
State of Wisconsin
Notice of **Material Information** #2009-16
Dated October 16, 2009

The State of Wisconsin is voluntarily making this filing, which provides information that may be material to financial evaluation of one or more obligations of the State of Wisconsin. Neither the preparation nor submission of this document constitutes a Material Event pursuant to the State's Master Agreement on Continuing Disclosure (Amended and Restated July 1, 2009).

Issuer: State of Wisconsin

CUSIP Numbers: 977055 Prefix (All) 977056 Prefix (All)
97705L Prefix (All) 977087 Prefix (All)
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977109 Prefix (All) 977123 Prefix (All)

This filing relates to all securities issued by the State of Wisconsin that contain this six-digit base CUSIP number.

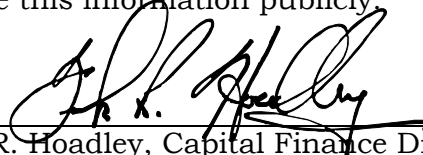
Type of Information: Annual Financial Information and
Operating Data Pursuant to Rule 15c2-12

Attached is the Attached is the **Annual Fiscal Report (Budgetary Basis) State of Wisconsin 2009**. The attached presents statements of fund condition and operations (budgetary basis) of the State of Wisconsin for the fiscal year ended June 30, 2009. The attached is NOT intended to represent financial statements prepared in accordance with generally accepted accounting principles (GAAP).

The State of Wisconsin has filed this notice with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. This filing is also available on the State of Wisconsin Capital Finance Office web site at:

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 giving notice of material events when notice is required by the State's Master Agreement on Continuing Disclosure (Amended and Restated July 1, 2009), and is authorized to distribute this information publicly.

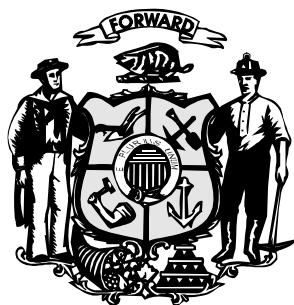


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FY09

ANNUAL FISCAL REPORT

Budgetary Basis



State of Wisconsin
2009

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State of Wisconsin
2009 Annual Fiscal Report

(Budgetary Basis)

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**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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October 15, 2009

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, 2009. 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 \$89.6 million as of the end of the fiscal year. This is \$19.2 million higher than the balance of \$70.4 million projected in the estimate for 2009 Wisconsin Act 28 and other related budget legislation. This higher ending balance was due to less spending than estimated.

General-purpose revenue taxes were \$12.113 billion compared to \$13.043 billion in the prior year, a decrease of \$930 million or 7.1 percent. Actual revenue collections in fiscal year 2008-09 were \$1.173 billion less than the \$13.286 billion estimated in May 2008, a reduction of 8.8 percent. This dramatic fall off in revenue collections reflects the impact of the worst global and national economic conditions in decades on Wisconsin's economy. Compared with estimates reflected in 2009 Wisconsin Act 28 and other related budget legislation, actual collections were only \$4.3 million (0.04 percent) lower.

General-purpose revenue expenditures, excluding fund transfers, were \$12.744 billion compared to \$13.526 billion in the prior year, a decrease of \$782 million or 5.8 percent. This decrease reflects spending cuts to GPR appropriations and federal fiscal relief for education and Medicaid programs under the American Recovery and Reinvestment Act of 2009.

In fiscal year 2009, 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 56.7 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 17.3 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 8.8 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 17.2 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2009. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,

Michael L. Morgan
Secretary of Administration

Stephen J. Censky, CPA
State Controller

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Economic Section

The Year In Summary

Revenue Highlights

General purpose revenue (GPR) taxes for the fiscal year (FY) ending June 30, 2009 totaled \$12,113.2 million, a decrease of 7.1 percent from FY 2008 collections of \$13,042.9 million.

Total collections for FY 2009 were \$4.3 million, or 0.04 percent, below the estimate of \$12,117.5 million.

Table 1

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

Tax Source	FY 09	% of Total	FY 08	% of Total	Change FY09-FY08	% Change
Individual Income	\$6,222.7	51.4%	\$6,713.7	51.5%	\$-491.0	-7.3%
General Sales & Use	4,084.0	33.7%	4,268.0	32.7%	-184.0	-4.3%
Corporation Franchise & Income	629.5	5.2%	837.8	6.4%	-208.3	-24.9%
Excise	647.6	5.4%	540.2	4.2%	107.4	19.9%
Inheritance, Estate & Gift	20.9	0.2%	158.8	1.2%	-137.9	-86.8%
Public Utility	320.1	2.6%	297.5	2.3%	22.6	7.6%
Insurance Companies	136.3	1.1%	156.6	1.2%	-20.3	-13.0%
Miscellaneous	52.1	0.4%	70.3	0.5%	-18.2	-25.9%
TOTAL GPR	\$12,113.2	100.0%	\$13,042.9	100.0%	\$-929.7	-7.1%

Individual Income Tax

Individual income tax collections decreased \$491.0 million (7.3 percent) from \$6,713.7 million in FY 2008 to \$6,222.7 million in FY 2009. This was \$37.7 million (0.6 percent) above the \$6,185.0 million estimate. The individual income tax share of total GPR taxes decreased from 51.5 percent in FY 2008 to 51.4 percent in FY 2009.

The largest component of individual income tax collections is withholding from wages and salaries, which increased 0.08 percent from \$6,490.1 million to \$6,495.2 million. Estimated payments decreased 19.7 percent from \$1,173.6 million to \$941.9 million, while refunds increased 8.2 percent from \$1,726.3 million to \$1,868.6 million.

General Sales and Use Tax

Collections from the 5 percent general sales and use tax decreased 4.3 percent from \$4,268.0 million to \$4,084.0 million. This was \$46.0 million (1.1 percent) below the \$4,130.0 million estimate. Sales tax collections as a percentage of total GPR taxes increased from 32.7 percent to 33.7 percent.

Corporation Franchise and Income Tax

Corporate collections decreased 24.9 percent from \$837.8 million in FY 2008 to \$629.5 million in FY 2009. Corporate collections as a percentage of total GPR taxes decreased from 6.4 percent to 5.2 percent. Corporate collections were \$14.5 million (2.4 percent) above the estimate of \$615.0 million.

The major source of corporate collections, estimated payments, decreased by 22.6 percent from \$779.8 million in FY 2008 to \$603.9 million in FY 2009.

Excise Tax

Cigarette tax collections increased 21.0 percent from \$455.7 million in FY 2008 to \$551.4 million in FY 2009. Collections in FY 2009 were below the estimate by \$7.5 million (1.3 percent). This growth primarily reflects a full year of collections of the increase in the cigarette tax (from \$0.77 to \$1.77) enacted in 2007 Wisconsin Act 20 and effective January 1, 2008, to fund health care programs.

Tobacco products tax collections increased 42.1 percent from \$29.7 million in FY 2008 to \$42.2 million in FY 2009. Collections were \$1.2 million more than expected. Similar to the cigarette tax, Act 20 also increased the tobacco products tax on all tobacco products, other than moist snuff, from 25 percent of manufacturer's list price to 50 percent of manufacturer's list price. In addition, Act 20 converted the tax on moist snuff from a price-based tax to a weight-based tax. These tax changes were effective January 1, 2008.

Liquor and wine tax collections decreased 2.4 percent over the previous fiscal year, from \$45.2 million in FY 2008 to \$44.1 million in FY 2009. Collections were \$100,000 (0.2 percent) above the estimate in FY 2009.

Beer tax collections increased in FY 2009 3.1 percent from \$9.6 million in FY 2008 to \$9.9 million in FY 2009. Collections in FY 2009 were \$100,000 (1.0 percent) below the estimate in FY 2009.

Other Taxes

Public utility tax collections increased \$22.6 million (7.6 percent) from \$297.5 million in FY 2008 to \$320.1 million in FY 2009. Collections were \$600,000 below the FY 2009 forecast.

Estate tax collections decreased 86.8 percent during FY 2009. This reflects a decrease from \$158.8 million in FY 2008 to \$20.9 million in FY 2009. Estate tax collections were \$100,000 (0.5 percent) below the estimate for FY 2009. This reduction is due to statutory provisions that effectively eliminated the estate tax for deaths that occurred on or after January 1, 2008. Estate taxes are typically paid nine months after the date of death, resulting in revenues received through September 2008.

Insurance company taxes (generally based on premiums) decreased 13.0 percent from \$156.6 million in FY 2008 to \$136.3 million in FY 2009. Collections were below the FY 2009 forecast by \$3.7 million (2.6 percent).

