

FY11

ANNUAL FISCAL REPORT

Budgetary Basis



State of Wisconsin
2011

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State of Wisconsin
2011 Annual Fiscal Report

(Budgetary Basis)

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**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR

MIKE HUEBSCH
SECRETARY

Division of Executive Budget and Finance
State Controller's Office
Post Office Box 7932
Madison, WI 53707-7932
Voice (608) 266-1694
Fax (608) 266-7734
www.doa.state.wi.us/debf/

October 15, 2011

The Honorable Scott Walker
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, 2011. 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 \$85.6 million as of the end of the fiscal year. This is \$680 thousand lower than the balance of \$86.2 million projected in the estimate for the January 31, 2011 Legislative Fiscal Bureau revenue estimates, as modified by 2011 Acts 10, 13 and 27.

General-purpose revenue taxes were \$12.912 billion compared to \$12.132 billion in the prior year, an increase of \$780 million or 6.4 percent. Collections increased in fiscal year 2010-11 with individual income and sales tax collections 10.0% and 4.2% more, respectively, than the prior year.

General-purpose revenue expenditures, excluding fund transfers, were \$13.565 billion compared to \$12.824 billion in the prior year, an increase of \$741 million or 5.8 percent.

In fiscal year 2011, 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 19.4 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 7.9 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 16.0 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2011. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,

Michael Huebsch
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, 2011 totaled \$12,911.9 million, an increase of 6.4 percent from FY 2010 collections of \$12,131.7 million.

Total collections for FY 2011 were \$12.8 million, or 0.1 percent, below the estimate of \$12,924.7 million.

Table 1

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

Tax Source	FY 11	% of Total	FY 10	% of Total	Change FY11-FY10	% Change
Individual Income	\$6,700.7	51.9%	\$6,089.2	50.2%	\$611.5	10.0%
General Sales & Use	4,109.0	31.8%	3,944.2	32.5%	164.8	4.2%
Corporation Franchise & Income	852.9	6.6%	834.5	6.9%	18.4	2.2%
Excise	720.8	5.6%	757.9	6.2%	-37.1	-4.9%
Inheritance, Estate & Gift	-0.1	0.0%	0.9	0.0%	-1.0	-111.1%
Public Utility	341.3	2.6%	319.4	2.6%	21.9	6.9%
Insurance Companies	140.0	1.1%	130.7	1.1%	9.3	7.1%
Miscellaneous	47.3	0.4%	54.9	0.5%	-7.6	-13.8%
TOTAL GPR	\$12,911.9	100.0%	\$12,131.7	100.0%	\$780.2	6.4%

Individual Income Tax

Individual income tax collections increased \$611.5 million (10.0 percent) from \$6,089.2 million in FY 2010 to \$6,700.7 million in FY 2011. This was \$10.7 million (0.2 percent) above the \$6,690.0 million estimate. The individual income tax share of total GPR taxes increased from 50.2 percent in FY 2010 to 51.9 percent in FY 2011.

The largest component of individual income tax collections is withholding from wages and salaries, which increased 4.7 percent from \$6,247.0 million to \$6,542.6 million. Estimated payments increased 11.2 percent from \$886.6 million to \$985.9 million, while refunds decreased 5.7 percent from \$1,867.4 million to \$1,761.1 million. Final payments, or payments with returns, increased 26.3% to \$536.3 million.

General Sales and Use Tax

Collections from the 5 percent general sales and use tax increased 4.2 percent from \$3,944.2 million to \$4,109.0 million. This was \$19.0 million (0.5 percent) above the \$4,090.0 million estimate. Sales tax collections as a percentage of total GPR taxes decreased from 32.5 percent to 31.8 percent.

Corporation Franchise and Income Tax

Corporate collections increased 2.2 percent to \$852.9 million in FY 2011 from \$834.5 million in FY 2010. Corporate collections as a percentage of total GPR taxes decreased from 6.9 percent to 6.6 percent. Corporate collections were \$27.1 million (3.1 percent) below the estimate of \$880.0 million.

The major source of corporate collections, estimated payments, increased by 3.1 percent from \$726.1 million in FY 2010 to \$748.4 million in FY 2011.

Excise Tax

Cigarette tax collections decreased 6.1 percent from \$644.2 million in FY 2010 to \$604.8 million in FY 2011. Collections in FY 2011 were below the estimate by \$15.2 million (2.4 percent).

Tobacco products tax collections increased 1.7 percent from \$59.9 million in FY 2010 to \$60.9 million in FY 2011. Collections were \$0.7 million less than expected.

Liquor and wine tax collections increased 3.6 percent over the previous fiscal year, from \$44.2 million in FY 2010 to \$45.8 million in FY 2011. Collections were \$200,000 (0.4 percent) below the estimate in FY 2011.

Beer tax collections decreased 2.9 percent from \$9.6 million in FY 2010 to \$9.3 million in FY 2011. Collections were \$200,000 (1.8 percent) below the estimate in FY 2011.

Other Taxes

Public utility tax collections increased \$21.9 million (6.9 percent) from \$319.4 million in FY 2010 to \$341.3 million in FY 2011. Collections were \$1.8 million above the FY 2011 forecast.

Estate tax collections decreased from \$.9 million in FY 2010 to (\$.1) million in FY 2011. This reduction is due to statutory provisions that effectively eliminated the estate tax for deaths that occurred on or after January 1, 2008. Revenues that were received during FY 2011 reflect delinquent, audit, and refund activity.

Insurance company taxes (generally based on premiums) increased 7.1 percent from \$130.7 million in FY 2010 to \$140.0 million in FY 2011. Collections were above the FY 2011 forecast by \$500,000 (0.3 percent).

Miscellaneous taxes decreased from \$54.9 million in FY 2010 to \$47.3 million in FY 2011. This is \$1.3 million below the forecast for the fiscal year. The largest component of miscellaneous tax, the real estate transfer fee, decreased 19.8 percent, from \$44.3 million in FY 2010 to \$35.6 million in FY 2011.

Expenditure Highlights

While state tax collections increased by 6.4 percent, the impact of the nation's worst economic crisis in decades continued to be felt in FY 2011. As in FY 2010, the need and demand for assistance grew by more than 9 percent. In order to meet this challenge, state government operational spending, with the exception of the University of Wisconsin System, was held, on average, at FY 2010 levels, which represent at least 1 percent reduction from FY 2009 levels. State employees were directed to take 8 furlough days in each fiscal year of the biennium. In addition, state agencies were required to absorb the costs related to a 2 percent pay increase that represented staff received in June 2009. For the biennium, school aid was cut by 2.5 percent, the first time this program has been reduced, and to protect property taxpayers from this reduction, school districts' rate of allowable revenue growth was cut by over 25 percent. Medical Assistance funding was reduced through rate reform efforts, including provider rate reductions and restructuring of contracts with managed care organizations. Funding to the University of Wisconsin System, excluding debt service, was increased by 5.4 percent. Growth in tuition was held to approximately 5.5 percent primarily by reducing administrative costs.

The additional federal funding for states in the American Recovery and Reinvestment Act of 2009 (ARRA) offset GPR expenditure reductions in FY 2009 and FY 2010. With the availability of these funds ending, GPR was restored to cover many of the costs that the federal monies had

funded, including School Aids, Shared Revenue and Youth Aids. With the exception of Medical Assistance, Wisconsin's share of state fiscal relief funds under ARRA were completely allocated in FY 2010.

Total GPR spending increased 5.8 percent or \$740.5 million in FY 2011, as shown in Table 2. This compares to 0.6 percent increase in FY 2010. The largest portion of GPR expenditures in FY 2011 was directed to school districts and local units of government, consistent with past years. These local assistance expenditures were \$7,688.6 million or 56.7 percent of total GPR spending in FY 2011 compared to \$7,244.1 million or 56.5 percent of total spending in FY 2010. Aid payments to individuals and organizations were \$2,628.8 million, which was 19.4 percent of total GPR spending in FY 2011 compared to 18.7 percent in FY 2010. State operations costs of \$3,247.1 million accounted for 23.9 percent of total GPR spending, compared to 24.8 percent in FY 2010. Local Assistance payments increased by 6.1 percent. Aids to Individuals payments increased by 9.4 percent. State operations spending increased 2.2 percent in FY 2011 up from a 4.3 percent decrease in FY 2010.

