

*FY13*

# ANNUAL FISCAL REPORT

## Budgetary Basis



State of Wisconsin  
2013

[This page intentionally left blank.]

**State of Wisconsin**  
**2013 Annual Fiscal Report**

**(Budgetary Basis)**

**Table of Contents**

Table of Contents .....	1
Transmittal Letter .....	3

**Economic Section**

The Year in Summary	
Revenue Highlights .....	6
Expenditure Highlights .....	8
Comparative Condition of the General Fund .....	13

**Statements of Fund Condition and Operations**

A.1	Statement of Recorded Revenues, Expenditures and Fund Balance	
	Budget vs. Actual - General Purpose Revenues .....	17
A.2	Statement of Recorded Revenues, Expenditures and Changes in	
	Fund Balances - All Funds .....	19
A.3	Summary of Recorded Revenues and Expenditures - All Other Funds .....	20
A.4	Comparative General Fund Statement of Assets, Liabilities and Fund Balance .....	22
A.5	Budget vs. Actual Expenditures - All Funds.....	23
	Notes to Fund Statements .....	24

**Supplemental Data**

B.1	Analysis of Revenues - All Funds .....	30
B.2	General Fund Sum-Sufficient Appropriations .....	32

[This page intentionally left blank.]



**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/](http://www.doa.state.wi.us/debf/)

October 15, 2013

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, 2013. 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 \$759.2 million as of the end of the fiscal year. This is \$274.5 million higher than the balance of \$484.7 million projected in the January 24, 2013 Legislative Fiscal Bureau re-estimates.

General-purpose revenue taxes were \$14.086 billion compared to \$13.515 billion in the prior year, an increase of \$571 million or 4.2 percent. Collections increased in fiscal year 2012-13 with individual income and sales tax collections 6.5% and 2.8% more, respectively, than the prior year.

General-purpose revenue expenditures, excluding fund transfers, were \$14.042 billion compared to \$13.381 billion in the prior year, a increase of \$661 million or 4.9 percent.

In fiscal year 2013, 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 51.5 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 23.0 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 7.8 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 17.7 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2013. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,

Michael Huebsch  
Secretary of Administration

Stephen J. Censky, CPA  
State Controller

[This page intentionally left blank.]

## **Economic Section**

## The Year In Summary

### Revenue Highlights

General purpose revenue (GPR) taxes for the fiscal year (FY) ending June 30, 2013 totaled \$14,085.6 million, an increase of 4.2 percent from FY 2012 collections of \$13,514.6 million.

Total collections for FY 2013 were \$286.5 million, or 2.1 percent, above the estimate of \$13,799.1 million.

**Table 1**

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

Tax Source	FY 13	% of Total	FY 12	% of Total	\$ Change FY13-FY12	% Change
Individual Income	\$7,496.9	53.2%	\$7,041.7	52.1%	\$455.2	6.5%
General Sales & Use	4,410.1	31.3%	4,288.7	31.7%	121.4	2.8%
Corporation Franchise & Income	925.4	6.6%	906.6	6.7%	18.8	2.1%
Excise	689.5	4.9%	709.5	5.3%	-20.0	-2.8%
Inheritance, Estate & Gift	0.3	0.0%	0.3	0.0%	0.0	0.0%
Public Utility	341.2	2.4%	365.9	2.7%	-24.7	-6.8%
Insurance Companies	159.3	1.1%	148.1	1.1%	11.2	7.6%
Miscellaneous	62.9	0.5%	53.8	0.4%	9.1	16.9%
<b>TOTAL GPR</b>	<b>\$14,085.6</b>	<b>100.0%</b>	<b>\$13,514.6</b>	<b>100.0%</b>	<b>\$571.0</b>	<b>4.2%</b>

#### **Individual Income Tax**

Individual income tax collections increased \$455.2 million (6.5 percent) from \$7,041.7 million in FY 2012 to \$7,496.9 million in FY 2013. This was \$216.9 million (3.0 percent) above the \$7,280.0 million estimate. The individual income tax share of total GPR taxes increased from 52.1 percent in FY 2012 to 53.2 percent in FY 2013.

The largest component of individual income tax collections is withholding from wages and salaries, which increased 2.8 percent from \$6,782.7 million to \$6,973.1 million. Estimated payments increased 21.6 percent from \$1,074.8 million to \$1,306.5 million, while refunds increased 2.7 percent from \$1,767.9 million to \$1,816.3 million. Final payments, or payments with returns, increased 10.4% to \$622.8 million.

#### **General Sales and Use Tax**

Collections from the 5 percent general sales and use tax increased 2.8 percent from \$4,288.7 million to \$4,410.1 million. This was \$30.1 million (0.7 percent) above the \$4,380.0 million estimate. Sales tax collections as a percentage of total GPR taxes decreased from 31.7 percent to 31.3 percent.

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

Corporate collections increased 2.1 percent from \$906.6 million in FY 2012 to \$925.4 million in FY 2013. Corporate collections as a percentage of total GPR taxes decreased from 6.7 percent to 6.6 percent. Corporate collections were \$35.4 million (4.0 percent) above the estimate of \$890.0 million.

The major source of corporate collections, estimated payments, increased by 1.0 percent from \$787.0 million in FY 2012 to \$794.6 million in FY 2013.

### **Excise Tax**

Cigarette tax collections decreased 3.2 percent from \$587.8 million in FY 2012 to \$569.2 million in FY 2013. Collections in FY 2013 were above the estimate by \$9.2 million (1.6 percent).

Tobacco products tax collections decreased 3.8 percent from \$65.5 million in FY 2012 to \$63.0 million in FY 2013. Collections were \$0.2 million more than expected.

Liquor and wine tax collections increased 2.8 percent over the previous fiscal year, from \$47.0 million in FY 2012 to \$48.3 million in FY 2013. Collections were \$1.3 million (2.6 percent) below the estimate in FY 2013.

Beer tax collections decreased 2.2 percent from \$9.2 million in FY 2012 to \$9.0 million in FY 2013. Collections were \$0.1 million (1.1 percent) below the estimate in FY 2013.

### **Other Taxes**

Public utility tax collections decreased \$24.7 million (6.8 percent) from \$365.9 million in FY 2012 to \$341.2 million in FY 2013. Collections were \$14.3 million below the FY 2013 forecast.

Estate tax collections of \$0.3 million were unchanged in FY 2013 from FY 2012. Revenues that were received during FY 2013 reflect delinquent, audit, and refund activity.

Insurance company taxes (generally based on premiums) increased 7.6 percent from \$148.1 million in FY 2012 to \$159.3 million in FY 2013. Collections were above the FY 2013 forecast by \$7.3 million (4.8 percent).

Miscellaneous taxes increased from \$53.8 million in FY 2012 to \$62.9 million in FY 2013. This is \$3.0 million above the forecast for the fiscal year. The largest component of miscellaneous tax, the real estate transfer fee, increased 20.6 percent, from \$39.8 million in FY 2012 to \$48.0 million in FY 2013.