Miscellaneous taxes decreased from \$70.3 million in FY 2008 to \$52.1 million in FY 2009. This is \$100,000 above the forecast for the fiscal year. The largest component of miscellaneous tax, the real estate transfer fee, decreased 30.6 percent, from \$59.4 million in FY 2008 to \$41.2 million in FY 2009. This reflects the depressed real estate market witnessed over the past year. The real estate transfer fee has declined by \$39.3 million (48.8 percent) since reaching its peak in FY06.

Expenditure Highlights

Fiscal year 2009 was deeply affected by the nation's worst economic crisis in decades. Decreases in tax collections were met with increases in demand and need for assistance. The U.S. Congress moved to address the national crisis through additional funding for states and approved the American Recovery and Reinvestment Act of 2009 (ARRA) in February 2009. The Wisconsin Legislature enacted 2009 Wisconsin Acts 2, 11, 23 and 28 directing the newly available ARRA funding to GPR programs in order to address anticipated general fund deficits.

The additional ARRA funding resulted in decreases in general purpose revenue (GPR) expenditures in some major programs, most notably in the Medical Assistance program. As a result, total GPR spending decreased 5.8 percent or \$782.0 million in FY 2009, as shown in Table 2. This compares to a 3.2 percent increase in FY 2008.

The largest portion of GPR expenditures in FY 2009 was directed to school districts and local units of government, consistent with past years. These local assistance expenditures were \$7,223.9 million or 56.7 percent of total GPR spending in FY 2009 compared to \$7,549.8 million

or 55.8 percent of total spending in FY 2008. Aid payments to individuals and organizations were \$2,200.8 million, which was 17.3 percent of total GPR spending in FY 2009 compared to 20.7 percent in FY 2008. State operations costs of \$3,319.6 million accounted for 26.0 percent of total GPR spending, compared to 23.5 percent in FY 2008. This increase is due to the corresponding decreases in local assistance and aids to individuals and organizations associated with federal fiscal relief replacing GPR expenditures.

Local Assistance payments decreased by 4.3 percent. Aids to Individuals payments decreased by 21.3 percent. State operations spending increased 4.4 percent in FY 2009 down from a 5.4 percent increase in FY 2008 and an 8.0 percent increase in FY 2007.

The GPR budget is shaped by its ten largest programs, as detailed in Table 3. These programs comprised 82.9 percent of total GPR expenditures in FY 2009, down from 84.1 percent in FY 2008. Immediately following this section is a brief explanation of each program.

Table 2

GPR BUDGET BY PURPOSE GPR Expenditures (\$ Millions)

	<u>FY09</u>	% of <u>Total</u>	<u>FY08</u>	% of <u>Total</u>	<u>\$ Change</u> <u>FY09-FY08</u>	% <u>Change</u>
Local Assistance	\$7,223.9	56.7%	\$7,549.8	55.8%	-\$325.9	-4.3%
Aids to Individuals	2,200.8	17.3%	2,797.8	20.7%	-597.0	-21.3%
State Operations:						
UW System	1,118.6	8.8%	1,057.6	7.8%	61.0	5.8%
All Other Agencies	<u>2,201.0</u>	<u>17.2%</u>	<u>2,121.1</u>	<u>15.7%</u>	<u>79.9</u>	<u>3.8%</u>
Total	\$12,744.3	<u>100.0%</u>	\$13,526.3	<u>100.0%</u>	<u>-\$782.0</u>	<u>-5.8%</u>
Transfer to Other Funds	<u>0</u>		<u>0</u>			
TOTAL GPR	<u>\$12,744.3</u>		<u>\$13,526.3</u>			

Table 3

TOP TEN PROGRAMS
GPR Expenditures
(\$ Millions)

	<u>FY09</u>	<u>% of Total</u>	<u>FY08</u>	<u>% of Total</u>	<u>\$ Change FY09-FY08</u>	<u>% Change</u>
1. School Aids	\$4,916.4	38.6%	\$5,345.7	39.5%	-\$429.3	-8.0%
2. UW System	1,136.1	8.9%	1,074.6	7.9%	61.5	5.7%
3. Correctional Services	1,125.4	8.8%	1,075.7	8.0%	49.7	4.6%
4. Medical Assistance	1,103.8	8.7%	1,732.5	12.8%	-628.7	-36.3%
5. Shared Revenue	946.2	7.4%	945.7	7.0%	0.5	0.1%
6. State Property Tax Credits	672.4	5.3%	593.0	4.4%	79.4	13.4%
7. Individual Tax Relief	261.0	2.0%	230.3	1.7%	30.7	13.3%
8. Community Aids	168.3	1.3%	146.4	1.1%	21.9	15.0%
9. State Supplement to SSI	137.3	1.1%	133.9	1.0%	3.4	2.5%
10. Higher Ed Financial Aid	103.7	0.8%	93.2	0.7%	10.5	11.3%
All Others	<u>2,173.7</u>	<u>17.1%</u>	<u>2,155.3</u>	<u>15.9%</u>	<u>18.4</u>	<u>0.9%</u>
Subtotal	\$12,744.3	<u>100.0%</u>	\$13,526.3	<u>100.0%</u>	<u>-\$782.0</u>	<u>-5.8%</u>
Transfer to Other Funds	<u>0</u>		<u>0</u>			
	<u>\$12,744.3</u>		<u>\$13,526.3</u>			

School Aids: State GPR assistance to Wisconsin's 426 school districts decreased by 8.0 percent or -\$429.3 million in FY 2009. However, with the addition of \$552.3 million in ARRA funds, total aids to schools, plus property tax credits, increased by \$273 million enabling the state to reimburse approximately two-thirds of school costs in FY 2009.

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 nondebt purposes and state general aids. These controls, combined with the large increase in state school aids and property tax credits, succeeded in reducing the statewide net school property tax levy by 23.9 percent in FY 1997. Since FY 1998, the net school levy has increased by an average of 4.4 percent annually.

There are two major types of direct school aid. Approximately 87 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 13 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 maintaining small class sizes. The percentage breakdown of general and categorical aids changes to 89 percent and 11 percent, respectively, with the inclusion of the \$552.3 million of ARRA funds distributed as general aids in FY 2009.

University of Wisconsin System: Total general purpose revenue expenditures for the UW System increased by \$61.5 million, or 5.7 percent in FY 2009. Tuition at UW institutions, despite annual increases, continues to be a relative bargain in higher education. Resident undergraduate tuition for students at the UW-Madison campus was \$1,911 below the "Big Ten" median, and is the second lowest tuition among those schools. UW-Milwaukee was \$886 below its peer group median and all other campuses were approximately \$1,686 below their peer group medians in the 2008-09 academic year.

Tuition has not only remained well below peer group medians, but the affordability of a UW education for lower income families received a significant boost in the 2007-09 biennium with a 38 percent increase over the 2005-07 biennium in the amount provided for Wisconsin Higher Education Grants for UW students. Since FY 2003, financial aid for UW students has increased by 166 percent.

Correctional Services: Total GPR expenditures for the state corrections program increased \$49.7 million or 4.6 percent over the prior year, reaching \$1,125.4 million in FY 2009. The number of incarcerated felons under the supervision of the state adult corrections program decreased 0.76 percent from an average daily population of 23,341 in FY 2008 to 23,162 in FY 2009.

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 people with disabilities, seniors, children, low-income families and pregnant women, and other low-income individuals who have high medical expenses. Eligibility for adults with no dependent children was added to the MA program under the BadgerCare Plus Core Plan in 2009 Wisconsin Act 28.

In FY 2009, total MA expenditures, including BadgerCare Plus, were \$5,919.5 million, of which \$1,103.8 million were GPR, \$875.5 million were SEG and the balance was funded with federal and program revenues. On an all funds basis, total Medical Assistance and BadgerCare Plus spending increased by 19.7 percent over FY 2008. The increase in segregated (SEG) expenditures reflects the implementation of a new assessment on hospital revenues in 2009 Wisconsin Act 2, a transfer of \$309 million from the Permanent Endowment Fund reflecting funds associated with refinancing the state's tobacco bonds, and a transfer of \$128.5 million from the Injured Patients & Families Compensation Fund. The increase in federal (FED) expenditures reflects a gain of \$347 million due to the increase in the Federal Medical Assistance Percentage under the American Recovery and Reinvestment Act. In addition the program's spending was affected by continued growth in the BadgerCare Plus and Family Care programs due to the unprecedented increase in unemployment and loss of health care benefits experienced in 2009.

Segregated revenues, which are in the Medical Assistance Trust Fund, are derived from GPR-earned associated with the state's Intergovernmental Transfer Program, nursing home assessments, and additional reimbursement for residential care centers, the hospital assessment and hospital services provided to Medical Assistance recipients.