The GPR budget is shaped by its ten largest programs, as detailed in Table 3. These programs comprised 85.0 percent of total GPR expenditures in FY 2011, up from 84.2 percent in FY 2010. Immediately following this section is a brief explanation of each program.

Table 2

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

	<u>FY11</u>	% of <u>Total</u>	<u>FY10</u>	% of <u>Total</u>	<u>\$ Change</u> <u>FY11-FY10</u>	% <u>Change</u>
Local Assistance	\$7,688.6	56.7%	\$7,244.1	56.5%	\$444.5	6.1%
Aids to Individuals	2,628.8	19.4%	2,403.3	18.7%	225.5	9.4%
State Operations:						
UW System	1,080.1	7.9%	1,009.4	7.9%	70.7	7.0%
All Other Agencies	<u>2,167.0</u>	<u>16.0%</u>	<u>2,167.2</u>	<u>16.9%</u>	<u>-0.2</u>	<u>0.0%</u>
Total	<u>\$13,564.5</u>	<u>100.0%</u>	<u>\$12,824.0</u>	<u>100.0%</u>	<u>\$740.5</u>	<u>5.8%</u>
Transfers	<u>14.8</u>		<u>0</u>			
TOTAL GPR	<u>\$13,579.3</u>		<u>\$12,824.0</u>			

Table 3

TOP TEN PROGRAMS
GPR Expenditures
(\$ Millions)

	<u>FY11</u>	<u>% of Total</u>	<u>FY10</u>	<u>% of Total</u>	<u>\$ Change FY11-FY10</u>	<u>% Change</u>
1. School Aids	\$5,342.2	39.4%	\$5,092.7	39.7%	\$249.5	4.9%
2. Medical Assistance	1,454.2	10.7%	1,278.3	10.0%	175.9	13.8%
3. Correctional Services	1,138.5	8.4%	1,080.4	8.4%	58.1	5.4%
4. UW System	1,100.7	8.1%	1,027.4	8.0%	73.3	7.1%
5. State Property Tax Credits	874.5	6.4%	820.1	6.4%	54.4	6.6%
6. Shared Revenue	873.8	6.4%	812.0	6.3%	61.8	7.6%
7. Individual Tax Relief	293.2	2.2%	299.3	2.3%	-6.1	-2.0%
8. Community Aids	172.1	1.3%	111.1	0.9%	61.0	54.9%
9. State Supplement to SSI	143.9	1.1%	139.9	1.1%	4.0	2.9%
10. WI Technical College System	136.2	1.0%	136.1	1.1%	0.1	0.1%
All Others	<u>2,035.2</u>	<u>15.0%</u>	<u>2,026.7</u>	<u>15.8%</u>	<u>8.5</u>	<u>0.4%</u>
Subtotal	\$13,564.5	<u>100.0%</u>	\$12,824.0	<u>100.0%</u>	<u>\$740.5</u>	<u>5.8%</u>
Transfers	<u>14.8</u>		<u>0</u>			
TOTAL	<u>\$13,579.3</u>		<u>\$12,824.0</u>			

School Aids: State GPR assistance to Wisconsin's 425 school districts increased by 4.9 percent or \$249.5 million in FY 2011. However, state fiscal stabilization funds of \$236.7 million awarded under ARRA helped offset GPR school aid reductions in FY 2010. As a result, while GPR support for school aids increased 4.9 percent from FY 2010 to FY 2011, overall school aid increased by 0.2 percent as appropriated. In FY 2011, total state aids to schools, plus property tax credits, enabled the state to reimburse approximately 63 percent of school costs.

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 4.3 percent annually.

To help further control property taxes during FY 2011 in response to the recession, the allowable dollar increase in per student revenues was held flat at \$200. Federal Title I and Individuals with Disabilities Education Act (IDEA) funding under ARRA and grants under the Education Jobs Fund helped school districts manage flat aid and revenue limit levels.

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 maintaining small class sizes.

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 adults

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 BadgerCare Plus.

In FY 2011, total MA expenditures, including BadgerCare Plus, were \$7,306 million, of which \$1,454 million was GPR, \$664 million was SEG, \$95 million was PR and the balance was funded with federal revenues. On an all funds basis, total Medical Assistance and BadgerCare Plus spending increased by 7.5 percent over FY 2010, which is a lower rate than the 12.4 percent growth experienced between FY 2010 and FY 2009. The expenditure increase is primarily due to continued growth in the number of enrollees resulting from recent expansions of eligibility for MA, a high rate of unemployment and a decrease in employer-sponsored health care benefits. Total Medical Assistance enrollment (member months) increased by 6 percent over the prior year.

In FY 2011, overall federal and state funding for MA increased by \$509 million, of which \$176 million came from GPR, \$18 million came from program and segregated revenues and \$315 million came from federal funding. Segregated revenues, which are in the Medical Assistance and Hospital Trust Funds, are associated with additional reimbursement for services provided to recipients by long-term care facilities, residential care centers and local governments and revenues from nursing home, hospital and ambulatory surgical center assessments.

The Medical Assistance totals do not include expenditures for SeniorCare, Wisconsin's pharmacy assistance program for the elderly. In FY 2011, SeniorCare expenditures totaled \$108 million, a decrease of \$7 million from FY 2010. This decrease is due to continued growth in participation in the federal Medicare Part D program. Of the total expenditures, \$20 million was GPR, \$23 million was FED and \$65 million was PR. Program revenues for SeniorCare are derived from negotiated rebates with pharmaceutical manufacturers.

Correctional Services: Total GPR expenditures for the state corrections program increased \$58.1 million or 5.4 percent over the prior year, reaching \$1,138.5 million in FY 2011. The number of incarcerated felons under the supervision of the state adult corrections program decreased

2.28 percent from an average daily population of 23,015 in FY 2010 to 22,491 in FY 2011.

Although the adult incarcerated population decreased, costs increased in FY 2011 over FY 2010, in part due to increased debt service costs, increased general fund youth aids spending to replace ARRA funds and new funding to reduce recidivism.

University of Wisconsin System: Total GPR expenditures for the UW System increased by \$73.3 million, or 7.1 percent in FY 2011. 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 \$1,322 below the "Big Ten" peer group median, and is the second lowest tuition among those schools. UW-Milwaukee was \$711 below its peer group median and all other campuses were approximately \$1,373 below their peer group medians in the 2010-11 academic year.

In addition to low basic tuition, access to college for lower income families was further protected through steady support for the Wisconsin Higher Education Grants (WHEG) program for University of Wisconsin students. Since FY 2003 support for WHEG grants has increased by 183 percent.

State Property Tax Credits: The School Levy and First Dollar Tax Credits help to directly reduce property tax bills of residences and businesses. Funding for the School Levy Tax Credit in FY 2011 was \$747.4 million for all funds. The credit offset 7.4 percent of 2009 gross property tax levies for all purposes statewide. The First Dollar Credit was created in 2007 Wisconsin Act 20 to provide additional property tax relief to owners of improved property. The credit, funded at \$142 million in FY 2011, helps to give greater tax relief to lower-value property by offsetting property taxes on the first \$7,100 of property value for eligible parcels.

Shared Revenue: State shared revenue provides unrestricted aid to municipal and county governments. In FY 2011, the shared revenue formula distributed a total of \$927 million, consisting of \$873.8 million GPR and \$53.2 million SEG. Of this amount, county and municipal aids distributed were \$824.6 million. The Expenditure Restraint Program distributed another \$58.1 million to municipalities with tax rates over five mills that restrained their spending increases. The GPR portion of the Shared Revenue payment increased

by 7.6 percent over FY 2010, reflecting the loss of ARRA funding. Funding levels for these programs were reduced to reflect the economic challenges and the loss of ARRA supplemental revenue. Statewide, shared revenue payments provided municipalities with about 14.7 percent and counties with about 3 percent of their general revenues.

Tax Relief to Individuals: Wisconsin paid out \$293.2 million GPR in tax relief to individuals through a variety of programs during FY 2011.

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 \$133.9 million of tax relief in FY 2011, compared with \$129.2 million in FY 2010. About 247,000 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 about 17,000 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 \$6.1 million in FY 2011. A separate program, implemented in tax year 2010, created a per acre farmland preservation tax credit for new eligible taxpayers who are not under existing agreements. Expenditures under this program totaled \$12.4 million in FY 2011. The total of the two programs increased by \$3.8 million over FY 2010.