## Expenditure Highlights

In FY 2013, state tax collections increased by 4.2 percent, reflecting Wisconsin's continued recovery from the nation's worst economic crisis in decades. Changes to collective bargaining provisions for public employees in 2011 Wisconsin Act 10 and 2011 Wisconsin Act 32 continued to provide state and local governments tools to generate savings and to contain long-term operations costs. In the 2011-13 fiscal biennium, the state eliminated a \$3.6 billion structural deficit, ending FY 2013 with a \$759.2 million balance and transferring \$153.2 million to the budget stabilization fund. While aids to individuals grew by 7.8 percent, this was primarily related to making 12 monthly payments to managed care organizations (as opposed to 10 in FY 2012) and to lifting the cap on enrollment in Family Care, the state's long-term care assistance program.

Total GPR spending increased 4.9 percent or \$661.4 million in FY 2013, as shown in Table 2. This compares to a 1.4 percent decrease in FY 2012. The largest portion of GPR expenditures in FY 2013 was directed to school districts and

local units of government, consistent with past years. These local assistance expenditures were \$7,238.2 million or 51.5 percent of total GPR spending in FY 2013 compared to \$7,188.7 million or 53.7 percent of total spending in FY 2012. Aid payments to individuals and organizations were \$3,229.2 million, which was 23.0 percent of total GPR spending in FY 2013 compared to \$2,996.3 million or 22.4 percent in FY 2012. State operations costs of \$3,574.7 million accounted for 25.5 percent of total GPR spending, compared to \$3,195.7 million or 23.9 percent in FY 2012. Local Assistance payments increased by 0.7 percent. Aids to Individuals payments increased by 7.8 percent. State operations spending increased 11.9 percent in FY 2013.

The GPR budget is shaped by its ten largest programs, as detailed in Table 3. These programs comprised 83.6 percent of total GPR expenditures in FY 2013, down from 84.3 percent in FY 2012. Immediately following this section is a brief explanation of each program.

**Table 2**

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

	<u>FY13</u>	<u>% of Total</u>	<u>FY12</u>	<u>% of Total</u>	<u>\$ Change FY13-FY12</u>	<u>% Change</u>
Local Assistance	\$7,238.2	51.5%	\$7,188.7	53.7%	\$ 49.5	0.7%
Aids to Individuals	3,229.2	23.0%	2,996.3	22.4%	232.9	7.8%
State Operations:						
UW System	1,094.8	7.8%	911.6	6.8%	183.2	20.1%
All Other Agencies	<u>2,479.9</u>	<u>17.7%</u>	<u>2,284.1</u>	<u>17.1%</u>	<u>195.8</u>	<u>8.6%</u>
Total	<u>\$14,042.1</u>	<u>100.0%</u>	<u>\$13,380.7</u>	<u>100.0%</u>	<u>\$661.4</u>	<u>4.9%</u>
Transfers	<u>290.8</u>		<u>370.4</u>			
TOTAL GPR	<u>\$14,332.9</u>		<u>\$13,751.1</u>			

**Table 3**

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

	<u>FY13</u>	<u>% of Total</u>	<u>FY12</u>	<u>% of Total</u>	<u>\$ Change FY13-FY12</u>	<u>% Change</u>
1. School Aids	\$5,001.4	35.6%	\$4,930.1	36.8%	\$ 71.3	1.4%
2. Medical Assistance	2,073.9	14.8%	1,862.4	13.9%	211.5	11.4%
3. Correctional Services	1,137.6	8.1%	1,082.7	8.1%	54.9	5.1%
4. UW System	1,094.8	7.8%	911.6	6.8%	183.2	20.1%
5. State Property Tax Credits	879.9	6.3%	880.2	6.6%	-0.3	0.0%
6. Shared Revenue	820.6	5.8%	891.8	6.7%	-71.2	-8.0%
7. Individual Tax Relief	250.3	1.8%	270.6	2.0%	-20.3	-7.5%
8. Community Aids	195.5	1.4%	173.7	1.3%	21.8	12.6%
9. State Supplement to SSI	148.5	1.1%	144.2	1.1%	4.3	3.0%
10. Wisconsin Works	131.1	0.9%	131.1	1.0%	0.0	0.0%
All Others	<u>2,308.5</u>	<u>16.4%</u>	<u>2,102.3</u>	<u>15.7%</u>	<u>206.2</u>	<u>9.8%</u>
Subtotal	\$14,042.1	<u>100.0%</u>	\$13,380.7	<u>100.0%</u>	<u>\$661.4</u>	<u>4.9%</u>
Transfers	<u>290.8</u>		<u>370.4</u>			
TOTAL	<u>\$14,332.9</u>		<u>\$13,751.1</u>			

**School Aids:** State GPR assistance to Wisconsin's 424 school districts increased by 1.4 percent or \$71.3 million in FY 2013. Overall, through a combination of state aids and property tax credits, the state was able to reimburse over 60 percent of school costs in FY 2013.

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 continued robust funding levels for state school aids and property tax credits, have succeeded in limiting the statewide net school property tax levy increase to an average of 1.3 percent annually since FY 2008.

In an effort to continue controlling property taxes during FY 2013, districts were provided a \$50 per pupil revenue limit adjustment, the smallest amount since adjustments were implemented except for the revenue limit reduction in FY 2012. Federal grants under the Education Jobs Fund helped school

districts manage decreased aid and revenue limit levels.

There are two major types of direct school aid. Approximately 87.5 percent of direct 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 special transfer aid program for pupils transferring between schools with certain concentrations of minority and nonminority populations. The remaining 12.5 percent of direct aids 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.

In addition to direct aid, in FY 2013 the state also provided funding for children from low-income families in the cities of Milwaukee and Racine to attend private schools at no charge. For FY 2013, these school choice programs were funded 61.6 percent with GPR and 38.4 percent by the Milwaukee and Racine school districts through an adjustment to their general equalization aid

calculation. In FY 2013, the state provided \$154.3 million GPR for school choice.

**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.

In FY 2013, total MA expenditures, including BadgerCare Plus, were \$7,302.3 million, of which \$2,073.9 million was GPR, \$633.1 million was SEG, \$103.8 million was PR and the remaining \$4,491.5 million was FED. On an all funds basis, MA expenditures increased by 8.6 percent over FY 2012. The majority of the increase, \$432 million, is due to the timing of capitation payments to managed care organizations, which resulted in 14 payments in FY 2011, 10 payments in FY 2012 and 12 payments in FY 2013. After expenditures are adjusted to reflect twelve monthly payments in each fiscal year, total MA expenditures increased 3 percent between FY 2012 and FY 2013 due to inflation and changes in enrollment.

Program changes implemented during FY 2013 resulted in total MA enrollment decreasing by 0.8 percent, which is the first decrease in program enrollment in over 15 years. Enrollment trends varied within eligibility groups. Average monthly enrollment of low-income adults and children in the BadgerCare Plus program decreased by 2.5 percent, approximately 20,000 individuals per month, while the average monthly enrollment of elderly individuals and people with disabilities increased by 2.6 percent, approximately 5,200 individuals per month.