The Medical Assistance totals do not include expenditures for Wisconsin's pharmacy assistance program for the elderly, SeniorCare. In FY 2009, SeniorCare expenditures totaled \$124.7 million, of which, \$33.9 million was GPR, \$50.7 was FED and the balance was program revenue.

Shared Revenue: State shared revenue provides unrestricted aid to municipal and county governments. In FY 2009, the shared revenue formula distributed \$946.2 million GPR. Of this amount, county and municipal aids distributed were \$854.7 million. The Expenditure Restraint Program distributed another \$58.1 million to municipalities with tax rates over five mills that restrained their spending increases. Funding levels for both of these programs remained unchanged, notwithstanding significant economic challenges. Statewide, shared revenue payments provided municipalities with about 14.7 percent and counties with about 3.1 percent of their general revenues.

State Property Tax Credits: The School Levy Tax Credit pays local governments to relieve each property owner's taxes. Funding for the credit in FY 2009 was \$672.4 million, \$79.4 million more than in the prior fiscal year. This increase provided protection for property taxpayers during economically stressful times. The credit offset 7.0 percent of 2008 gross property tax levies for all purposes statewide.

Tax Relief to Individuals: Wisconsin paid out \$261.0 million GPR in tax relief to individuals through a variety of programs during FY 2009.

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 with paying 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 circuit-breaker relief. The Homestead Credit provided \$124.6 million of tax relief in FY 2009, compared with \$125.1 million in FY 2008. About 231,000 low-income homeowners and renters – around 34 percent of them elderly – benefit from the program each year.

The Farmland Preservation Credit provides a refundable credit to 16,700 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 \$12.1 million in FY 2009, slightly more than the FY 2008 spending level.

The Earned Income Credit program reduces income taxes for 241,000 low-income working families with children. In FY 2009, this program paid a total of \$97.9 million in all funds to these households, an increase of \$5.3 million over FY 2008.

The Veterans and Surviving Spouses Property Tax Credit reduced income taxes for approximately 550 veterans and surviving spouses by providing a credit for taxes paid on a principal dwelling. Tax credit expenditures were \$2.0 million in FY 2009, an increase of \$486,000 over FY 2008.

Community Aids: Community Aids are state and federal funds distributed to counties to fund human services programs serving primarily low-income persons, children in need of protection, the elderly and the disabled. Beginning in FY 2009, Community Aids funds are administered and distributed by both the Department of Health Services (DHS) and the Department of Children and Families (DCF) with total GPR expenditures

reaching \$168.3 million. The decrease in GPR expenditures from FY 2008 to FY 2009 in the DHS appropriation is the result of the 2007-09 budget transferring a portion of the Community Aids Basic County Allocation to DCF beginning in FY 2009.

Aging and Disability Resource Centers (ADRCs) are key components of the Family Care program, which DHS is expanding statewide. The increase in expenditures from FY 2008 to FY 2009 in the DHS appropriation reflects the creation of new ADRCs in several counties as part of the statewide Family Care expansion.

State Supplemental Income: Wisconsin provides a supplement to the federal supplemental security income (SSI) program offering cash assistance to low-income aged, blind and disabled individuals, and to disabled parents as support for their children. In FY 2009, a total of \$137.3 million was expended in SSI payments. The change from FY 2008 is the result of increased caseload.

Higher Education Student Financial Aid: Higher education student financial aid includes grants, scholarships, loan programs, tuition reciprocity agreements and tuition capitation contracts that support the cost of attending public and private colleges and universities in Wisconsin. Total GPR expenditures for financial aid increased \$10.5 million or 11.3 percent over the prior year, reaching a total of \$103.7 million in FY 2009.

Support for the largest three financial aid programs that support undergraduates attending University of Wisconsin System, Wisconsin Technical College System and private colleges increased by 6.5 percent over the prior year and by 71 percent since FY 2003.

Comparative Condition of the General Fund
 FY09 Actual vs. Budget Bill
 (in Thousands)

	<u>FY09 Actual</u>	<u>Budget</u>	<u>Variance</u>	
OPENING BALANCES				
Unreserved, Undesignated Opening Balance	\$ 130,696	\$ 130,696	\$ 0	1
Prior Year Designation of Continuing Balances	27,434	0	27,434	2
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	
Unreserved Opening Balance	<u>158,130</u>	<u>130,696</u>	<u>27,434</u>	
REVENUES				
Taxes	12,113,151	12,117,500	(4,349)	3
Departmental Revenues	<u>573,182</u>	<u>713,290</u>	<u>(140,108)</u>	4
Total Revenues	<u>12,686,333</u>	<u>12,830,790</u>	<u>(144,457)</u>	
Total Available Resources	<u>12,844,463</u>	<u>12,961,486</u>	<u>(117,023)</u>	
APPROPRIATIONS				
Gross Appropriations	14,069,399	14,035,965	(33,434)	5
Compensation Reserves	121,299	132,618	11,319	6
Transfers	-	-	0	7
Less: Lapses	<u>(1,435,799)</u>	<u>(1,277,518)</u>	<u>158,281</u>	8
Net Appropriations	<u>12,754,899</u>	<u>12,891,065</u>	<u>136,166</u>	
UNDESIGNATED UNRESERVED BALANCE	<u>\$ 89,564</u>	<u>\$ 70,421</u>	<u>\$ 19,143</u>	

Notes:

1. UNDESIGNATED, UNRESERVED OPENING BALANCE. The fund condition for the fiscal year 2009, ending June 30 is based on revenue estimates prepared by the Legislative Fiscal Bureau and actions taken under 2007 Acts 20 and 226 and 2009 Acts 2, 11, 23 and 28. The opening balance for fiscal year 2009 was based on actual revenues, appropriations and opening balance for the preceding year, the first year of the biennium.
2. 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 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 the budget estimate.
3. TAXES. Actual tax collections were less than the estimated tax collections contained in the May 11, 2009 revenue reestimates by the Legislative Fiscal Bureau.
4. DEPARTMENTAL REVENUES. Departmental revenues are revenues received by individual state agencies and deposited in the general fund. Departmental revenues include tribal gaming revenue. Tribal gaming revenues were equal to the estimates due for FY09. In addition, the estimate used in the fund condition summary assumed that the entire amount of DOA-determined lapses and transfers from state agencies would be allocated to departmental revenues. However, some of those reductions actually occurred as lapses from GPR appropriations.
5. GROSS APPROPRIATIONS. Final gross appropriations varied from estimated gross appropriations as follows:

Gross Appropriations Per the fund condition summary	14,035,965
Add: continuing appropriation authority brought forward	27,434
Add: increases to sum sufficient appropriations above Chapter 20	6,000
Add: fiscal year legislation other than budget bill legislation	0
Add: biennial adjustment from the prior year included above	<u>0</u>
FINAL GROSS APPROPRIATIONS	<u>14,069,399</u>
6. COMPENSATION RESERVES. Compensation reserves are budgetary set-asides for employee wage and benefit increases for the fiscal year.
7. TRANSFERS. No transfers were enumerated in the fund condition summary.
8. 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

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

(In Millions of Dollars)