The Earned Income Credit program reduces income taxes for 272,000 low-income working families with children. In FY 2011, this program paid a total of \$126.1 million in all funds to these households, a decrease of \$3.1 million over FY 2010.

The Veterans and Surviving Spouses Property Tax Credit reduced income taxes for approximately 6,700 veterans and surviving spouses by providing a credit for taxes paid on a principal dwelling. Tax credit expenditures were \$18.2 million in FY 2011, an increase of \$8.6 million over FY 2010.

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 and the Department of Children and Families with total GPR expenditures reaching \$172.1 million in FY 2011. The increase in GPR expenditures from FY 2010 to FY 2011 is principally the result of a change in the timing of payments between state fiscal years and is not the result of a significant change in community aids funding levels.

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 2011, a total of \$143.9 million was expended in SSI payments. The change from FY 2010 is the result of increased caseload.

Wisconsin Technical College System: Total GPR expenditures for local assistance to Wisconsin Technical College System campuses increased \$0.1 million or 0.1 percent over the prior year, reaching \$136.2 million in FY 2011. Due to the role the technical colleges play in retraining unemployed workers, general aid to technical college districts was not subject to across-the-board cuts. The system is composed of 16 technical college districts that offer approximately 300 programs awarding two-year associate degrees, one and two-year technical diplomas and short-term technical diplomas. In addition, the system provides customized training and technical assistance to businesses. Approximately 371,000 students enrolled in technical colleges in FY 2011.

Comparative Condition of the General Fund
 FY11 Actual vs. Budget
 (in Thousands)

	<u>FY11 Actual</u>	<u>Budget</u>	<u>Variance</u>	
OPENING BALANCES				
Unreserved, Undesignated Opening Balance	\$ 70,980	\$ 70,980	\$ 0	1
Prior Year Designation of Continuing Balances	78,496	0	78,496	2
Prior Period Adjustment	<u>(45,262)</u>	<u>(45,262)</u>	<u>0</u>	9
Unreserved Opening Balance	<u>104,214</u>	<u>25,718</u>	<u>78,496</u>	
REVENUES				
Taxes	12,911,865	12,924,700	(12,835)	3
Departmental Revenues	<u>657,025</u>	<u>723,064</u>	<u>(66,039)</u>	4
Total Revenues	<u>13,568,890</u>	<u>13,647,764</u>	<u>(78,874)</u>	
Total Available Resources	<u>13,673,104</u>	<u>13,673,482</u>	<u>(378)</u>	
APPROPRIATIONS				
Gross Appropriations	14,128,071	14,043,385	(84,686)	5
Compensation Reserves	95,963	95,963	-	6
Transfers	14,782	-	(14,782)	7
Less: Lapses	<u>(651,279)</u>	<u>(552,113)</u>	<u>99,166</u>	8
Net Appropriations	<u>13,587,537</u>	<u>13,587,235</u>	<u>(302)</u>	
UNDESIGNATED UNRESERVED BALANCE	<u>\$ 85,567</u>	<u>\$ 86,247</u>	<u>\$ (680)</u>	

Notes:

1. UNDESIGNATED, UNRESERVED OPENING BALANCE. The fund condition for the fiscal year 2011 includes January 31, 2011 revenue re-estimates and provisions included in 2011 Acts 10, 13 and 27. The opening balance for fiscal year 2011 was based on actual revenues, appropriations and opening balance for the preceding year, adjusted for items identified in a letter report issued by the Legislative Audit Bureau on January 20, 2011.
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 lower than the estimated tax collections contained in the final Chapter 20 revenue re-estimates 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. 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	\$ 14,043,385
Add: continuing appropriation authority brought forward	78,496
Add: increases to sum sufficient appropriations above Chapter 20	20,258
Subtract: Subsequent Legislation and prior period adjustment (see note L)	-14,068
Add: biennial adjustment (included in revised gross appropriation)	<u>(0)</u>
FINAL GROSS APPROPRIATIONS	<u>\$ 14,128,071</u>
6. COMPENSATION RESERVES. Compensation reserves are budgetary set-asides for employee wage and benefit increases for the fiscal year.
7. TRANSFERS. Conditions requiring a transfer to the Budget Stabilization fund were met in FY2011, pursuant to WI Stats .
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.
9. See Note L.

Statements of Fund Condition and Operations

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

(In Millions of Dollars)