On July 1, 2012, the Department of Health Services began charging sliding scale premiums for adults enrolled in BadgerCare Plus with family incomes over 133 percent of the federal poverty level and children with family incomes over 200 percent of the federal poverty level. The percentage of the premiums charged by the department is equivalent to the premium levels established by the Affordable Care Act for individuals receiving premium subsidies through the health care exchanges. The department found that during the first three months, enrollment among populations required to pay the premiums decreased by 15 percent. After the first six months, the rate of disenrollment decreased and

enrollment of low-income adults and children has remained flat in recent months.

In the 2011-13 biennial budget, 2011 Wisconsin Act 32, enrollment in the state's community based long-term care entitlement program, Family Care, was capped while the Department of Health Services conducted a comprehensive review of program costs and outcomes and identified strategies to strengthen Family Care. On April 3, 2012, the temporary enrollment cap was lifted by 2011 Wisconsin Act 127. As a result, the waiting list to enroll in the program decreased from 5,284 in March 2012 to 74 in July 2013.

The Medical Assistance totals do not include expenditures for SeniorCare, Wisconsin's pharmacy assistance program for the elderly. In FY 2013, SeniorCare expenditures totaled \$78 million, a decrease of \$10 million from FY 2012. This decrease is due to continued growth in participation in the federal Medicare Part D program, particularly among low-income individuals who qualify for additional subsidies, and individuals with high drug costs. Of the total expenditures, \$16 million was GPR, \$49 million was PR and \$13 million was FED. Program revenues for SeniorCare are derived from negotiated rebates with pharmaceutical manufacturers.

**Correctional Services:** Total GPR expenditures for the state corrections program increased \$54.9 million or 5.1 percent over the prior year, reaching \$1,137.6 million in FY 2013. The number of incarcerated felons under the supervision of the state adult corrections program increased 0.2 percent from an average daily population of 22,351 in FY 2012 to 22,396 in FY 2013. The increase in spending is mainly attributed to bond refinancing in FY 2012 which lowered interest rates and delayed payments to FY 2013. In addition, the department made significant cuts to expenditures in FY 2012 as a result of 2011 Wisconsin Act 32, which included holding vacancies open and making a significant reduction to Youth Aids funding to find savings in order to generate lapses to the general fund. As a result, the FY 2012 expenditures levels were lower than those of FY 2011, which reached \$1,138.5 million.

**University of Wisconsin System:** Total GPR expenditures for the UW System increased by \$183.2 million, or 20.1 percent in FY 2013. 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 at the "Big Ten" peer group median, and \$1,102 below the "Big Ten" public institution average. UW-Milwaukee was \$477 below its peer group median and all other campuses were approximately \$906 below their peer group medians in the 2012-13 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 2013 was \$747.4 million for all funds. The credit offset 7.1 percent of 2012 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 \$147.3 million in FY 2013, helps to give greater tax relief to lower-value property by offsetting property taxes on the first \$6,800 of property value for eligible parcels.

**Shared Revenue:** State shared revenue provides unrestricted aid to municipal and county governments. In FY 2013, the shared revenue formula distributed a total of \$873.6 million, consisting of \$820.6 million GPR and \$53.0 million SEG. The GPR portion of this amount consisted of county and municipal aids of \$694.7 million, utility aids of \$67.8 million, and expenditure restraint payments of \$58.1 million. The Expenditure Restraint Program provides aids to municipalities with tax rates over five mills that restrained their spending increases. The GPR portion of shared revenue payments decreased by 8 percent over FY 2012, reflecting a reduction in county and municipal aids enacted in 2011 Wisconsin Act 32. Statewide, shared revenue payments provided municipalities with about 13.6 percent and counties with about 3.5 percent of their general revenues.

**Tax Relief to Individuals:** Wisconsin paid out \$250.3 million GPR in tax relief to individuals through a variety of refundable tax credit programs during FY 2013.

The Earned Income Credit program reduces income taxes or supplements income for about 268,000 low-income working families with children. In FY 2013, this program paid a total of \$101.1 million in all funds to these households, a decrease of about \$2.2 million over FY 2012 due to reductions in claimants.

The Homestead Credit is a refundable credit that aims to offset, at least partially, the amount that property taxes exceed a certain percentage of a tax filer's income. This type of credit is also known as a "circuit-breaker" tax credit. 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. In FY 2013, the credit provided \$122.8 million of tax relief, compared with \$133.7 million in FY 2012. About 233,000 low-income homeowners and renters – around 29 percent of them elderly – benefit from the program each year.

The Veterans and Surviving Spouses Property Tax Credit reduced income taxes for or provided a refund check to approximately 6,800 veterans and surviving spouses by providing a credit for taxes paid on a principal dwelling. Tax credit expenditures were \$22.7 million in FY 2013, an increase of \$2.8 million over FY 2012.

Wisconsin's Farmland Preservation Credit programs provide credits to about 14,600 farmers who qualify through exclusive agricultural or farmland preservation zoning or individual farmland preservation agreements. Two separate calculations of and qualifications for the credit were available in FY 2013 – one based on income and the other based on the number of acres and other criteria. Combined expenditures under Farmland Preservation Credit programs totaled \$19.2 million in FY 2013, a decrease of \$0.4 million over FY 2012.

**Community Aids and Children and Family Aids:**

Community Aids and Children and Family 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, these funds are administered and distributed by both the Department of Health Services and the Department of Children and Families with total GPR expenditures reaching \$195.5 million in FY 2013. Between FY 2012 and FY 2013, the Community Aids funding distributed by the Department of Health Services increased by \$21.8 million GPR due to a change in the timing of payments and revenues related to the Medicaid cost settlements paid to counties.

**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 2013, a total of \$148.5 million was expended in SSI payments. The expenditure increase of \$4.3 million GPR over FY 2012 is due to an increase in caseload.

**Wisconsin Works:** Wisconsin Works, or W-2, is a work-based system that provides support services to families in order to help them achieve self-sufficiency. On average, there were approximately 14,354 cases per month served over the course of FY 2013.

In addition to W-2 cash benefits, other program-related costs for work experience, job search, education and training, and administration are funded by the program. These include state funds committed for fraud programs and several other small public assistance-type programs. In total, \$131.1 million of state GPR was spent on W-2 and select other public assistance programs from this Department of Children and Families' appropriation in FY 2013, the same amount as in FY 2012.