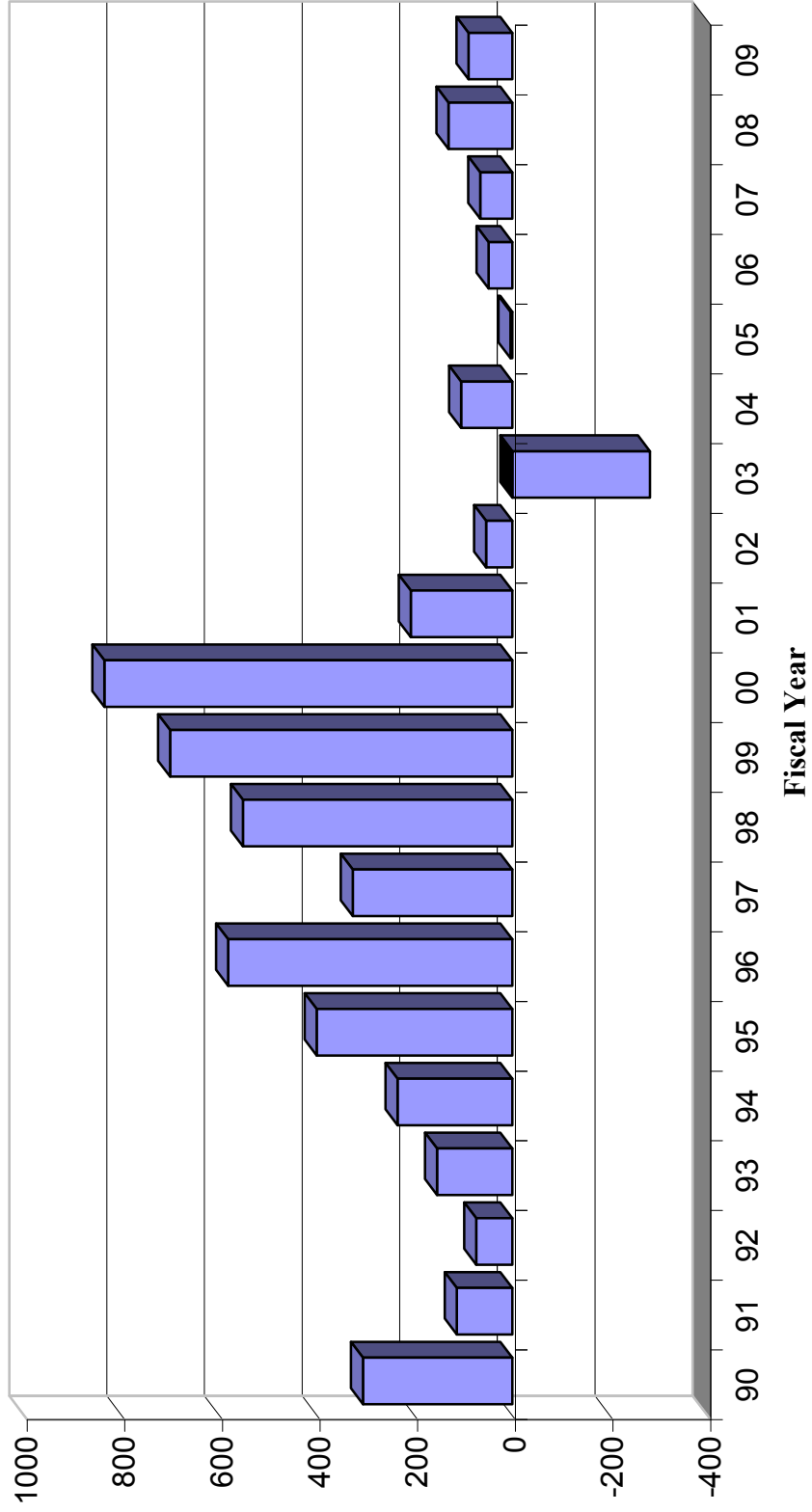


Exhibit A-1

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, 2009
 (In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved Undesignated Balance..... \$	130,696	\$	\$ 130,696	\$ 130,696	\$ 0
Beginning Unreserved Designated Balance.....		27,434	27,434	27,434	0
Total.....	<u>130,696</u>	<u>27,434</u>	<u>158,130</u>	<u>158,130</u>	<u>0</u>
REVENUES					
Taxes:					
Individual.....	6,185,000		6,185,000	6,222,735	37,735
Corporation.....	615,000		615,000	629,523	14,523
Sales & Use.....	4,130,000		4,130,000	4,083,959	(46,041)
Excise.....	653,800		653,800	647,621	(6,179)
Inheritance & Gift.....	21,000		21,000	20,853	(147)
Public Utility.....	320,700		320,700	320,110	(590)
Insurance.....	140,000		140,000	136,291	(3,709)
Miscellaneous.....	52,000		52,000	52,059	59
Total Taxes.....	<u>12,117,500</u>		<u>12,117,500</u>	<u>12,113,151</u>	<u>(4,349)</u>
Departmental Revenue:					
Indian Gaming Revenue.....	93,922		93,922	93,946	24
Other.....	619,368		619,368	327,550	(291,818)
Total Department Revenues.....	<u>713,290</u>		<u>713,290</u>	<u>421,496</u> (2)	<u>(291,794)</u>
Total Revenues.....	<u>12,830,790</u>		<u>12,830,790</u>	<u>12,534,647</u>	<u>(296,143)</u>
TOTAL AVAILABLE.....	<u>12,961,486</u>	<u>27,434</u>	<u>12,988,920</u>	<u>12,692,777</u>	<u>(296,143)</u>
EXPENDITURES					
Commerce.....	57,571	4,390	61,961	60,855	1,106
Education.....	7,043,409	53,781	7,097,190	6,387,674	709,516
Environmental Resources.....	260,259	1,648	261,907	250,519	11,388
Human Relations & Resources.....	3,767,002	74,693	3,841,695	3,427,096	414,599
General Executive.....	561,451	3,137	564,588	291,330	273,258
Judicial.....	113,948	2,592	116,540	115,078	1,462
Legislative.....	69,628	3,037	72,665	63,517	9,148
General (Incl. Shared Revenue).....	2,162,697	856	2,163,553	2,148,231	15,322
Compensation Reserves.....	132,618	(121,299)	11,319	0	11,319
Less: Estimated Lapse.....	<u>(1,277,518)</u>	<u>0</u>	<u>(1,277,518)</u>	<u>0</u>	<u>(1,277,518)</u>
TOTAL EXPENDITURES.....	<u>12,891,065</u>	<u>22,835</u>	<u>12,913,900</u>	<u>12,744,300</u>	<u>169,600</u>
Transfers in - General Fund.....	0	0	0	151,686 (2)	151,686
UNRESERVED BALANCE	70,421	4,599	75,020	100,163	25,143
Designation for continuing balances.....	0	(10,599)	(10,599)	(10,599)	0
UNRESERVED					
Undesignated Balance..... \$	<u>70,421</u> \$	<u>(6,000)</u> \$	<u>64,421</u> \$	<u>89,564</u> \$	<u>25,143</u>

(1)

The accompanying notes are an integral part of this statement.

(1) See Note E

(2) See Note F

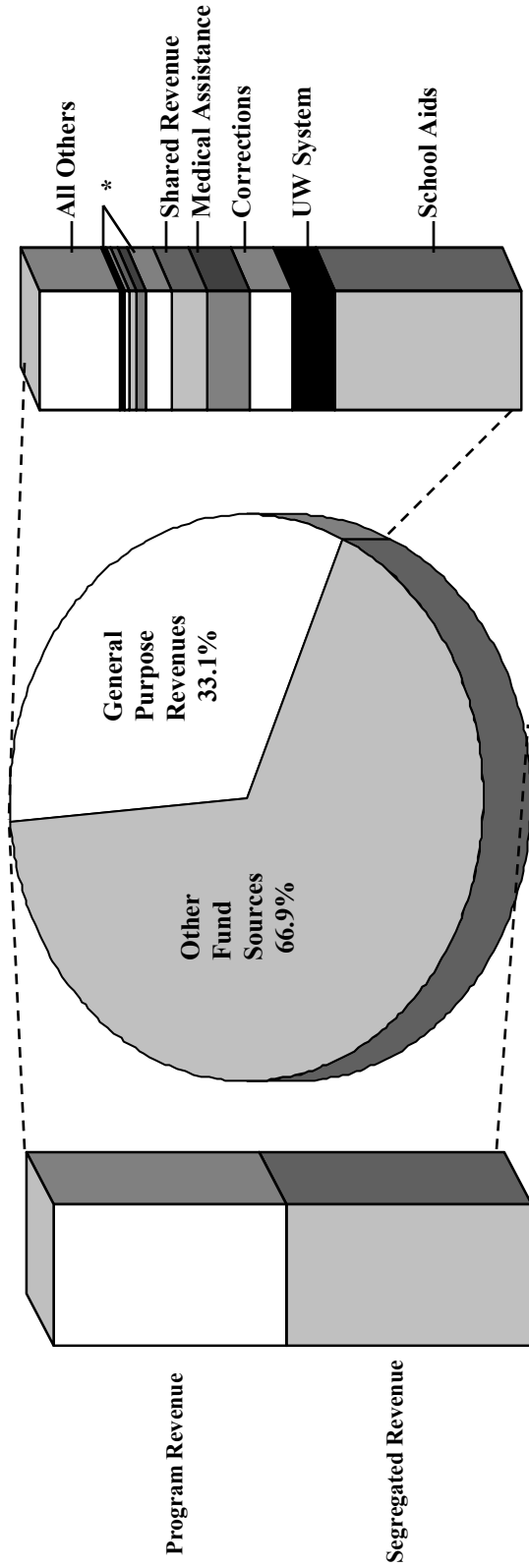
Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2009

Other Expenditures
\$25.8 Billion

Total Expenditures
\$38.5 Billion

General Purpose Revenue Expenditures
\$12.7 Billion



* Higher Ed Financial Aid
State Supplement to SSI
Community Aids
Tax Relief to Individuals
Property Tax Credits

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, 2009
 (In Thousands)