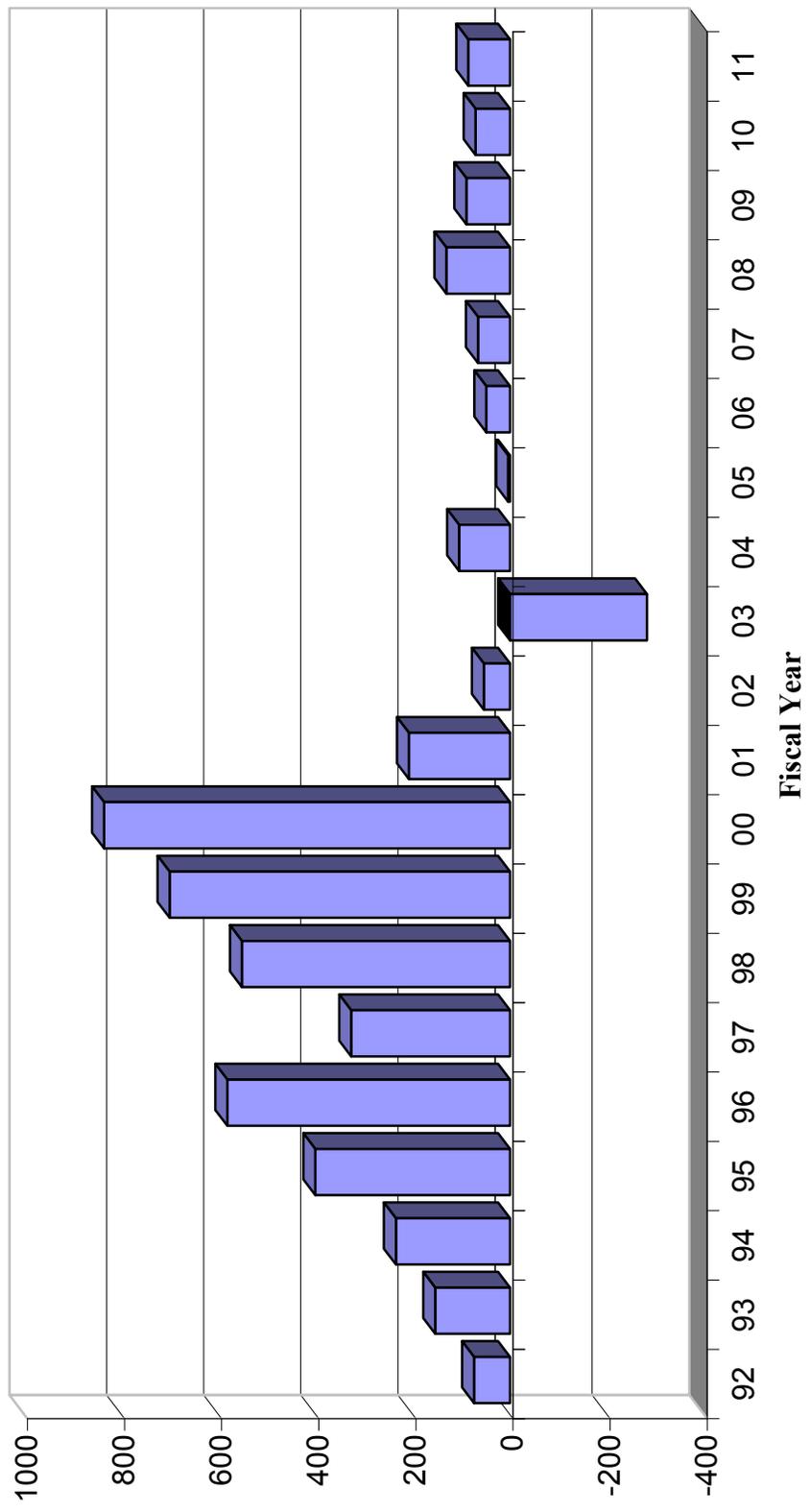


Exhibit A-1

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, 2011
 (In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved					
Undesignated Balance..... \$	70,980	\$	70,980	\$ 70,980	\$ 0
Beginning Unreserved					
Designated Balance.....		78,496	78,496	78,496	0
Prior Period Adjustments.....	(45,262)		(45,262)	(45,262) (3)	0
Total.....	<u>25,718</u>	<u>78,496</u>	<u>104,214</u>	<u>104,214</u>	<u>0</u>
REVENUES					
Taxes:					
Individual.....	6,690,000		6,690,000	6,700,647	10,647
Corporation.....	880,000		880,000	852,863	(27,137)
Sales & Use.....	4,090,000		4,090,000	4,109,019	19,019
Excise.....	737,100		737,100	720,846	(16,254)
Inheritance & Gift.....	0		0	(128)	(128)
Public Utility.....	339,500		339,500	341,344	1,844
Insurance.....	139,500		139,500	139,951	451
Miscellaneous.....	48,600		48,600	47,323	(1,277)
Total Taxes.....	<u>12,924,700</u>		<u>12,924,700</u>	<u>12,911,865</u>	<u>(12,835)</u>
Departmental Revenue:					
Indian Gaming Revenue.....	22,330		22,330	24,665	2,335
Other.....	700,734		700,734	299,797	(400,937)
Total Department Revenues.....	<u>723,064</u>		<u>723,064</u>	<u>324,462</u> (2)	<u>(398,602)</u>
Total Revenues.....	<u>13,647,764</u>		<u>13,647,764</u>	<u>13,236,327</u>	<u>(411,437)</u>
TOTAL AVAILABLE.....	<u>13,673,482</u>	<u>78,496</u>	<u>13,751,978</u>	<u>13,340,541</u>	<u>(411,437)</u>
EXPENDITURES					
LAPSE					
Commerce.....	57,771	10,112	67,883	58,157	9,726
Education.....	6,946,735	64,278	7,011,013	6,789,596	221,417
Environmental Resources.....	206,246	417	206,663	125,977	80,686
Human Relations & Resources.....	3,833,269	61,098	3,894,367	3,780,968	113,399
General Executive.....	555,266	8,390	563,656	396,707	166,949
Judicial.....	121,168	1,774	122,942	120,766	2,176
Legislative.....	71,895	2,890	74,785	64,282	10,503
General (Incl. Shared Revenue).....	2,251,035	23,454	2,274,489	2,228,066	46,423
Transfer to Budget Stabilizaiton Fund...	0	0	0	14,782	(14,782)
Compensation Reserves.....	95,963	(95,963)	0	0	0
Less: Estimated Lapse.....	(552,113)	0	(552,113)	0	(552,113)
TOTAL EXPENDITURES.....	<u>13,587,235</u>	<u>76,450</u>	<u>13,663,685</u>	<u>13,579,301</u>	<u>84,384</u>
Transfers in - General Fund.....	0	0	0	332,563 (2)	332,563
UNRESERVED BALANCE	86,247	2,046	88,293	93,803	5,510
Designation for continuing balances.....	0	(8,236)	(8,236)	(8,236)	0
UNRESERVED					
Undesignated Balance..... \$	<u>86,247</u>	<u>(6,190)</u> \$	<u>80,057</u>	<u>85,567</u>	<u>5,510</u>
	(1)				

The accompanying notes are an integral part of this statement.

- (1) See Note E
- (2) See Note F
- (3) See Note L

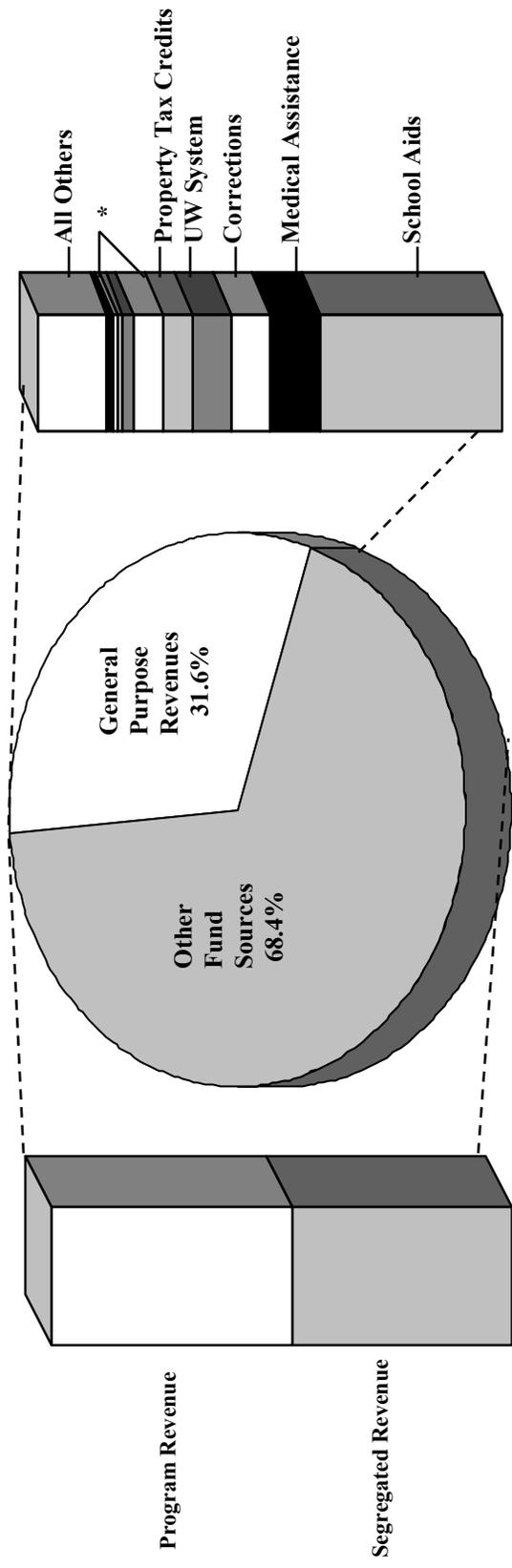
Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2011

Other Expenditures
\$29.3 Billion

Total Expenditures
\$42.9 Billion

General Purpose Revenue Expenditures
\$13.6 Billion



* Higher Ed Financial Aid
State Supplement to SSI
Community Aids
Tax Relief to Individuals
Shared Revenue

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, 2011
 (In Thousands)

	General Fund			Major Special Revenue Funds		Other	As of June 30, 2011
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation		
REVENUES							
Taxes.....	\$ 12,911,865	\$ 25,345	\$ 12,937,210	\$ 1,028,911	\$ 89,868	\$ 93,450	14,149,439
Intergovernmental Revenue.....	5,370	11,165,084	11,170,454	1,220,010	45,553	116,464	12,552,481
Licenses.....	68,379	227,707	296,086	477,898	101,160	853,991	1,729,135
Charges for Goods and Services.....	13,453	2,967,580	2,981,033	36,800	24,148	559,191	3,601,172
Contributions.....	0	0	0	0	0	3,312,172	3,312,172
Interest & Investment Income.....	(1,319)	60,080	58,761	167	(79)	15,906,604	15,965,453
Gifts & Donations.....	15	556,827	556,842	4	1,169	11,971	569,986
Other Revenue.....	151,672	471,758	623,430	19,119	707	1,365,960	2,009,216
Transfers.....	11,000	13,831	24,831	13,349	23,029	763,350	824,559
Other Transactions.....	75,892	201,979	277,871	2	11	(6,433)	271,451
Proceeds from Bonds & Notes.....	0	0	0	137,709	0	1,378,288	1,515,997
TOTAL REVENUES	13,236,327	15,690,191	28,926,518	2,933,969	285,566	24,355,008	56,501,061
EXPENDITURES							
Commerce.....	58,157	317,248	375,405	0	1,589	118,242	495,236
Education.....	6,789,596	5,438,103	12,227,699	0	553	615,949	12,844,201
Environmental Resources.....	125,977	81,915	207,892	2,721,301	295,172	718,284	3,942,649
Human Relations & Resources.....	3,780,968	8,681,749	12,462,717	0	0	1,832,249	14,294,966
General Executive.....	396,707	793,617	1,190,324	1,487	0	6,470,350	7,662,161
Judicial.....	120,766	14,199	134,965	0	0	291	135,256
Legislative.....	64,282	1,981	66,263	0	0	0	66,263
General (Incl. Shared Revenue).....	2,242,848	43,711	2,286,559	21,810	45	1,177,593	3,486,007
TOTAL EXPENDITURES	13,579,301	15,372,523	28,951,824	2,744,598	297,359	10,932,958	42,926,739
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES.....	(342,974)	317,668	(25,306)	189,371	(11,793)	13,422,050	13,574,322
BEGINNING FUND BALANCE							
PRIOR PERIOD ADJUSTMENT	(45,262)	39,457	(5,805)	0	0	0	(5,805)
DESIGNATED.....	78,496	0	78,496	0	0	0	78,496
UNDESIGNATED.....	70,980	28,893	99,873	(1,049,072)	22,618	70,350,020	69,423,439
TOTAL	104,214	68,350	172,564	(1,049,072)	22,618	70,350,020	69,496,130
INTER-FUND							
TRANSFERS.....	332,563	(166,001)	166,562	(23,046)	0	(143,516)	0
ENDING FUND BALANCE	93,803	220,017	313,820	(882,747)	10,825	83,628,554	83,070,452
DESIGNATED.....	(8,236)	0	(8,236)	0	0	0	(8,236)
UNDESIGNATED.....	\$ 85,567	\$ 220,017	\$ 305,584	\$ (882,747)	\$ 10,825	\$ 83,628,554	\$ 83,062,216
				(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, 2011
 (In Thousands)