Comparative Condition of the General Fund  
 FY13 Actual vs. Budget  
 (in Thousands)

	<u>FY13 Actual</u>	<u>Budget</u>	<u>Variance</u>	
<b>OPENING BALANCES</b>				
Unreserved, Undesignated Opening Balance	\$ 342,088	\$ 342,088	\$ 0	1
Prior Year Designation of Continuing Balances	72,373	0	72,373	2
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	
Unreserved Opening Balance	<u>414,461</u>	<u>342,088</u>	<u>72,373</u>	
<b>REVENUES</b>				
Taxes	14,085,627	13,799,100	286,527	3
Departmental Revenues	<u>610,788</u>	<u>640,787</u>	<u>(29,999)</u>	4
Total Revenues	<u>14,696,415</u>	<u>14,439,887</u>	<u>256,528</u>	
Total Available Resources	<u>15,110,876</u>	<u>14,781,975</u>	<u>328,901</u>	
<b>APPROPRIATIONS</b>				
Gross Appropriations	14,791,814	14,671,906	(119,908)	5
Compensation Reserves	19,011	61,910	42,899	6
Transfers	290,844	147,581	(143,263)	7
Less: Lapses	<u>(749,998)</u>	<u>(584,153)</u>	<u>165,845</u>	8
Net Appropriations	<u>14,351,671</u>	<u>14,297,244</u>	<u>(54,427)</u>	
<b>UNDESIGNATED UNRESERVED BALANCE</b>	<u>\$ 759,205</u>	<u>\$ 484,731</u>	<u>\$ 274,474</u>	

Notes:

1. UNDESIGNATED, UNRESERVED OPENING BALANCE. The fund condition for the fiscal year 2013 is included in the Legislative Fiscal Bureau letter of January 24, 2013 to the Joint Committee on Finance. The opening balance for fiscal year 2013 was based on actual revenues, appropriations and opening balance for the preceding year.
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 higher than the estimated tax collections contained in the January 24, 2013 revenue estimates provided 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	\$ 14,671,906
Add: continuing appropriation authority brought forward	72,373
Add: increases to sum sufficient appropriations above Chapter 20	47,665
Less: new legislation	-130
Add: biennial adjustments (included in January re-estimate)	<u>0</u>
<b>FINAL GROSS APPROPRIATIONS</b>	<u>\$ 14,791,814</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 FY2013, 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.

[This page intentionally left blank.]

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

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

(In Millions of Dollars)

