5 104
235	104	1e	MN-WI Student Reciprocity.....	0	0	303	303 0
235	109	1fy	Academic Excellence.....	0	3,133	0	3,086 47
255	201	2ac	General Equalization Aids.....	0	4,200,946	0	4,146,045 54,901
255	218	2fm	Charter Schools.....	0	18,800	5,390	24,190 0
255	235	2fu	Milwaukee Parental Choice Program.....	422	68,250	0	66,609 2,063
255	306	3c	National Teacher Certification.....	0	283	28	311 0
370	503	5da	Aids In Lieu Of Taxes.....	0	4,190	565	4,755 0
435	323	3bm	Services for Children and Families.....	0	250	0	0 250
435	774	7da	Reimburse Local Units of Government.....	109	400	0	509 0
435	715	7ed	State Supplement to Federal Supplemental Security Income Program.....	0	128,282	0	128,282 0
445	102	1aa	Special Death Benefit.....	0	479	0	90 389
465	305	3e	Disaster Recovery Aids.....	0	1,347	77	1,424 0
505	412	4er	Volunteer Firefighter & EMT Service Award Program.....	0	654	311	965 0
515	101	1a	Annuity Supplements And Payments.....	0	3,392	99	3,491 0
835	108	1b	Small Municipalities Shared Revenue.....	0	4,270	6,840	11,110 0
835	101	1c	Expenditure Restraint Program Acct.....	0	57,570	0	57,570 0
835	102	1d	Shared Revenue Account.....	0	361,215	0	341,256 19,959
835	109	1e	State Aid: Computers.....	0	78,400	0	74,363 4,037
835	103	1f	County Mandate Relief Account.....	0	8,060	12,911	20,971 0
835	203	2c	Homestead Tax Credit.....	0	94,600	18,811	113,411 0
835	208	2ci	Development Zones Investment Credit.....	0	1	0	0 1
835	210	2cl	Development Zones Location Credit.....	0	1	0	0 1
835	204	2cm	Development Zones Jobs Credit.....	0	1	0	0 1

Exhibit B-2

General Fund Sum Sufficient Appropriations  
For the Fiscal Year Ended June 30, 2003  
(In Thousands)

Agency	Appr			Prior Year			Expenditures	Lapse
				Encumbrance	Chapter 20	Increases		
<b>Aids and Local Assistance (Continued)</b>								
835	206	2cn	Development Zones Sales Tax Credit.....	\$ 0	1	0	0	1
835	205	2dm	Farmland Preservation Credit.....	0	15,000	1,507	16,507	0
835	214	2dn	Farmland Tax Relief Credit.....	0	0	0	0	0
835	209	2ep	Cigarette Tax Refunds.....	0	12,500	0	11,769	731
835	212	2f	Earned Income Tax Credit.....	0	13,240	4,493	17,733	0
835	302	3b	School Levy Tax Credit.....	0	469,305	0	469,305	0
855	402	4b	Election Campaign Payment.....	0	325	4	329	0
<i>Total Aids and Local Assistance.....</i>				<u>531</u>	<u>5,545,004</u>	<u>51,339</u>	<u>5,514,389</u>	<u>82,485</u>
<b>Principal Repayment and Lease Rental</b>								
115	205	2D	Principal Repayment and Interest.....	0	19	0	19	0
115	702	7b	Principal Repayment and Interest.....	0	262	0	3	259
115	707	7f	Principal Repayment and Interest.....	0	366	0	306	60
190	101	1c	Principal Repayment and Interest.....	0	885	0	673	212
190	102	1d	Principal Repayment and Interest.....	0	318	180	498	0
225	103	1c	Principal Repayment and Interest.....	0	908	140	1,048	0
245	106	1e	Principal Repayment and Interest.....	0	1,370	0	1,324	46
250	105	1e	Principal Repayment and Interest.....	0	159	0	158	1
255	104	1d	Principal Repayment and Interest.....	0	1,113	156	1,269	0
275	107	1er	Principal Repayment and Interest.....	0	25	0	12	13
275	108	1es	Principal Repayment and Interest.....	0	2,878	0	1,650	1,228
285	110	1d	Principal Repayment and Interest.....	0	90,572	3,054	93,626	0
320	103	1c	Principal Repayment and Interest.....	0	29,025	1,171	30,196	0
320	282	2c	Principal Repayment and Interest.....	0	1,404	0	1,231	173
370	701	7aa	Principal Repayment and Interest.....	0	26,540	0	19,188	7,352
370	704	7ba	Principal Repayment and Interest.....	0	0	0	0	0
370	705	7ca	Principal Repayment and Interest.....	0	3,658	0	3,168	490
370	706	7cb	Principal Repayment and Interest.....	0	59,592	1,355	60,947	0
370	707	7cc	Principal Repayment and Interest.....	0	17,159	0	17,060	99
370	708	7cd	Principal Repayment and Interest.....	0	831	0	830	1
370	713	7ce	Principal Repayment and Interest.....	0	178	0	68	110
370	714	7cf	Principal Repayment and Interest.....	0	418	0	328	90
370	709	7ea	Principal Repayment and Interest.....	0	521	59	580	0
395	664	6af	Principal Repayment and Interest.....	0	60	0	0	60
410	107	1e	Principal Repayment and Interest.....	0	71,114	0	62,172	8,942
410	307	3e	Principal Repayment and Interest.....	0	4,395	4	4,399	0
435	207	2ee	Principal Repayment and Interest.....	0	12,266	0	11,296	970
435	602	6e	Principal Repayment and Interest.....	0	68	17	85	0
465	104	1d	Principal Repayment and Interest.....	0	3,009	51	3,060	0
485	106	1f	Principal Repayment and Interest.....	0	1,356	91	1,447	0
855	801	8a	Principal Repayment and Interest.....	0	933	0	421	512
867	102	1b	Principal Repayment and Interest.....	0	12,670	0	8,353	4,317
867	301	3a	Principal Repayment and Interest.....	0	28,628	0	(61)	28,689
867	302	3b	Principal Repayment and Interest.....	0	1,631	0	1,403	228
867	309	3bm	Principal Repayment and Interest.....	0	15	0	0	15
867	307	3bp	Principal Repayment and Interest.....	0	15	0	0	15
867	306	3br	Principal Repayment and Interest.....	0	57	0	0	57
867	310	3bt	Principal Repayment and Interest.....	0	15	0	0	15
867	304	3d	Principal Repayment and Interest.....	0	0	0	0	0
867	305	3e	Principal Repayment and Interest.....	0	0	0	0	0
<i>Total Principal Repayment and Lease Rental.....</i>				<u>0</u>	<u>374,433</u>	<u>6,278</u>	<u>326,757</u>	<u>53,954</u>
<b>Pay Plan &amp; Supplement</b>								
865	103	1c	Salary.....	0	0	0	0	0
865	104	1d	Fringe.....	0	12,214	(12,214)	0	0
<i>Total Pay Plan &amp; Supplements.....</i>				<u>0</u>	<u>12,214</u>	<u>(12,214)</u>	<u>0</u>	<u>0</u>
TOTAL GENERAL FUND SUM SUFFICIENTS				\$ <u>534</u>	<u>6,146,866</u>	<u>57,018</u>	<u>6,049,052</u>	<u>155,366</u>

(1)

(1) See Note J