Funds By Category	Undesignated Fund Balance as of June 30, 2010	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2011
<u>OTHER GOVERNMENTAL FUNDS</u>					
<u>Other Special Revenue</u>					
213 Heritage State Parks & Forests	\$ 887	\$ 4	\$ 25	\$ 0	866
217 Waste Management	7,747	248	181	0	7,814
218 Wisconsin Election Campaign	1,245	315	426	0	1,134
219 Investment and Local Impact	205	0	0	0	205
220 Election Administration	15,914	517	2,506	0	13,925
222 Industrial Building Construction	408	1	0	0	409
224 Self-Insured Employer Liability	180	0	0	0	180
225 Medical Assistance Trust	493	175,634	447,638	276,463	4,952
226 Work Injury Benefits	7,815	3,873	2,671	0	9,017
227 Workers Compensation	2,045	12,033	12,140	0	1,938
229 Uninsured Employers	11,285	2,592	3,133	0	10,744
234 Hospital Assessment Fund	333	414,738	211,517	(203,324)	230
235 Utility Public Benefits	10,474	107,992	108,468	0	9,998
237 Critical Access Hospital Assessment	0	10,181	5,388	(6,172)	(1,379)
238 Mediation	52	385	290	0	147
239 Police and Fire Protection	(896)	51,897	53,197	0	(2,196)
241 Working Lands	0	591	0	(206)	385
250 State Capitol Restoration	65	9	0	0	74
257 Agricultural Chemical Cleanup	1,478	1,962	2,750	(684)	6
258 Farms For The Future	0	0	0	0	0
259 Agrichemical Management	3,346	7,446	5,897	(3,023)	1,872
261 Agricultural Producer Security	10,576	1,923	1,127	0	11,372
264 Historical Legacy Trust	73	0	0	0	73
266 Historical Preservation Partnership Trust	758	3,429	3,513	0	674
268 Wireless 911	32	0	0	0	32
271 Democracy Trust Fund	0	900	900	0	0
272 Petroleum Inspection	(221)	67,785	30,682	(34,379)	2,503
274 Environmental	(3,231)	72,763	45,049	(13,755)	10,728
277 Dry Cleaner Environmental Responsibility	(2,241)	987	2,038	(4)	(3,296)
279 Recycling	(3,144)	61,526	25,278	(28,251)	4,853
280 Information Technology Investment	(2,789)	25	0	0	(2,764)
281 Military Family Relief	0	93	0	0	93
285 Universal Service	4,486	42,739	44,195	(1,237)	1,793
286 Budget Stabilization	1,684	14,902	0	0	16,586
291 Permanent Endowment	1	128,625	0	(128,626)	0
723 Children's Trust	40	15	2	0	53
Total Other Special Revenue	69,100	1,186,130	1,009,011	(143,198)	103,021
<u>Debt Service</u>					
315 Bond Security and Redemption	8,370	723,083	720,436	0	11,017
<u>Capital Projects</u>					
490 State Building Trust	49,959	146,198	155,904	0	40,253
495 Capital Improvement	99,417	1,152,178	1,202,649	0	48,946
Total Capital Projects	149,376	1,298,376	1,358,553	0	89,199

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, 2011
 (In Thousands)

Funds By Category	Undesignated Fund Balance as of June 30, 2010	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2011
<u>Permanent</u>					
743 Agriculture College	305	0	0	0	305
744 Common School Principal	809,703	29,898	0	0	839,601
745 Normal School	24,349	370	278	0	24,441
746 University	234	0	0	0	234
760 Historical Society Trust	9,384	2,301	418	0	11,267
763 Common School Income	951	34,769	33,897	0	1,823
767 Benevolent	14	0	0	0	14
875 University Trust Principal	186,106	11,575	0	0	197,681
876 University Trust Income	34,089	12,815	18,012	0	28,892
Total Permanent	<u>1,065,135</u>	<u>91,728</u>	<u>52,605</u>	<u>0</u>	<u>1,104,258</u>
TOTAL OTHER GOVERNMENTAL FUNDS	<u>1,291,981</u>	<u>3,299,317</u>	<u>3,140,605</u>	<u>(143,198)</u>	<u>1,307,495</u>
<u>FIDUCIARY AND OTHER</u>					
<u>Pension (and Other Employee Benefit)</u>					
262 Public Employe Trust	1,571,683	113,515	106,748	0	1,578,450
747 Core Retirement Investment Trust	61,736,397	17,491,178	5,464,855	0	73,762,720
751 Variable Retirement Investment	4,550,956	1,602,851	397,010	0	5,756,797
Total Pension (and Other Employee Benefit)	<u>67,859,036</u>	<u>19,207,544</u>	<u>5,968,613</u>	<u>0</u>	<u>81,097,967</u>
<u>Private Purposes</u>					
570 Tuition Trust	8,317	(425)	30	0	7,862
769 College Savings Program Trust	7,582	1,634	620	0	8,596
Total Private Purposes.....	<u>15,899</u>	<u>1,209</u>	<u>650</u>	<u>0</u>	<u>16,458</u>
<u>Agency</u>					
788 Support Collections Trust	20,553	934,992	937,459	0	18,086
<u>Other (Business-type funds)</u>					
521 Lottery	24,818	502,800	503,699	0	23,919
531 Local Govt Property Insurance	45,746	16,557	26,225	0	36,078
532 State Life Insurance	106,932	4,871	7,317	0	104,486
533 Injured Patients & Families Compensation	651,505	89,328	41,751	0	699,082
573 Environmental Improvement	249,587	217,504	193,458	0	273,633
582 Veterans Trust	23,573	12,517	17,503	(203)	18,384
583 Veterans Mortgage Loan Repayment	59,619	68,023	95,678	(115)	31,849
587 Transportation Infrastructure Loan	771	346	0	0	1,117
Total Other (Business-type funds).....	<u>1,162,551</u>	<u>911,946</u>	<u>885,631</u>	<u>(318)</u>	<u>1,188,548</u>
TOTAL FIDUCIARY AND OTHER.....	<u>69,058,039</u>	<u>21,055,691</u>	<u>7,792,353</u>	<u>(318)</u>	<u>82,321,059</u>
TOTAL - ALL FUNDS.....	<u>\$ 70,350,020</u>	<u>\$ 24,355,008</u>	<u>\$ 10,932,958</u>	<u>\$ (143,516)</u>	<u>\$ 83,628,554</u>

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, 2011, 2010, and 2009
 (In Thousands)