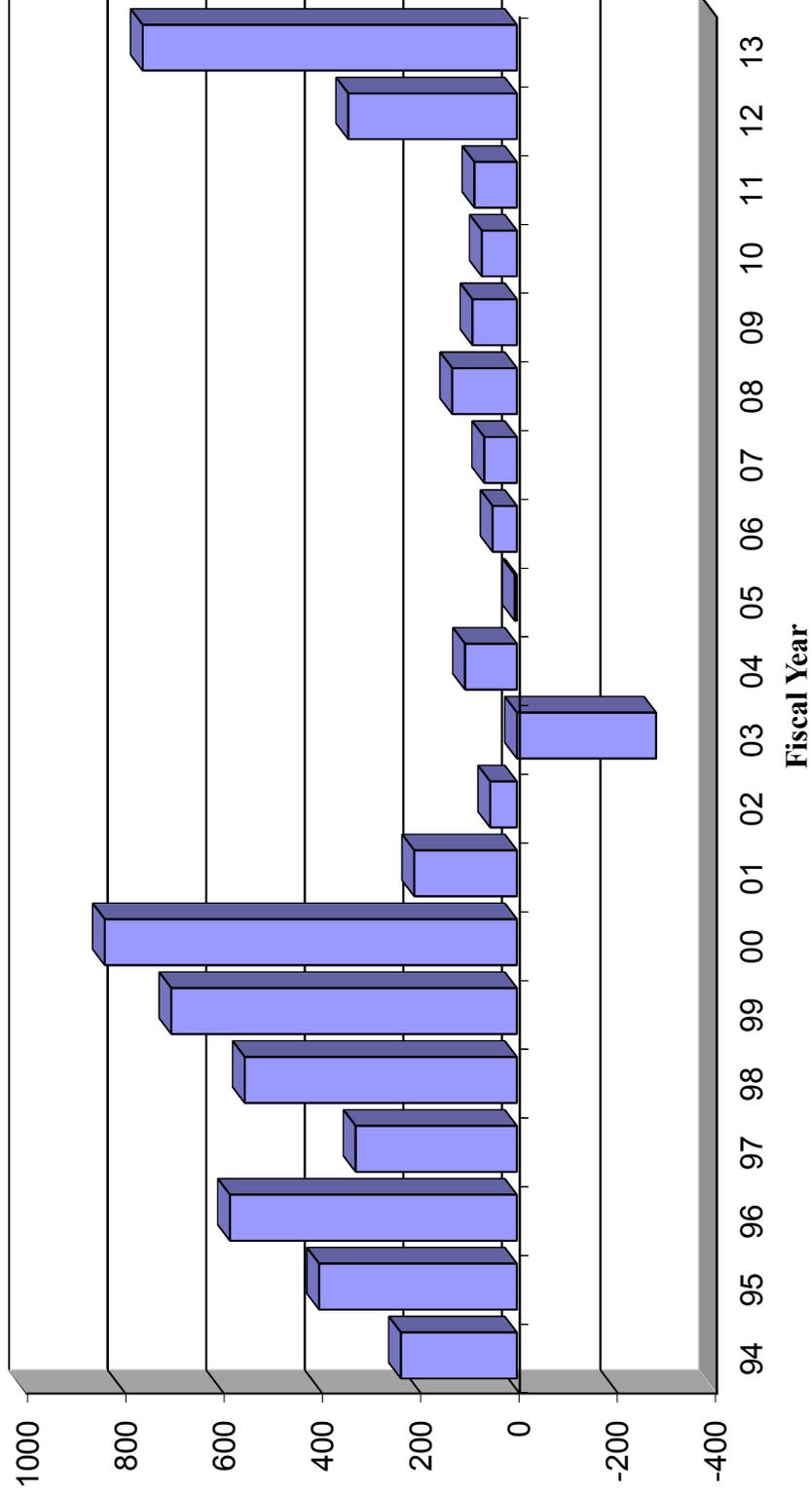


Exhibit A-1

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, 2013  
 (In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved					
Undesignated Balance.....\$	342,088	\$	\$ 342,088	\$ 342,088	\$ 0
Beginning Unreserved					
Designated Balance.....		72,373	72,373	72,373	0
Total.....	342,088	72,373	414,461	414,461	0
<b>REVENUES</b>					
Taxes:					
Individual.....	7,280,000		7,280,000	7,496,854	216,854
Corporation.....	890,000		890,000	925,383	35,383
Sales & Use.....	4,380,000		4,380,000	4,410,130	30,130
Excise.....	681,500		681,500	689,464	7,964
Inheritance & Gift.....	0		0	305	305
Public Utility.....	355,600		355,600	341,256	(14,344)
Insurance.....	152,000		152,000	159,277	7,277
Miscellaneous.....	60,000		60,000	62,958	2,958
Total Taxes.....	13,799,100		13,799,100	14,085,627	286,527
Departmental Revenue:					
Indian Gaming Revenue.....	24,077		24,077	25,932	1,855
Other.....	616,710		616,710	366,373	(250,337)
Total Department Revenues.....	640,787		640,787	392,305 (2)	(248,482)
Total Revenues.....	14,439,887		14,439,887	14,477,932	38,045
TOTAL AVAILABLE.....	14,781,975	72,373	14,854,348	14,892,393	38,045
<b>EXPENDITURES</b>					
LAPSE					
Commerce.....	66,965	15	66,980	65,091	1,889
Education.....	6,552,443	16,228	6,568,671	6,404,874	163,797
Environmental Resources.....	309,219	(1,062)	308,157	302,713	5,444
Human Relations & Resources.....	4,460,938	66,486	4,527,424	4,477,942	49,482
General Executive.....	820,736	4,302	825,038	416,304	408,734
Judicial.....	122,461	4	122,465	113,553	8,912
Legislative.....	73,278	2,935	76,213	62,741	13,472
General (Incl. Shared Revenue).....	2,265,866	31,240	2,297,106	2,198,838	98,268
Transfer (Gen Fund Cond).....	147,581	0	147,581	290,844	(143,263)
Compensation Reserves.....	61,910	(19,011)	42,899	0	42,899
Less: Estimated Lapse.....	(584,153)	0	(584,153)	0	(584,153)
TOTAL EXPENDITURES.....	14,297,244	101,137	14,398,381	14,332,900	65,481
Transfers - General Fund.....	0	0	0	218,483 (2)	218,483
UNRESERVED BALANCE	484,731	(28,764)	455,967	777,976	322,009
Designation for continuing balances.....	0	(18,771)	(18,771)	(18,771)	0
UNRESERVED					
Undesignated Balance.....\$	484,731	\$(47,535)	\$ 437,196	\$ 759,205	\$ 322,009

(1)

The accompanying notes are an integral part of this statement.

(1) See Note E

(2) See Note F

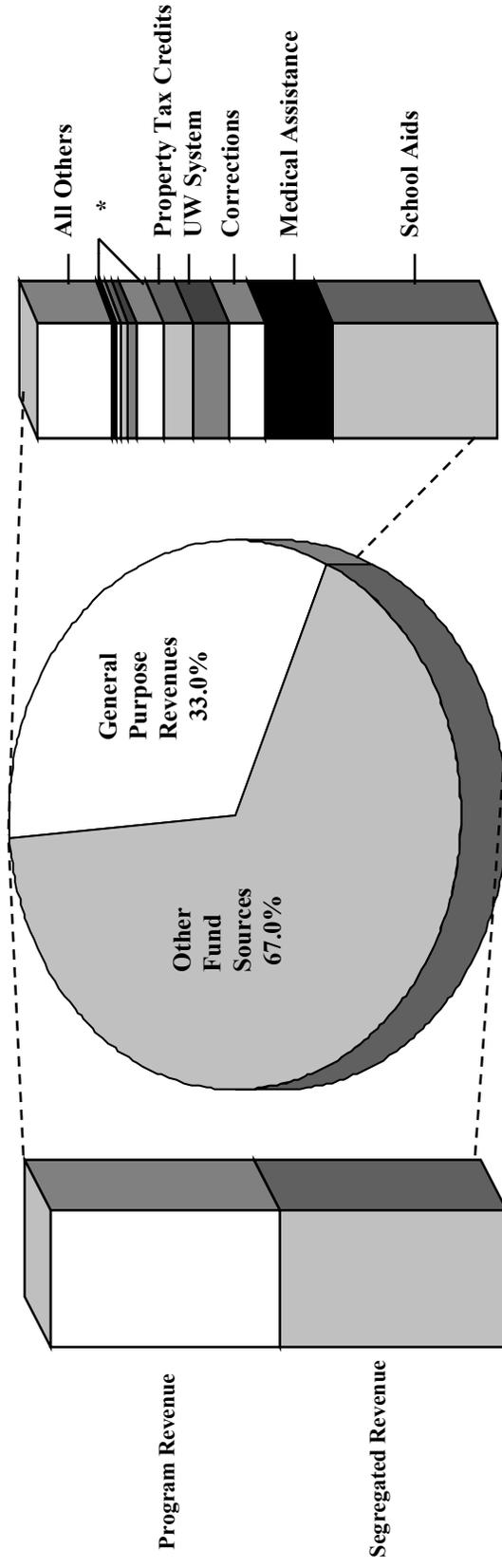
# Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2013

**Other Expenditures**  
\$28.5 Billion

**Total Expenditures**  
\$42.6 Billion

**General Purpose Revenue Expenditures**  
\$14.1 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, 2013  
 (In Thousands)

	General Fund			Major Special Revenue Funds			As of June 30, 2013
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation	Other	
<b>REVENUES</b>							
Taxes.....	\$ 14,085,627	\$ 22,185	\$ 14,107,812	\$ 1,011,477	\$ 86,239	\$ 72,031	\$ 15,277,559
Intergovernmental Revenue.....	12,563	10,070,351	10,082,914	999,433	50,414	135,317	11,268,078
Licenses.....	55,841	231,401	287,242	480,922	103,363	851,303	1,722,830
Charges for Goods and Services.....	13,198	3,203,256	3,216,454	37,779	25,072	632,210	3,911,515
Contributions.....	0	0	0	0	0	3,149,561	3,149,561
Interest & Investment Income.....	(1,477)	74,684	73,207	(237)	(56)	9,067,104	9,140,018
Gifts & Donations.....	25	606,026	606,051	4	1,287	9,517	616,859
Other Revenue.....	164,419	636,553	800,972	15,977	152	1,361,256	2,178,357
Transfers.....	9,737	(8,386)	1,351	10,753	22,579	1,214,571	1,249,254
Other Transactions.....	137,999	121,179	259,178	0	4	29,325	288,507
Proceeds from Bonds & Notes.....	0	0	0	158,005	0	1,061,320	1,219,325
<b>TOTAL REVENUES</b>	<b>14,477,932</b>	<b>14,957,249</b>	<b>29,435,181</b>	<b>2,714,113</b>	<b>289,054</b>	<b>17,583,515</b>	<b>50,021,863</b>
<b>EXPENDITURES</b>							
Commerce.....	65,091	140,199	205,290	0	1,641	122,493	329,424
Education.....	6,404,874	5,593,369	11,998,243	0	389	575,808	12,574,440
Environmental Resources.....	302,713	86,084	388,797	3,003,930	278,361	576,026	4,247,114
Human Relations & Resources.....	4,477,942	7,925,042	12,402,984	0	0	1,767,020	14,170,004
General Executive.....	416,304	554,296	970,600	1,779	0	6,623,320	7,595,699
Judicial.....	113,553	13,901	127,454	0	0	227	127,681
Legislative.....	62,741	1,811	64,552	0	0	0	64,552
General (Incl. Shared Revenue).....	2,198,838	43,987	2,242,825	21,740	45	1,191,603	3,456,213
<b>TOTAL EXPENDITURES</b>	<b>14,042,056</b>	<b>14,358,689</b>	<b>28,400,745</b>	<b>3,027,449</b>	<b>280,436</b>	<b>10,856,497</b>	<b>42,565,127</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>							
EXPENDITURES.....	435,876	598,560	1,034,436	(313,336)	8,618	6,727,018	7,456,736
<b>BEGINNING FUND BALANCE</b>							
DESIGNATED.....	72,373	0	72,373	0	0	0	72,373
UNDESIGNATED.....	342,088	773,584	1,115,672	(1,052,670)	30,649	81,884,032	81,977,683
<b>TOTAL</b>	<b>414,461</b>	<b>773,584</b>	<b>1,188,045</b>	<b>(1,052,670)</b>	<b>30,649</b>	<b>81,884,032</b>	<b>82,050,056</b>
<b>INTER-FUND</b>							
TRANSFERS.....	(72,361)	(143,744)	(216,105)	157,127	0	58,978	0
<b>ENDING FUND BALANCE</b>	<b>777,976</b>	<b>1,228,400</b>	<b>2,006,376</b>	<b>(1,208,879)</b>	<b>39,267</b>	<b>88,670,028</b>	<b>89,506,792</b>
DESIGNATED.....	(18,771)	0	(18,771)	0	0	0	(18,771)
UNDESIGNATED.....	\$ 759,205	\$ 1,228,400	\$ 1,987,605	\$ (1,208,879)	\$ 39,267	\$ 88,670,028	\$ 89,488,021
				(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, 2013  
 (In Thousands)