	General Fund			Major Special Revenue Funds		Other	As of June 30, 2009
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation		
REVENUES							
Taxes.....	\$ 12,113,151	\$ 26,270	\$ 12,139,421	\$ 1,004,989	\$ 93,035	\$ 71,908	13,309,353
Intergovernmental Revenue.....	9,031	8,402,709	8,411,740	975,369	46,924	40,932	9,474,965
Licenses.....	69,697	168,270	237,967	485,576	107,597	616,530	1,447,670
Charges for Goods and Services.....	12,867	2,767,132	2,779,999	39,711	24,882	528,739	3,373,331
Contributions.....	0	0	0	0	0	2,826,104	2,826,104
Interest & Investment Income.....	3,217	53,959	57,176	3,378	147	(15,010,518)	(14,949,817)
Gifts & Donations.....	383	570,341	570,724	4	1,614	14,227	586,569
Other Revenue.....	123,759	572,714	696,473	17,026	1,033	1,467,871	2,182,403
Transfers.....	10,661	(64,776)	(54,115)	10,723	22,810	1,020,053	999,471
Other Transactions.....	191,881	46,980	238,861	65	1	108,118	347,045
Proceeds from Bonds & Notes.....	0	0	0	175,616	0	545,425	721,041
TOTAL REVENUES	12,534,647	12,543,599	25,078,246	2,712,457	298,043	(7,770,611)	20,318,135
EXPENDITURES							
Commerce.....	60,855	202,225	263,080	0	1,654	139,299	404,033
Education.....	6,387,674	4,742,589	11,130,263	0	532	431,589	11,562,384
Environmental Resources.....	250,519	77,047	327,566	2,808,851	301,981	418,971	3,857,369
Human Relations & Resources.....	3,427,096	6,934,495	10,361,591	0	0	2,074,926	12,436,517
General Executive.....	291,330	553,394	844,724	1,550	0	6,165,751	7,012,025
Judicial.....	115,078	15,463	130,541	0	0	325	130,866
Legislative.....	63,517	1,772	65,289	0	0	0	65,289
General (Incl. Shared Revenue).....	2,148,231	8,731	2,156,962	22,396	149	848,393	3,027,900
TOTAL EXPENDITURES	12,744,300	12,535,716	25,280,016	2,832,797	304,316	10,079,254	38,496,383
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES.....	(209,653)	7,883	(201,770)	(120,340)	(6,273)	(17,849,865)	(18,178,248)
BEGINNING FUND BALANCE							
PRIOR PERIOD ADJUSTMENT	0	0	0	0	0	0	0
DESIGNATED.....	27,434	0	27,434	0	0	0	27,434
UNDESIGNATED.....	130,696	(20,272)	110,424	(862,435)	16,832	82,297,535	81,562,356
TOTAL	158,130	(20,272)	137,858	(862,435)	16,832	82,297,535	81,589,790
INTER-FUND							
TRANSFERS.....	151,686	(114,342)	37,344	(6,803)	0	(30,541)	0
ENDING FUND BALANCE	100,163	(126,731)	(26,568)	(989,578)	10,559	64,417,129	63,411,542
DESIGNATED.....	(10,599)	0	(10,599)	0	0	0	(10,599)
UNDESIGNATED.....	\$ 89,564	\$ (126,731)	\$ (37,167)	\$ (989,578)	\$ 10,559	\$ 64,417,129	\$ 63,400,943
				(1)			

The accompanying notes are an integral part of this statement.

(1) See Note I

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, 2009
 (In Thousands)

Funds By Category	Undesignated Fund Balance as of June 30, 2008	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2009
<u>OTHER GOVERNMENTAL FUNDS</u>					
<u>Other Special Revenue</u>					
213 Heritage State Parks & Forests	\$ 1,404	\$ 19	\$ 0	\$ 0	1,423
217 Waste Management	7,649	109	32	0	7,726
218 Wisconsin Election Campaign	1,056	391	205	0	1,242
219 Investment and Local Impact	202	3	0	0	205
220 Election Administration	16,553	325	3,929	0	12,949
222 Industrial Building Construction	403	5	0	0	408
224 Self-Insured Employer Liability	208	26	43	0	191
225 Medical Assistance Trust	272	111,534	709,697	598,369	478
226 Work Injury Benefits	8,450	5,322	5,517	0	8,255
227 Workers Compensation	1,117	12,851	12,135	(688)	1,145
229 Uninsured Employers	11,997	3,661	4,322	0	11,336
234 Hospital Assessment Fund	0	335,189	165,836	(154,068)	15,285
235 Utility Public Benefits	5,580	91,776	100,237	0	(2,881)
238 Mediation	93	235	325	0	3
250 State Capitol Restoration	82	12	0	0	94
257 Agricultural Chemical Cleanup	4,407	2,647	2,634	(1,750)	2,670
258 Farms For The Future	0	0	0	0	0
259 Agrichemical Management	3,050	7,349	6,220	(640)	3,539
261 Agricultural Producer Security	9,078	1,982	1,448	0	9,612
264 Historical Legacy Trust	72	1	0	0	73
266 Historical Preservation Partnership Trust	1,198	3,391	3,221	(195)	1,173
268 Wireless 911	(8,207)	3,483	(24,737)	0	20,013
272 Petroleum Inspection	9,365	45,227	33,678	(16,890)	4,024
274 Environmental	3,715	47,213	39,971	(8,806)	2,151
277 Dry Cleaner Environmental Responsibility	201	1,024	1,110	0	115
279 Recycling	17,168	55,547	51,082	(14,773)	6,860
280 Information Technology Investment	(2,839)	25	0	0	(2,814)
285 Universal Service	8,894	31,401	40,991	(600)	(1,296)
286 Budget Stabilization	1,286	180	0	0	1,466
291 Permanent Endowment	0	307,055	0	(309,000)	(1,945)
723 Children's Trust	123	8	18	0	113
Total Other Special Revenue	102,577	1,067,991	1,157,914	90,959	103,613
<u>Debt Service</u>					
315 Bond Security and Redemption	29,301	648,515	675,379	0	2,437
<u>Capital Projects</u>					
490 State Building Trust	44,306	147,742	139,023	0	53,025
495 Capital Improvement	89,087	552,059	552,212	(1,377)	87,557
Total Capital Projects	133,393	699,801	691,235	(1,377)	140,582
<u>Permanent</u>					
743 Agriculture College	305	0	0	0	305
744 Common School Principal	738,804	37,573	0	0	776,377
745 Normal School	23,050	(335)	0	0	22,715
746 University	234	0	0	0	234

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, 2009
 (In Thousands)

Funds By Category		Undesignated Fund			Inter-Fund Transfers	Undesignated Fund
		Balance as of June 30, 2008	Revenues	Expenditures		Balance as of June 30, 2009
760	Historical Society Trust	11,199	(1,992)	453	0	8,754
763	Common School Income	5,462	30,973	35,301	0	1,134
767	Benevolent	14	0	0	0	14
875	University Trust Principal	171,376	7,597	0	0	178,973
876	University Trust Income	35,316	21,727	19,130	0	37,913
	Total Permanent	985,760	95,543	54,884	0	1,026,419
	TOTAL OTHER GOVERNMENTAL FUNDS	1,251,031	2,511,850	2,579,412	89,582	1,273,051
<u>FIDUCIARY AND OTHER</u>						
<u>Pension (and Other Employee Benefit)</u>						
262	Public Employe Trust	1,599,895	103,407	115,852	0	1,587,450
747	Core Retirement Investment Trust	72,243,635	(10,762,398)	5,108,496	0	56,372,741
751	Variable Retirement Investment	5,966,552	(1,355,011)	475,322	0	4,136,219
	Total Pension (and Other Employee Benefit)	79,810,082	(12,014,002)	5,699,670	0	62,096,410
<u>Private Purposes</u>						
570	Tuition Trust	9,330	(414)	24	0	8,892
769	College Savings Program Trust	7,220	822	635	0	7,407
	Total Private Purposes.....	16,550	408	659	0	16,299
<u>Agency</u>						
788	Support Collections Trust	16,309	963,718	967,311	0	12,716
<u>Other (Business-type funds)</u>						
521	Lottery	11,081	475,232	477,514	0	8,799
531	Local Govt Property Insurance	51,862	22,852	23,448	0	51,266
532	State Life Insurance	93,558	6,481	3,796	0	96,243
533	Injured Patients & Families Compensation	734,762	22,503	61,267	(128,500)	567,498
573	Environmental Improvement	180,607	146,938	132,303	0	195,242
582	Veterans Trust	22,473	18,491	20,553	7,000	27,411
583	Veterans Mortgage Loan Repayment	109,031	74,626	113,070	1,377	71,964
587	Transportation Infrastructure Loan	189	292	251	0	230
	Total Other (Business-type funds).....	1,203,563	767,415	832,202	(120,123)	1,018,653
	TOTAL FIDUCIARY AND OTHER.....	81,046,504	(10,282,461)	7,499,842	(120,123)	63,144,078
	TOTAL - ALL FUNDS.....	\$ 82,297,535	\$ (7,770,611)	\$ 10,079,254	\$ (30,541)	\$ 64,417,129