	June 30, 2011	June 30, 2010	June 30, 2009
<u>ASSETS</u>			
Cash.....	\$ 308,829	\$ 388,031	\$ (142,628)
Contingent Fund Advances.....	2,942	2,943	3,123
Investments.....	0	0	0
Accounts Receivable.....	1,210,956	1,068,226	1,131,883
Due from Other Funds.....	321,371	167,333	289,751
Inventory.....	711	650	660
Prepayments.....	96,099	93,139	92,088
Other Assets.....	134,734	162,142	153,098
TOTAL ASSETS.....	<u>2,075,642</u>	<u>1,882,464</u>	<u>1,527,975</u>
<u>LIABILITIES</u>			
Accounts Payable.....	486,688	632,282	678,702
Operating Notes Payable.....	0	8,000	8,000
Due to Other Funds.....	295,934	111,628	110,144
Tax and Other Deposits.....	25,051	45,947	53,713
Deferred Revenue.....	175,698	190,229	172,343
TOTAL LIABILITIES.....	<u>983,371</u>	<u>988,086</u>	<u>1,022,902</u>
<u>FUND BALANCE</u>			
<u>Reserved Balances</u>			
GPR Encumbrances.....	98,224	90,135	111,468
PR Encumbrances.....	680,227	625,874	420,173
Total Reserved Balances.....	<u>778,451</u>	<u>716,009</u>	<u>531,641</u>
<u>Unreserved Designated Balances</u>			
GPR Designation for Continuing Balances.....	8,236	78,496	10,599
<u>Unreserved Balances</u>			
GPR Unreserved Balance.....	85,567	70,980	89,564
PR Unreserved Balance.....	220,017	28,893	(126,731)
Total Unreserved Balances.....	<u>305,584</u>	<u>99,873</u>	<u>(37,167)</u>
TOTAL FUND BALANCE.....	<u>1,092,271</u>	<u>894,378</u>	<u>505,073</u>
TOTAL LIABILITIES AND FUND BALANCE.....	<u>\$ 2,075,642</u>	<u>\$ 1,882,464</u>	<u>\$ 1,527,975</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, 2011
 (in Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget ²	Budget Adjustments	Final Budget	Expenditures ¹	
Commerce	\$ 461,769	\$ 166,275	\$ 628,044	\$ 474,367	\$ 153,677
Education	11,635,376	1,151,175	12,786,551	12,307,861	478,690
Environmental Resources	3,298,839	1,524,379	4,823,218	3,253,674	1,569,544
Human Relations and Resources	11,541,302	1,724,006	13,265,308	12,136,165	1,129,143
General Executive	1,271,548	514,451	1,785,999	1,381,530	404,469
Judicial	137,586	2,001	139,587	135,255	4,332
Legislative	73,918	2,890	76,808	66,264	10,544
General Appropriations	2,500,401	59,726	2,560,127	2,500,208	59,919
Total Chapter 20	<u>\$ 30,920,739</u>	<u>\$ 5,144,903</u>	<u>\$ 36,065,642</u>	<u>\$ 32,255,324</u>	<u>\$ 3,810,318</u>
Retirement Annuities			6,378,690	5,822,265	556,425
Support Collection Trust Payments			975,150	937,450	37,700
Insurance Premiums			70,595	53,823	16,772
Debt Service Payments			720,471	720,436	35
Capital Projects Expenditures			1,355,559	1,355,559	-
Lottery Prizes			301,131	291,165	9,966
Other Segregated Revenue			429,550	234,049	195,501
Program Revenue Appropriations			1,204,019	1,179,273	24,746
Clearing and Custody Accounts			1,425,548	(5,556)	1,431,104
Total Non Chapter 20 Expenditures			<u>\$ 12,860,713</u>	<u>\$ 10,588,464</u>	<u>\$ 2,272,249</u>
Total State Expenditures Excluding Transfers			<u>\$ 48,926,355</u>	<u>\$ 42,843,788</u>	<u>\$ 6,082,567</u>

The accompanying notes are an integral part of this statement

¹ Expenditures exclude non-budgetary transfers and expenses.

² The fund condition for the fiscal year 2011 includes January 31, 2011 revenue re-estimates and provisions included in 2011 Acts 10, 13 and 27.

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 FY 2011, Chapter 20 included a compensation reserve for employee salary and fringe benefit increases. The total amount reserved (appropriated) was \$95,962,700 and the amount allotted was \$95,962,700 leaving a lapse amount of \$0.

Note E Published Budget

The published budget amounts used in Exhibit A-1 are based on the fund condition statement for the January 31, 2011 Legislative Fiscal Bureau revenue estimates, as modified by 2011 Acts 10, 13 and 27.

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 2011, a \$166,001,154 transfer from Program Revenue appropriations and cash transfers from other statutory funds of \$166,561,716 required by law were recorded into the General Fund for a total of \$332,562,870, 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 2011 is explained as follows:

	(thousands)
ENDING FUND BALANCE	
(UNDESIGNATED) PER FUND	\$ 86,247
CONDITION STATEMENT	
OPENING BALANCE	
ADJUSTMENTS:	
Prior year designation for continuing balances	78,496
Total opening balance adjustments	<u>78,496</u>
REVENUE ADJUSTMENTS	
Taxes received less than estimate	(12,835)
Departmental revenues less than estimate	<u>(398,602)</u>
Total revenue below estimate	<u>(411,437)</u>
APPROPRIATION ADJUSTMENTS	
Sum Sufficient Changes	
Reestimates	(20,258)
Subsequent Legislation and Prior Period Adjustment	14,068
Budget brought forward from previous year	(78,496)
Budget carried to next year for continuing appropriations	8,236
Total Appropriation Adjustments	<u>(76,450)</u>
LAPSES MORE THAN BUDGETED	84,384
INTER-FUND TRANSFERS	332,563
DESIGNATION FOR CONTINUING BALANCES	<u>(8,236)</u>
UNDESIGNATED FUND BALANCE	<u>\$ 85,567</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 2011. 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, 2011.

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, state 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, Department of Public Instruction and Office of the Commissioner of Insurance. 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	\$886,914	\$416,640
Expenditures	\$886,914	\$416,640
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	\$22,288
Less Supplements (included in total above)	(2,030)
Actual Sum Sufficient Increases	20,258

Note L Prior Period Adjustment

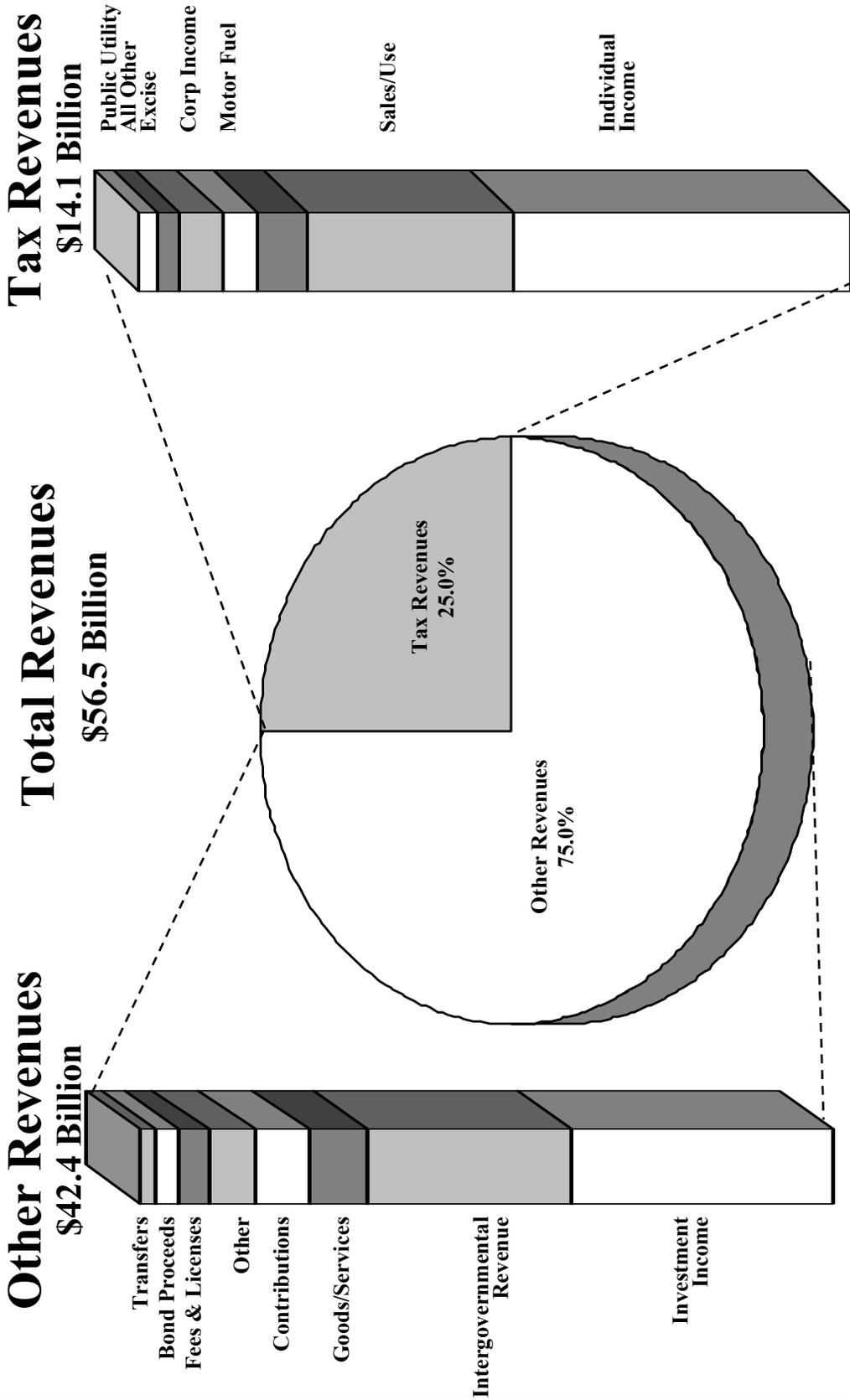
The opening general fund balance has been reduced due to a correction for lapses from certain program revenue appropriations and expenditures charged to the incorrect fiscal year. As shown in Exhibit A-1, the result of this adjustment is a reduction in the fiscal year 2011 general purpose revenue opening balance of \$45.3 million.