Funds By Category		Undesignated Fund Balance as of June 30, 2012	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2013
<b><u>OTHER GOVERNMENTAL FUNDS</u></b>						
<u>Other Special Revenue</u>						
213	Heritage State Parks & Forests	\$ 740	\$ 22	\$ 58	\$ 0	704
214	Unemployment Interest Payment	21,292	25,391	35,831	0	10,852
217	Waste Management	7,827	157	47	0	7,937
218	Wisconsin Election Campaign	0	0	0	0	0
219	Investment and Local Impact	205	0	0	0	205
220	Election Administration	13,208	160	1,960	0	11,408
222	Industrial Building Construction	0	0	0	0	0
224	Self-Insured Employer Liability	180	4	0	0	184
225	Medical Assistance Trust	10,024	154,423	374,096	209,623	(26)
226	Work Injury Benefits	1,761	3,879	2,697	0	2,943
227	Workers Compensation	2,975	11,417	11,296	0	3,096
228	Unemployment Program Integrity	0	46	6	0	40
229	Uninsured Employers	10,106	2,821	2,778	0	10,149
234	Hospital Assessment Fund	(1,615)	414,616	259,948	(153,057)	(4)
235	Utility Public Benefits	16,661	103,197	112,327	0	7,531
237	Critical Access Hospital Assessment	(3,461)	9,133	5,755	0	(83)
238	Mediation	279	316	227	0	368
239	Police and Fire Protection	(5)	53,014	53,019	0	(10)
241	Working Lands	386	4	0	(250)	140
248	Economic Development (1)	9,053	30,375	23,396	9	16,041
249	Read To Lead Development	400	0	0	0	400
250	State Capitol Restoration	74	9	0	0	83
257	Agricultural Chemical Cleanup	877	2,604	1,617	0	1,864
258	Farms For The Future	0	0	0	0	0
259	Agrichemical Management	3,634	8,187	6,503	0	5,318
261	Agricultural Producer Security	11,801	1,582	1,069	0	12,314
264	Historical Legacy Trust	73	0	0	0	73
266	Historical Preservation Partnership Trust	815	3,175	3,394	0	596
268	Wireless 911	32	0	0	0	32
271	Democracy Trust Fund	0	0	0	0	0
272	Petroleum Inspection	17,760	41,953	25,552	(19,500)	14,661
274	Environmental	11,865	97,699	85,917	0	23,647
277	Dry Cleaner Environmental Responsibility	(3,980)	812	1,545	0	(4,713)
279	Recycling and Renewable Energy (1)	0	9	0	(9)	0
280	Information Technology Investment	(2,739)	25	0	0	(2,714)
281	Military Family Relief	199	102	10	0	291
285	Universal Service	4,710	39,543	39,838	0	4,415
286	Budget Stabilization	125,446	605	0	153,217	279,268
291	Permanent Endowment	0	131,055	0	(131,055)	0
723	Children's Trust	54	30	18	0	66
	Total Other Special Revenue	260,637	1,136,365	1,048,904	58,978	407,076
<u>Debt Service</u>						
315	Bond Security and Redemption	9,107	823,495	825,003	0	7,599
<u>Capital Projects</u>						
490	State Building Trust	16,470	155,361	136,418	0	35,413
495	Capital Improvement	166,285	1,177,955	953,483	0	390,757
	Total Capital Projects	182,755	1,333,316	1,089,901	0	426,170

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, 2013  
 (In Thousands)

Funds By Category		Undesignated Fund Balance as of June 30, 2012	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2013
<b><u>Permanent</u></b>						
743	Agriculture College	305	0	0	0	305
744	Common School Principal	870,327	37,481	0	0	907,808
745	Normal School	23,988	2,626	268	0	26,346
746	University	234	0	0	0	234
760	Historical Society Trust	11,429	1,730	541	0	12,618
763	Common School Income	5,978	30,678	30,399	0	6,257
767	Benevolent	14	0	0	0	14
875	University Trust Principal	198,837	(1,230)	0	0	197,607
876	University Trust Income	33,506	23,553	18,440	0	38,619
	Total Permanent	1,144,618	94,838	49,648	0	1,189,808
	TOTAL OTHER GOVERNMENTAL FUNDS	1,597,117	3,388,014	3,013,456	58,978	2,030,653
<b><u>FIDUCIARY AND OTHER</u></b>						
<b><u>Pension (and Other Employee Benefit)</u></b>						
262	Public Employe Trust	1,578,705	112,890	110,062	0	1,581,533
747	Core Retirement Investment Trust	71,681,366	10,963,193	5,531,027	0	77,113,532
751	Variable Retirement Investment	5,409,992	1,228,249	417,128	0	6,221,113
	Total Pension (and Other Employee Benefit)	78,670,063	12,304,332	6,058,217	0	84,916,178
<b><u>Private Purposes</u></b>						
570	Tuition Trust	7,390	202	913	0	6,679
769	College Savings Program Trust	8,917	1,180	727	0	9,370
	Total Private Purposes.....	16,307	1,382	1,640	0	16,049
<b><u>Agency</u></b>						
788	Support Collections Trust	17,707	935,116	940,097	0	12,726
<b><u>Other (Business-type funds)</u></b>						
521	Lottery	25,989	566,471	559,361	0	33,099
531	Local Govt Property Insurance	29,073	25,580	28,154	0	26,499
532	State Life Insurance	120,111	(1,913)	4,046	0	114,152
533	Injured Patients & Families Compensation	1,027,028	72,800	23,590	0	1,076,238
573	Environmental Improvement	328,405	242,919	159,455	0	411,869
582	Veterans Trust	19,777	6,557	11,062	0	15,272
583	Veterans Mortgage Loan Repayment	31,262	41,727	56,830	0	16,159
587	Transportation Infrastructure Loan	1,193	530	589	0	1,134
	Total Other (Business-type funds).....	1,582,838	954,671	843,087	0	1,694,422
	TOTAL FIDUCIARY AND OTHER.....	80,286,915	14,195,501	7,843,041	0	86,639,375
	TOTAL - ALL FUNDS.....	\$ 81,884,032	\$ 17,583,515	\$ 10,856,497	\$ 58,978	\$ 88,670,028