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, 2009, 2008, and 2007
 (In Thousands)

	June 30, 2009	June 30, 2008	June 30, 2007
<u>ASSETS</u>			
Cash.....	\$ (142,628)	\$ 29,559	\$ 53,874
Contingent Fund Advances.....	3,123	3,128	3,128
Investments.....	0	255	255
Accounts Receivable.....	1,131,883	1,105,242	947,740
Due from Other Funds.....	289,751	103,115	31,131
Inventory.....	660	460	327
Prepayments.....	92,088	85,226	75,134
Other Assets.....	153,098	155,844	2,347
TOTAL ASSETS.....	<u>1,527,975</u>	<u>1,482,829</u>	<u>1,113,936</u>
<u>LIABILITIES</u>			
Accounts Payable.....	678,702	531,477	347,758
Operating Notes Payable.....	8,000	8,000	6,000
Due to Other Funds.....	110,144	118,633	120,299
Tax and Other Deposits.....	53,713	60,175	41,986
Deferred Revenue.....	172,343	103,985	20,942
TOTAL LIABILITIES.....	<u>1,022,902</u>	<u>822,270</u>	<u>536,985</u>
<u>FUND BALANCE</u>			
<u>Reserved Balances</u>			
GPR Encumbrances.....	111,468	94,950	117,186
PR Encumbrances.....	420,173	427,751	416,475
Total Reserved Balances.....	<u>531,641</u>	<u>522,701</u>	<u>533,661</u>
<u>Unreserved Designated Balances</u>			
GPR Designation for Continuing Balances.....	10,599	27,434	6,823
<u>Unreserved Balances</u>			
GPR Unreserved Balance.....	89,564	130,696	66,288
PR Unreserved Balance.....	(126,731)	(20,272)	(29,821)
Total Unreserved Balances.....	<u>(37,167)</u>	<u>110,424</u>	<u>36,467</u>
TOTAL FUND BALANCE.....	<u>505,073</u>	<u>660,559</u>	<u>576,951</u>
TOTAL LIABILITIES AND FUND BALANCE.....	<u>\$ 1,527,975</u>	<u>\$ 1,482,829</u>	<u>\$ 1,113,936</u>

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, 2009
 (in Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget ²	Budget Adjustments	Final Budget	Expenditures ¹	
Commerce	\$ 477,023	\$ 57,020	\$ 534,043	\$ 396,150	\$ 137,893
Education	11,276,478	404,202	11,680,680	10,653,626	1,027,054
Environmental Resources	3,442,408	871,426	4,313,834	3,473,483	840,351
Human Relations and Resources	9,877,388	1,817,667	11,695,055	10,545,346	1,149,709
General Executive	1,274,350	221,570	1,495,920	1,041,546	454,374
Judicial	129,517	4,150	133,667	130,689	2,978
Legislative	71,588	3,037	74,625	65,280	9,345
General Appropriations	2,371,540	(19,654)	2,351,886	2,318,159	33,727
Total Chapter 20	\$ 28,920,292	\$ 3,359,418	\$ 32,279,710	\$ 28,624,279	\$ 3,655,431
Retirement Annuities			6,129,923	5,558,269	571,654
Support Collection Trust Payments			975,200	966,262	8,938
Insurance Premiums			88,128	66,314	21,814
Debt Service Payments			675,379	675,379	-
Capital Projects Expenditures			688,247	688,247	-
Lottery Prizes			285,801	279,666	6,135
Other Segregated Revenue			751,937	372,524	379,413
Program Revenue Appropriations			1,228,470	1,213,821	14,649
Clearing and Custody Accounts			1,201,475	(1,895)	1,203,370
Total Non Chapter 20 Expenditures			\$ 12,024,560	\$ 9,818,587	\$ 2,205,973
Total State Expenditures Excluding Transfers			\$ 44,304,270	\$ 38,442,866	\$ 5,861,404

The accompanying notes are an integral part of this statement

¹ Expenditures exclude non-budgetary transfers and expenses

² The budget amount is the fund condition for FY2009 and is based on actions taken under 2007 Acts 20 and 226 and 2009 Acts 2, 11, 23 and 28.

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 against encumbrances applicable to the prior year is limited by the available appropriation balances of that year. Expenditures reported in this report are equal to current year disbursement and encumbrance balances less the prior year encumbrance balances. The Building Trust Fund, the Capital Improvement Fund, and the Bond Security and Redemption Fund are closed for encumbrances as of June 30.

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.

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.

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 FY09, Chapter 20 included a compensation reserve for employe salary and fringe benefit increases. The total amount reserved (appropriated) was \$132,617,900 and the amount allotted was \$121,298,800 leaving a lapse amount of \$11,319,100.

Note E Published Budget

The published budget amounts used in Exhibit A-1 are based on the fund condition statement under 2007 Acts 20 and 226 and 2009 Acts 2, 11, 23 and 28.

The adjustments column reflects legislation passed subsequent to the budget act, 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.

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 Total Departmental Revenues

For budget comparison purposes, inter-fund transfers are added to other revenues to arrive at total departmental revenues. In FY 2009, a \$6,730,300 transfer from the Transportation Fund and other cash transfers of \$144,955,889 required by law were recorded into the General Fund for a total of \$151,686,189, rather than as revenues. The fund condition captured these funds more generically as revenue. In order to properly compare actual revenues to budgeted revenues, actual revenues and transfers should be added together in order to compare to the departmental revenues in the fund condition statement.

Note G Projected-to-Actual General Fund Condition

The variance between the published budgeted ending balance and actual undesignated balance at the end of fiscal year 2009 is explained as follows:

	(thousands)
ENDING FUND BALANCE (UNDESIGNATED) PER FINAL CHAPTER 20 SUMMARY	\$ 70,421
OPENING BALANCE	
ADJUSTMENTS:	
Prior year designation for continuing balances	27,434
Total opening balance adjustments	<u>27,434</u>
REVENUE ADJUSTMENTS	
Taxes received less than estimate	(4,349)
Departmental revenues less than estimate	<u>(291,794)</u>
Total revenue below estimate	<u>(296,143)</u>
APPROPRIATION ADJUSTMENTS	
Sum Sufficient Changes	
Reestimates	(6,000)
Budget brought forward from previous year	(27,434)
Budget carried to next year for continuing appropriations	10,599
Total Appropriation Adjustments	<u>(22,835)</u>
LAPSES MORE THAN BUDGETED	169,600
INTER-FUND TRANSFERS	151,686
DESIGNATION FOR CONTINUING BALANCES	<u>(10,599)</u>
UNDESIGNATED FUND BALANCE	\$ <u>89,564</u>

Note H General Fund Cash Flow

Without corrective action, the General Fund can experience a short-term cash flow problem during the first half of each fiscal year. A temporary reduction in cash balances occurs every year due to a mismatch between the timing of receipts and disbursements. The majority of receipts are collected in the second half of the year while payments are more evenly distributed. Because of this mismatch, a \$800 million operating note was issued in fiscal year 2009. The note reduced borrowing from other operating

funds and ensured timely payments to local governments and the state's suppliers. The proceeds of the note and their timely repayment allowed the General Fund to more closely match receipts and payments. The operating note sinking fund payments were met as scheduled and the full amount of the note plus accrued interest was repaid on June 15, 2009.

Note I Negative Transportation 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 J Unappropriated Activities

The Department of Commerce and the Department of Justice enter into contracts with private vendors for programs that they manage. The Department of Justice enters into these contracts on behalf of the Department of Transportation and the Department of Public Instruction. 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	Justice
Revenues	\$1,724,241	\$129,474
Expenditures	\$1,724,241	\$129,474
Balance	\$0	\$0

Note K 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. These supplements need to be removed to calculate the Actual Sum Sufficient Increases.