Supplemental Data

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Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2011



For more detail on revenues, see Schedule A-2

Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds
 Fiscal Years Ended June 30, 2011, 2010, and 2009
 (In Thousands)

	June 30, 2011	June 30, 2010	June 30, 2009
TAX REVENUES			
General Purpose Revenue			
Income Taxes			
Individual.....	\$ 6,700,647	\$ 6,089,170	\$ 6,222,735
Corporation.....	852,863	834,479	629,523
Total Income Taxes.....	7,553,510	6,923,649	6,852,258
Sales and Excise Taxes			
General Sales and Use.....	4,109,019	3,944,187	4,083,959
Cigarette.....	604,831	644,269	551,337
Other Tobacco Products.....	60,885	59,887	42,238
Liquor and Wine.....	45,803	44,182	44,133
Malt Beverage (Beer).....	9,327	9,609	9,913
Total Sales and Excise Taxes.....	4,829,865	4,702,134	4,731,580
Public Utility Taxes			
Private Light, Heat and Power.....	227,318	208,617	223,471
Municipal Light, Heat and Power.....	3,190	2,925	2,747
Telephone.....	67,022	70,031	63,455
Pipeline.....	27,108	23,052	16,183
Electric Cooperative.....	11,554	10,395	10,549
Municipal Electric.....	4,863	4,146	3,459
Conservation and Regulation.....	288	211	237
Utility Tax (Refunds) Interest and Penalties.....	1	0	9
Total Public Utility Taxes.....	341,344	319,377	320,110
Inheritance and Estate Taxes			
Inheritance and Estate.....	(128)	871	20,853
Total Inheritance and Estate Taxes.....	(128)	871	20,853
Miscellaneous Taxes			
Insurance Companies (Premiums).....	139,951	130,718	136,291
Real Estate Transfer Fee.....	35,555	44,307	41,160
Lawsuits (Courts).....	11,670	10,492	10,789
Other.....	98	111	110
Total Miscellaneous Taxes.....	187,274	185,628	188,350
TOTAL GPR TAX REVENUES.....	12,911,865	12,131,659	12,113,151
Program Tax Revenues			
Fire Dues.....	16,550	16,167	15,758
Pari-mutuel Taxes.....	0	306	679
County Expo Tax Administration.....	632	97	456
Baseball Park Administration Fee.....	384	343	389

Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds
 Fiscal Years Ended June 30, 2011, 2010, and 2009
 (In Thousands)

	June 30, 2011	June 30, 2010	June 30, 2009
Program Tax Revenues, Cont.			
Business Trust Regulation Fee.....	\$ 1,795	\$ 2,055	\$ 2,579
Other.....	5,984	6,213	6,409
TOTAL PROGRAM TAX REVENUES.....	25,345	25,181	26,270
TOTAL-GENERAL FUND TAX REVENUES.....	12,937,210	12,156,840	12,139,421
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	988,265	971,786	968,811
Air-Carrier Tax.....	6,259	4,505	5,388
Railroad Tax.....	24,880	24,056	21,612
Aviation Fuel Tax.....	1,278	1,188	1,360
Other Taxes.....	8,229	7,146	7,818
Conservation Fund			
2/10 Mill Forestry Mill Tax.....	84,235	86,896	87,364
Forest Crop Taxes.....	5,631	5,004	5,669
Motor Fuel Tax.....	2	3	2
Mediation Fund.....	2	2	2
Petroleum Inspection Tax.....	67,583	60,957	44,738
Recycling Fund			
Temporary Service Charges.....	25,865	20,610	27,168
TOTAL STATE TAX REVENUES.....	14,149,439	13,338,993	13,309,353
Intergovernmental Revenue.....	12,552,481	11,521,558	9,474,965
Licenses and Permits.....	1,729,135	1,662,803	1,447,670
Charges for Goods and Services.....	3,601,172	3,426,455	3,373,331
Contributions.....	3,312,172	2,980,810	2,826,104
Interest and Investment Income.....	15,965,453	8,624,470	(14,949,817)
Gifts and Donations.....	569,986	555,577	586,569
Proceeds from Sale of Bonds.....	1,515,997	1,233,951	721,041
Other Revenues.....	2,009,216	1,921,317	2,182,403
Other Transactions.....	271,451	211,030	347,045
TOTAL DEPARTMENTAL REVENUES.....	41,527,063	32,137,971	6,009,311
TRANSFERS.....	824,559	761,716	999,471
TOTAL REVENUES.....	\$ 56,501,061	\$ 46,238,680	\$ 20,318,135