The accompanying notes are an integral part of this statement  
 (1) See Note L

Exhibit A-4

State of Wisconsin  
 Comparative General Fund Statement of Assets, Liabilities and Fund Balance  
 Fiscal Years Ended June 30, 2013, 2012, and 2011  
 (In Thousands)

	June 30, 2013	June 30, 2012	June 30, 2011
<b><u>ASSETS</u></b>			
Cash.....	\$ 1,831,711	\$ 979,659	\$ 308,829
Contingent Fund Advances.....	2,939	2,939	2,942
Investments.....	0	0	0
Accounts Receivable.....	1,458,430	1,384,328	1,210,956
Due from Other Funds.....	182,348	45,172	321,371
Inventory.....	593	685	711
Prepayments.....	79,019	77,351	96,099
Other Assets.....	126,898	132,913	134,734
TOTAL ASSETS.....	<u>3,681,938</u>	<u>2,623,047</u>	<u>2,075,642</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable.....	513,857	450,252	486,688
Operating Notes Payable.....	0	0	0
Due to Other Funds.....	454,770	197,479	295,934
Tax and Other Deposits.....	21,189	12,308	25,051
Deferred Revenue.....	163,382	173,646	175,698
TOTAL LIABILITIES.....	<u>1,153,198</u>	<u>833,685</u>	<u>983,371</u>
<b><u>FUND BALANCE</u></b>			
<u>Reserved Balances</u>			
GPR Encumbrances.....	120,074	89,323	98,224
PR Encumbrances.....	402,290	511,994	680,227
Total Reserved Balances.....	<u>522,364</u>	<u>601,317</u>	<u>778,451</u>
<u>Unreserved Designated Balances</u>			
GPR Designation for Continuing Balances.....	18,771	72,373	8,236
<u>Unreserved Balances</u>			
GPR Unreserved Balance.....	759,205	342,088	85,567
PR Unreserved Balance.....	1,228,400	773,584	220,017
Total Unreserved Balances.....	<u>1,987,605</u>	<u>1,115,672</u>	<u>305,584</u>
TOTAL FUND BALANCE.....	<u>2,528,740</u>	<u>1,789,362</u>	<u>1,092,271</u>
TOTAL LIABILITIES AND FUND BALANCE.....	<u>\$ 3,681,938</u>	<u>\$ 2,623,047</u>	<u>\$ 2,075,642</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, 2013  
 (in Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget <sup>2</sup>	Budget Adjustments	Final Budget	Expenditures <sup>1</sup>	
Commerce	\$ 414,765	\$ 21,074	\$ 435,839	\$ 325,601	\$ 110,238
Education	12,009,694	301,623	12,311,317	12,043,776	267,541
Environmental Resources	3,575,843	327,718	3,903,561	3,551,246	352,315
Human Relations and Resources	12,101,429	671,173	12,772,602	11,844,062	928,540
General Executive	1,564,610	191,399	1,756,009	1,195,647	560,362
Judicial	139,416	746	140,162	127,636	12,526
Legislative	75,229	2,935	78,164	64,552	13,612
General Appropriations	2,566,973	32,417	2,599,390	2,482,619	116,771
Total Chapter 20	<u>\$ 32,447,959</u>	<u>\$ 1,549,085</u>	<u>\$ 33,997,044</u>	<u>\$ 31,635,139</u>	<u>\$ 2,361,905</u>
Retirement Annuities			6,355,698	6,177,797	177,901
Support Collection Trust Payments			975,075	940,089	34,986
Insurance Premiums			71,103	54,227	16,876
Debt Service Payments			1,056,680	825,003	231,677
Capital Projects Expenditures			1,086,725	1,086,725	-
Lottery Prizes			338,336	329,454	8,882
Other Segregated Revenue			444,486	206,382	238,104
Program Revenue Appropriations			1,349,939	1,311,244	38,695
Clearing and Custody Accounts			1,625,986	203,069	1,422,917
Total Non Chapter 20 Expenditures			<u>\$ 13,304,028</u>	<u>\$ 11,133,990</u>	<u>\$ 2,170,038</u>
Total State Expenditures Excluding Transfers			<u>\$ 47,301,072</u>	<u>\$ 42,769,129</u>	<u>\$ 4,531,943</u>

The accompanying notes are an integral part of this statement

<sup>1</sup> Expenditures exclude non-budgetary transfers and expenses.

<sup>2</sup> The fund condition for the fiscal year 2013 is the fund condition approved by Legislative Joint Finance Committee at its August 10, 2012 13.10 meeting, modified by the January 2013 re-estimates.

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

Effective January 2012, the deduction for health insurance premiums was changed to one month in advance of the actual coverage months instead of the two months in advance as previously done. The health insurance costs for the last month 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 2013, Chapter 20 included a compensation reserve for employee salary and fringe benefit increases. The total amount reserved (appropriated) was \$61,910,000 and the amount allotted was \$19,010,700 leaving a lapse amount of \$42,899,300.

**Note E Published Budget**

The published budget amounts used in Exhibit A-1 are based on the fund condition statement for the January 24, 2013 Legislative Fiscal Bureau revenue estimates.

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. Exhibit A-1 displays departmental revenues of \$392.3 million and net transfers in of \$218.5 million. 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, totaling \$610.8 million.

**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 2013 is explained as follows:

	(thousands)
ENDING FUND BALANCE (UNDESIGNATED) PER FUND CONDITION STATEMENT	\$ 484,731
OPENING BALANCE	
ADJUSTMENTS:	
Prior year designation for continuing balances	72,373
Total opening balance adjustments	<u>72,373</u>
REVENUE ADJUSTMENTS	
Taxes received more than estimate	286,527
Departmental revenues less than estimate	<u>(248,482)</u>
Total revenue above estimate	<u>38,045</u>
APPROPRIATION ADJUSTMENTS	
Sum Sufficient Changes	
Reestimates	(47,665)
Subsequent Legislation	130
Budget brought forward from previous year	<u>(72,373)</u>
Budget carried to next year for continuing appropriations	18,771
Total Appropriation Adjustments	<u>(101,137)</u>
LAPSES MORE THAN BUDGETED	65,481
INTER-FUND TRANSFERS	218,483
DESIGNATION FOR CONTINUING BALANCES	<u>(18,771)</u>
UNDESIGNATED FUND BALANCE	\$ <u><u>759,205</u></u>

**Note H General Fund Cash Flow**

Normally the General Fund experiences a short-term cash flow problem in the first half of the year, resulting in the issuance of an operating note. However, an operating note was not required for fiscal year 2013.