B-2 Sum Sufficient Increases	\$10,009
Less Supplements (included in total above)	(4,009)
Actual Sum Sufficient Increases	6,000

Supplemental Data

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Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2009

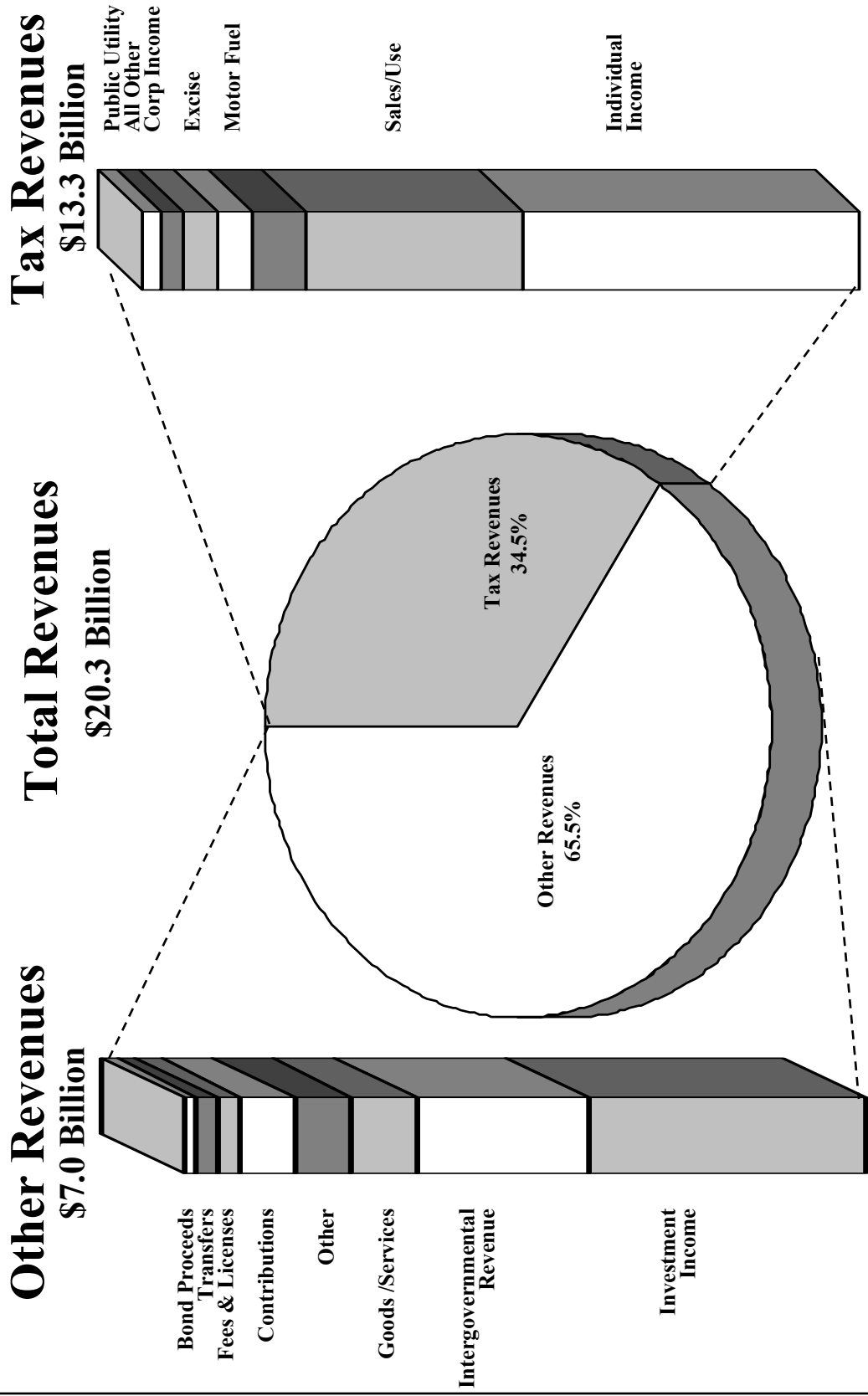


Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds
 Fiscal Years Ended June 30, 2009, 2008, and 2007
 (In Thousands)

	June 30, 2009	June 30, 2008	June 30, 2007
TAX REVENUES			
General Purpose Revenue			
Income Taxes			
Individual.....	\$ 6,222,735	\$ 6,713,681	\$ 6,573,778
Corporation.....	629,523	837,807	890,056
Total Income Taxes.....	6,852,258	7,551,488	7,463,834
Sales and Excise Taxes			
General Sales and Use.....	4,083,959	4,268,045	4,158,612
Cigarette.....	551,337	455,722	296,129
Other Tobacco Products.....	42,238	29,747	17,515
Liquor and Wine.....	44,133	45,166	42,674
Malt Beverage (Beer).....	9,913	9,624	9,530
Total Sales and Excise Taxes.....	4,731,580	4,808,304	4,524,460
Public Utility Taxes			
Private Light, Heat and Power.....	223,471	212,126	195,429
Municipal Light, Heat and Power.....	2,747	2,704	2,335
Telephone.....	63,455	59,542	65,255
Pipeline.....	16,183	11,189	10,668
Electric Cooperative.....	10,549	9,359	8,826
Municipal Electric.....	3,459	2,238	2,044
Conservation and Regulation.....	237	264	291
Utility Tax (Refunds) Interest and Penalties.....	9	38	92
Total Public Utility Taxes.....	320,110	297,460	284,940
Inheritance and Estate Taxes			
Inheritance and Estate.....	20,853	158,789	121,114
Total Inheritance and Estate Taxes.....	20,853	158,789	121,114
Miscellaneous Taxes			
Insurance Companies (Premiums).....	136,291	156,606	141,405
Real Estate Transfer Fee.....	41,160	59,447	71,731
Lawsuits (Courts).....	10,789	10,736	10,407
Other.....	110	113	106
Total Miscellaneous Taxes.....	188,350	226,902	223,649
TOTAL GPR TAX REVENUES.....	12,113,151	13,042,943	12,617,997
Program Tax Revenues			
Fire Dues.....	15,758	15,466	15,362
Pari-mutuel Taxes.....	679	908	1,017
County Expo Tax Administration.....	456	151	450
Baseball Park Administration Fee.....	389	322	400

Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds
 Fiscal Years Ended June 30, 2009, 2008, and 2007
 (In Thousands)

	June 30, 2009	June 30, 2008	June 30, 2007
Program Tax Revenues, Cont.			
Business Trust Regulation Fee.....	\$ 2,579	\$ 1,442	\$ 1,886
Other.....	6,409	4,127	773
TOTAL PROGRAM TAX REVENUES.....	26,270	22,416	19,888
TOTAL-GENERAL FUND TAX REVENUES.....	12,139,421	13,065,359	12,637,885
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	968,811	999,949	994,677
Air-Carrier Tax.....	5,388	6,701	6,690
Railroad Tax.....	21,612	19,856	18,255
Aviation Fuel Tax.....	1,360	1,391	1,523
Other Taxes.....	7,818	7,143	7,640
Conservation Fund			
2/10 Mill Forestry Mill Tax.....	87,364	84,529	82,446
Forest Crop Taxes.....	5,669	5,290	4,959
Mediation Fund.....	2	2	2
Petroleum Inspection Tax.....	44,740	47,013	52,471
Recycling Fund			
Temporary Service Charges.....	27,168	25,091	23,527
TOTAL STATE TAX REVENUES.....	13,309,353	14,262,324	13,830,075
Intergovernmental Revenue.....	9,474,965	7,726,329	7,369,155
Licenses and Permits.....	1,447,670	1,068,095	1,046,966
Charges for Goods and Services.....	3,373,331	3,170,633	3,035,751
Contributions.....	2,826,104	2,672,069	2,540,834
Interest and Investment Income.....	(14,949,817)	(4,432,460)	13,879,927
Gifts and Donations.....	586,569	414,079	498,194
Proceeds from Sale of Bonds.....	721,041	524,289	973,120
Other Revenues.....	2,182,403	1,769,089	1,804,042
Other Transactions.....	347,045	278,050	256,366
TOTAL DEPARTMENTAL REVENUES.....	6,009,311	13,190,173	31,404,355
TRANSFERS.....	999,471	1,213,609	1,029,551
TOTAL REVENUES.....	\$ 20,318,135	\$ 28,666,106	\$ 46,263,981