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, 2011
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
State Operations							
144	101	1a	Losses on Public Deposit.....	2,400	0	0	2,400
255	318	3f	Interstate Compact on Educational Opportunity for Military Children.....	1	0	0	1
370	116	1fe	Endangered Resources General Fund.....	500	0	477	23
410	104	1c	Reimbursement Claims of Counties Containing State Prisons.....	70	1	71	0
437	207	2cr	Liability for Overpayments Collected under the AFDC Programs.....	171	0	(319)	490
455	102	1b	Special Counsel.....	725	0	316	409
455	202	2am	Officer Training Reimbursement.....	70	0	70	0
455	504	5d	Reimbursement for Forensic Examinations.....	85	47	132	0
465	103	1c	Public Emergencies.....	40	0	12	28
505	405	4d	Claims Awards.....	65	0	25	40
505	801	8am	Interest on Racing & Bingo Moneys.....	1	0	0	1
511	103	1be	Investigations.....	31	15	43	3
515	103	1c	Contingencies.....	0	0	0	0
515	104	1c	Contingencies.....	0	0	(167)	167
525	101	1a	Governor's Office Administration.....	3,808	5	3,251	562
525	102	1b	Contingent Fund.....	20	0	5	15
525	103	1c	Membership In National Associations.....	118	0	118	0
525	105	1a	Governor's Office Administration.....	0	83	59	24
525	201	2a	Executive Residence.....	262	6	266	2
625	101	1a	Circuit Courts.....	71,113	1,479	71,307	1,285
660	101	1a	Court Of Appeals.....	10,162	140	10,075	227
680	101	1a	Supreme Court.....	5,034	0	4,849	185
765	101	1a	Assembly.....	25,372	400	23,029	2,743
765	103	1b	Senate.....	18,185	0	15,646	2,539
765	104	1d	Legislative Documents.....	4,068	0	3,236	832
765	308	3fa	Membership In National Associations.....	245	0	245	0
855	101	1a	Obligation on Operating Notes.....	3,881	0	3,697	184
855	102	1b	Operating Note Expenses.....	160	0	52	108
855	108	1bm	Payment of Cancelled Drafts Fund 100 - All except UW.....	3,360	(143)	3,217	0
855	108	1bm	Payment of Cancelled Drafts Fund 100 - UW.....	0	221	221	0
855	401	4a	Interest on Overpayment of Taxes.....	2,500	0	759	1,741
855	403	4c	Minnesota Income Tax Reciprocity.....	0	0	0	0
855	405	4e	Transfer to Conservation Fund - Land Acquisition.....	1	2	3	0
855	409	4fm	Transfer to Transportation Fund - Hub Facility Exemption.....	2,334	0	2,334	0
855	413	4cm	Illinois Income Tax Reciprocity.....	34,975	0	34,975	0
865	101	1a	Judgements, Legal Expenses and Worker's Compensation Benefits.....	0	0	0	0
<i>Total State Operations.....</i>				189,757	2,256	178,004	14,009
Aids and Local Assistance							
115	202	2b	Animal Disease Indemnities.....	0	33	33	0
235	104	1e	MN-WI Student Reciprocity.....	15,000	0	14,422	578
235	106	1fe	Wisconsin Higher Education Grants.....	58,345	0	58,312	33
235	109	1fy	Academic Excellence Higher Education Scholarship Program.....	3,262	0	3,106	156
255	218	2fm	Charter Schools.....	57,296	0	56,916	380
255	221	2ep	Second Chance Partnership.....	231	157	387	1
255	235	2fu	Milwaukee Parental Choice Program.....	130,773	0	129,665	1,108
255	306	3c	Grants for National Teacher Certification or Master Educator Licensure.....	1,919	98	2,017	0
285	139	1cd	WiSys Technology Foundation Grants.....	1,414	586	2,000	0
285	406	4dd	Lawton Minority Undergraduate Grants Program.....	6,758	0	6,758	0
370	503	5da	Aids In Lieu Of Taxes General Fund.....	9,040	0	8,305	735
435	403	4ed	State Supplement to Federal Supplemental Security Income Program.....	142,636	1,216	143,852	0
435	574	5da	Reimburse Local Units of Government.....	347	0	286	61
435	715	7ed	Programs for Senior Citizens; Elder Abuse Services.....	0	0	0	0
435	774	7da	Reimburse Local Units of Government.....	53	0	6	47
445	102	1aa	Special Death Benefit.....	525	0	312	213
465	201	2a	Tuition Grants.....	3,500	1,100	4,568	32
465	305	3e	Disaster Recovery Aids Public Health Emergency Quarantine Costs.....	7,225	0	6,292	933
505	412	4er	Volunteer Firefighter & EMT Service Award Program.....	1,950	0	1,871	79
515	101	1a	Annuity Supplements And Payments.....	669	0	666	3
835	101	1c	Expenditure Restraint Program Account.....	58,146	0	58,146	0
835	102	1d	Shared Revenue Account.....	47,188	0	44,300	2,888
835	105	1db	County and Municipal Aids Account.....	770,500	863	771,363	0
835	109	1e	State Aid; Tax Exempt Property.....	75,971	2	75,972	1
835	110	1dm	Public Utility Distribution Account.....	12,135	2,705	14,840	0
835	202	2b	Claim of Right Credit.....	254	0	64	190
835	203	2c	Homestead Tax Credit.....	132,200	1,734	133,934	0
835	205	2dm	Farmland Preservation Credit.....	1,500	4,626	6,126	0
835	209	2ep	Cigarette and Tobacco Product Tax Refunds.....	45,200	0	39,998	5,202
835	211	2co	Enterprise Zone Jobs Credit.....	1,900	0	11	1,889

Exhibit B-2

General Fund Sum Sufficient Appropriations
For the Fiscal Year Ended June 30, 2011
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
Aids and Local Assistance (Continued)							
835	212	2f	Earned Income Tax Credit.....	89,236	0	82,451	6,785
835	213	2bm	Film Production Company Investment Credit.....	650	1	(359)	1,010
835	215	2em	Veterans & Surviving Spouse Property Tax Credit.....	11,500	6,725	18,225	0
835	217	2br	Interest Payments on Overassessments of Manufacturing Property.....	7	0	7	0
835	219	2bd	Meat Processing Facility Investment Credit.....	300	180	480	0
835	220	2bp	Dairy Manufacturing Facility Investment Credit; Dairy Cooperatives.....	750	0	141	609
835	228	2be	Woody Biomass Harvesting and Processing Credit.....	2,500	0	426	2,074
835	229	2bc	Food Processing Plant and Food Warehouse Investment Credit.....	600	0	0	600
835	302	3b	School Levy Tax Credit and First Dollar Credit.....	874,506	0	874,506	0
855	402	4b	Election Campaign Fund Payments.....	150	0	146	4
855	404	4bm	Oil Pipeline Terminal Tax Distribution.....	803	0	803	0
855	418	4ba	Democracy Trust Fund Payments.....	300	0	284	16
855	419	4bb	Democracy Trust Fund Transfer.....	800	0	512	288
<i>Total Aids and Local Assistance.....</i>				2,568,039	20,026	2,562,150	25,915
Principal Repayment and Lease Rental							
115	205	2d	Principal Repayment and Interest.....	10	0	3	7
115	702	7b	Principal Repayment and Interest.....	1,263	0	356	907
190	101	1c	Principal Repayment and Interest.....	682	0	324	358
190	102	1d	Principal Repayment and Interest.....	1,350	0	835	515
225	103	1c	Principal Repayment and Interest.....	2,376	0	950	1,426
245	106	1e	Principal Repayment and Interest.....	1,393	0	788	605
250	103	1c	Principal Repayment and Interest.....	1,267	0	904	363
250	105	1e	Principal Repayment and Interest.....	167	0	61	106
255	104	1d	Principal Repayment and Interest.....	810	0	388	422
285	110	1d	Principal Repayment and Interest.....	128,255	0	73,078	55,177
320	103	1c	Principal Repayment and Interest.....	39,643	0	28,509	11,134
320	282	2c	Principal Repayment and Interest.....	3,157	0	1,656	1,501
370	701	7aa	Principal Repayment and Interest.....	36,223	0	17,537	18,686
370	705	7ca	Principal Repayment and Interest.....	0	0	0	0
370	706	7cb	Principal Repayment and Interest.....	17,421	0	5,576	11,845
370	707	7cc	Principal Repayment and Interest.....	8,522	0	4,309	4,213
370	708	7cd	Principal Repayment and Interest.....	848	0	841	7
370	709	7cd	Principal Repayment and Interest.....	714	0	380	334
370	713	7ce	Principal Repayment and Interest.....	0	0	0	0
370	714	7cf	Principal Repayment and Interest.....	0	0	0	0
395	664	6af	Principal Repayment and Interest.....	52,433	0	26,146	26,287
410	107	1e	Principal Repayment and Interest.....	54,050	0	31,258	22,792
410	307	3e	Principal Repayment and Interest.....	3,448	0	1,866	1,582
435	207	2ee	Principal Repayment and Interest.....	11,602	0	7,284	4,318
465	104	1d	Principal Repayment and Interest.....	3,851	0	2,597	1,254
485	106	1f	Principal Repayment and Interest.....	1,288	0	954	334
505	413	4et	Principal Repayment and Interest.....	8	0	0	8
505	414	4es	Principal Repayment and Interest.....	3,527	0	0	3,527
505	503	5c	Principal Repayment and Interest.....	70	0	55	15
855	801	8a	Principal Repayment and Interest.....	1,006	0	683	323
867	102	1b	Principal Repayment and Interest.....	6,720	0	4,405	2,315
867	301	3a	Principal Repayment and Interest.....	3,678	0	751	2,927
867	302	3b	Principal Repayment and Interest.....	895	0	742	153
867	306	3br	Principal Repayment and Interest.....	88	0	39	49
867	308	3bb	Principal Repayment and Interest.....	0	6	6	0
867	309	3bm	Principal Repayment and Interest.....	80	0	61	19
867	311	3bq	Principal Repayment and Interest.....	476	0	352	124
867	312	3bn	Principal Repayment and Interest.....	20	0	12	8
867	313	3bu	Principal Repayment and Interest.....	27	0	27	0
867	316	3be	Principal Repayment and Interest.....	53	0	53	0
867	317	3bf	Principal Repayment and Interest.....	23	0	17	6
867	318	3bg	Principal Repayment and Interest.....	5	0	5	0
<i>Total Principal Repayment and Lease Rental.....</i>				387,449	6	213,808	173,647
Pay Plan & Supplement							
865	103	1c	Salary.....	0	0	0	0
865	104	1d	Fringe.....	0	0	0	0
<i>Total Pay Plan & Supplements.....</i>				0	0	0	0
TOTAL GENERAL FUND SUM SUFFICIENTS				\$ 3,145,245	22,288	2,953,962	213,571

(1) See Note K

(1)