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, 2009
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
State Operations							
370	116	1fe	Endangered Resources General Fund.....	500	0	453	47
410	104	1c	Reimbursement Claims from Counties With State Institutions.....	56	5	61	0
455	102	1b	Special Counsel.....	806	0	724	82
455	202	2am	Officer Training Reimbursement.....	67	17	65	19
455	504	5d	Reimbursement for Forensic Examinations.....	50	7	57	0
465	103	1c	Public Emergencies.....	54	0	42	12
505	405	4d	Claims Awards.....	24	0	0	24
505	801	8am	Interest on racing & bingo moneys.....	12	0	1	11
511	103	1be	Investigations.....	50	0	46	4
515	103	1c	Contingencies.....	30	(30)	0	0
515	104	1c	Badgerx for Individual Advances.....	19	0	13	6
525	101	1a	Governor's Office Administration.....	3,627	52	3,331	348
525	102	1b	Contingent Fund.....	21	0	2	19
525	103	1c	Membership In National Assoc.....	126	0	126	0
525	201	2a	Executive Residence.....	248	69	317	0
625	101	1a	Circuit Courts.....	65,362	2,244	66,494	1,112
660	101	1a	Court Of Appeals.....	9,632	69	9,688	13
680	101	1a	Supreme Court.....	4,866	38	4,779	125
765	101	1a	Assembly.....	24,704	0	22,798	1,906
765	103	1b	Senate.....	17,766	0	15,063	2,703
765	104	1d	Legislative Documents.....	4,108	0	3,682	426
765	308	3fa	Membership In National Assoc.....	215	0	209	6
855	101	1a	Obligation on Operating Notes.....	13,000	0	12,503	497
855	102	1b	Operating Note Expenses.....	150	25	173	2
855	108	1bm	Payment of Cancelled Drafts Fund 100 - All except UW.....	2,025	0	1,292	733
855	108	1bm	Payment of Cancelled Drafts Fund 100 - UW.....	0	25	17	8
855	401	4a	Interest on overpayment of taxes.....	1,500	1,235	2,735	0
855	403	4c	Minnesota Income Tax Reciprocity.....	75,880	0	75,880	0
855	405	4e	Transfer to Conservation Fund - Land Acquisition.....	153	0	153	0
855	409	4fm	Transfer to Transportation Fund - Hub Facility Exemption.....	1,953	0	1,953	0
855	413	4cm	Illinois Income Tax Reciprocity.....	42,270	0	42,267	3
865	101	1a	Judgement & Legal Expenses.....	47	0	0	47
<i>Total State Operations.....</i>				269,321	3,756	264,924	8,153
Aids and Local Assistance							
115	202	2b	Animal Disease Indemnities.....	25	0	1	24
235	104	1e	MN-WI Student Reciprocity.....	11,930	631	12,561	0
235	106	1fe	Wisconsin Higher Education Grants.....	55,000	0	54,986	14
235	109	1fy	Academic Excellence.....	3,175	0	3,123	52
255	218	2fm	Charter Schools.....	43,545	0	42,682	863
255	221	2ep	Second Chance Partnership.....	189	9	198	0
255	235	2fu	Milwaukee Parental Choice Program.....	128,836	0	128,503	333
255	306	3c	National Teacher Certification.....	1,772	0	1,472	300
285	406	4dd	Lawton Minority Undergraduate Grants.....	6,175	64	6,239	0
370	503	5da	Aids In Lieu Of Taxes.....	6,500	0	6,352	148
435	715	7ed	State Supplement to Federal Supplemental Security Income Program.....	138,273	0	137,316	957
435	774	7da	Reimburse Local Units of Government.....	400	0	400	0
445	102	1aa	Special Death Benefit.....	479	5	484	0
465	201	2a	Tuition Grants.....	3,719	0	2,918	801
465	305	3e	Disaster Recovery Aids.....	7,547	940	8,487	0
505	412	4er	Volunteer Firefighter & EMT Service Award Program.....	1,785	0	1,694	91
511	102	1b	Election Related Cost Reimbursement.....	100	0	100	0
515	101	1a	Annuity Supplements And Payments.....	1,037	0	1,024	13
835	101	1c	Expenditure Restraint Program Account.....	58,146	0	58,146	0
835	102	1d	Shared Revenue Account.....	33,683	0	33,400	283
835	105	1db	County and Municipal Aids Account.....	854,418	286	854,704	0
835	109	1e	State Aid; Tax Exempt Property.....	67,969	0	67,967	2
835	110	1dm	Public Utility Distribution Account.....	6,242	0	6,242	0
835	202	2b	Claim of Right Credit.....	0	232	232	0
835	203	2c	Homestead Tax Credit.....	124,300	332	124,632	0

Exhibit B-2

General Fund Sum Sufficient Appropriations
For the Fiscal Year Ended June 30, 2009
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
Aids and Local Assistance (Continued)							
835	205	2dm	Farmland Preservation Credit.....	12,200	0	12,173	27
835	209	2ep	Cigarette Tax Refunds.....	30,700	197	30,896	1
835	211	2co	Enterprise Zone Jobs Credit.....	0	2	2	0
835	212	2f	Earned Income Tax Credit.....	93,936	0	91,285	2,651
835	213	2bm	Film Production Services Credit.....	4,600	867	5,467	0
835	215	2em	Veterans & Surviving Spouse Property Tax Credit.....	1,600	432	2,032	0
835	217	2br	Interest payments on overassessments of manufacturing property.....	0	0	0	0
835	302	3b	School Levy Tax Credit.....	672,400	0	672,400	0
855	402	4b	Election Campaign Payment.....	204	173	376	1
855	404	4bm	Oil Pipeline Terminal Tax Distribution.....	775	0	775	0
<i>Total Aids and Local Assistance.....</i>				2,371,660	4,170	2,369,269	6,561
Principal Repayment and Lease Rental							
115	205	2d	Principal Repayment and Interest.....	11	0	11	0
115	702	7b	Principal Repayment and Interest.....	1,297	0	1,277	20
115	707	7f	Principal Repayment and Interest.....	866	0	832	34
190	101	1c	Principal Repayment and Interest.....	981	0	980	1
190	102	1d	Principal Repayment and Interest.....	1,298	0	1,270	28
225	103	1c	Principal Repayment and Interest.....	2,305	0	2,283	22
245	106	1e	Principal Repayment and Interest.....	1,520	0	1,485	35
250	103	1c	Principal Repayment and Interest.....	1,400	0	1,258	142
250	105	1e	Principal Repayment and Interest.....	166	0	166	0
255	104	1d	Principal Repayment and Interest.....	1,088	0	1,078	10
285	110	1d	Principal Repayment and Interest.....	126,638	0	123,900	2,738
320	103	1c	Principal Repayment and Interest.....	41,767	44	41,810	1
320	282	2c	Principal Repayment and Interest.....	2,721	0	2,664	57
370	701	7aa	Principal Repayment and Interest.....	38,582	0	37,604	978
370	705	7ca	Principal Repayment and Interest.....	6,399	0	6,277	122
370	706	7cb	Principal Repayment and Interest.....	44,588	0	44,511	77
370	707	7cc	Principal Repayment and Interest.....	14,359	0	14,331	28
370	708	7cd	Principal Repayment and Interest.....	859	0	857	2
370	709	7ea	Principal Repayment and Interest.....	764	0	758	6
370	713	7ce	Principal Repayment and Interest.....	137	0	122	15
370	714	7cf	Principal Repayment and Interest.....	1,522	0	1,483	39
395	664	6af	Principal Repayment and Interest.....	63,917	0	58,507	5,410
410	107	1e	Principal Repayment and Interest.....	64,232	0	62,916	1,316
410	307	3e	Principal Repayment and Interest.....	4,655	0	4,589	66
435	207	2ee	Principal Repayment and Interest.....	12,907	0	12,596	311
435	602	6e	Principal Repayment and Interest.....	63	7	70	0
465	104	1d	Principal Repayment and Interest.....	4,050	0	3,981	69
485	106	1f	Principal Repayment and Interest.....	1,449	0	1,434	15
505	413	4et	Principal Repayment and Interest.....	9	0	0	9
505	414	4es	Principal Repayment and Interest.....	4,316	0	0	4,316
505	503	5c	Principal Repayment and Interest.....	71	0	60	11
855	801	8a	Principal Repayment and Interest.....	990	0	989	1
867	102	1b	Principal Repayment and Interest.....	8,111	0	7,860	251
867	301	3a	Principal Repayment and Interest.....	(495)	495	(1,850)	1,850
867	302	3b	Principal Repayment and Interest.....	1,372	0	1,216	156
867	306	3br	Principal Repayment and Interest.....	84	0	84	0
867	309	3bm	Principal Repayment and Interest.....	116	0	116	0
867	311	3bq	Principal Repayment and Interest.....	513	0	448	65
867	313	3bu	Principal Repayment and Interest.....	7	0	7	0
<i>Total Principal Repayment and Lease Rental.....</i>				455,635	546	437,980	18,201
Pay Plan & Supplement							
865	103	1c	Salary.....	0	1,537	0	1,537
865	104	1d	Fringe.....	0	0	0	0
<i>Total Pay Plan & Supplements.....</i>				0	1,537	0	1,537
TOTAL GENERAL FUND SUM SUFFICIENTS				\$ 3,096,616	10,009	3,072,173	34,452

(1) See Note K

(1)