**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 Safety and Professional Services 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.

	Safety & Prof Services	Justice
Revenues	\$757,124	\$319,408
Expenditures	\$757,124	\$319,408
Balance	<u>\$0</u>	<u>\$0</u>

**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	\$47,665
Less Supplements (included in total above)	\$0
Actual Sum Sufficient Increases	<u>\$47,665</u>

**Note L Economic Development Fund**

The Recycling and Renewable Energy fund was renamed the Economic Development fund in 2011 Wisconsin Act 32 (budget bill). To better reflect the closing of the Recycling and Renewable Energy fund and the creation of the Economic Development fund in the A-3 Exhibit, these funds have been shown separately.

## **Supplemental Data**

[This page intentionally left blank.]

# Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2013

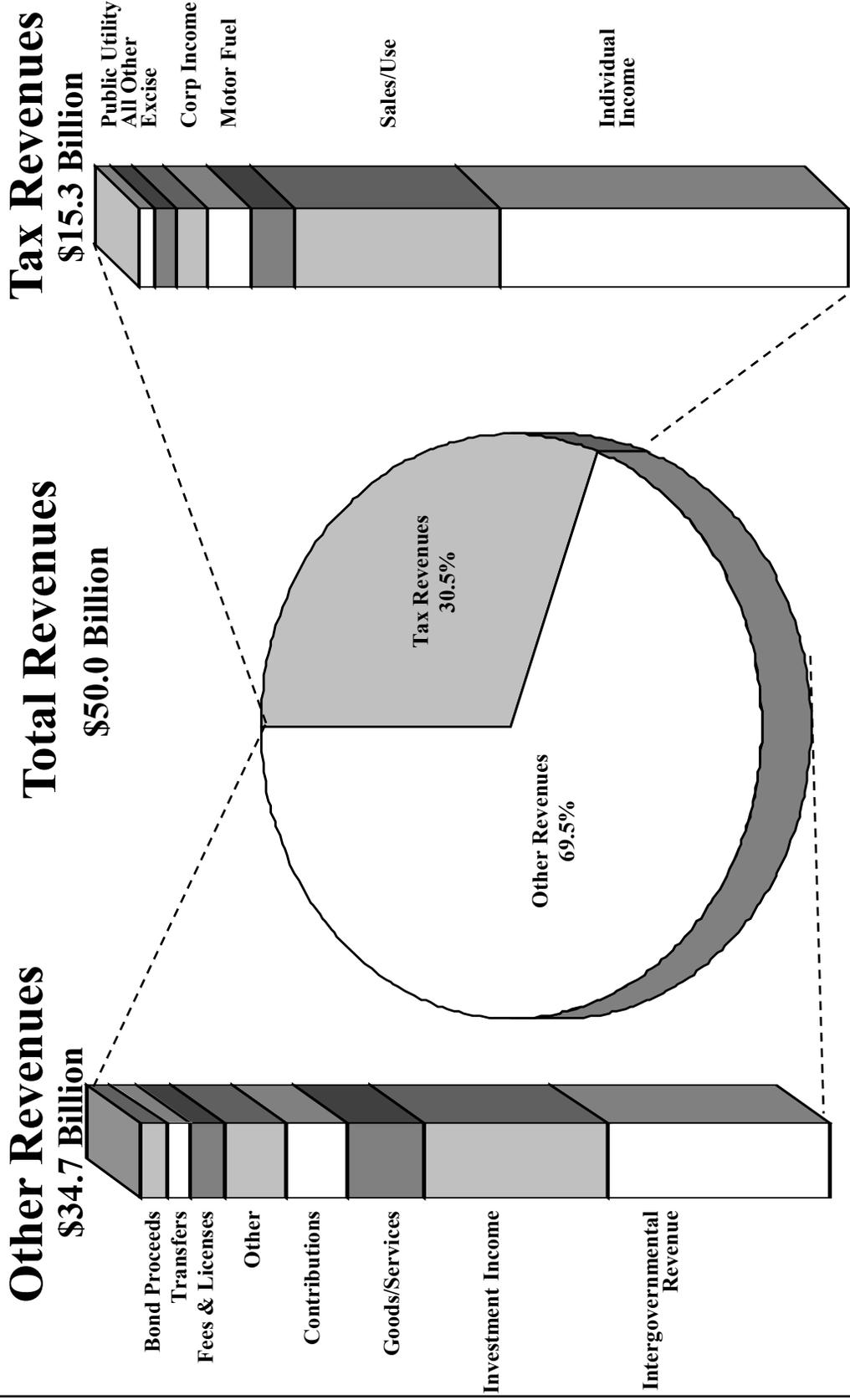


Exhibit B-1

State of Wisconsin  
 Analysis of Revenues-All Funds  
 Fiscal Years Ended June 30, 2013, 2012, and 2011  
 (In Thousands)

	June 30, 2013	June 30, 2012	June 30, 2011
<b>TAX REVENUES</b>			
General Purpose Revenue			
Income Taxes			
Individual.....	\$ 7,496,854	\$ 7,041,673	\$ 6,700,647
Corporation.....	925,383	906,575	852,863
Total Income Taxes.....	8,422,237	7,948,248	7,553,510
Sales and Excise Taxes			
General Sales and Use.....	4,410,130	4,288,739	4,109,019
Cigarette.....	569,151	587,751	604,831
Other Tobacco Products.....	63,024	65,524	60,885
Liquor and Wine.....	48,289	47,037	45,803
Malt Beverage (Beer).....	9,000	9,241	9,327
Total Sales and Excise Taxes.....	5,099,594	4,998,292	4,829,865
Public Utility Taxes			
Private Light, Heat and Power.....	226,079	231,580	227,318
Municipal Light, Heat and Power.....	3,169	3,029	3,190
Telephone.....	67,340	80,976	67,022
Pipeline.....	28,396	33,674	27,108
Electric Cooperative.....	11,276	11,164	11,554
Municipal Electric.....	4,992	5,171	4,863
Conservation and Regulation.....	312	312	288
Utility Tax (Refunds) Interest and Penalties.....	(308)	6	1
Total Public Utility Taxes.....	341,256	365,912	341,344
Inheritance and Estate Taxes			
Inheritance and Estate.....	305	323	(128)
Total Inheritance and Estate Taxes.....	305	323	(128)
Miscellaneous Taxes			
Insurance Companies (Premiums).....	159,277	148,082	139,951
Real Estate Transfer Fee.....	48,016	39,843	35,555
Lawsuits (Courts).....	14,875	13,832	11,670
Other.....	67	99	98
Total Miscellaneous Taxes.....	222,235	201,856	187,274
<b>TOTAL GPR TAX REVENUES.....</b>	<b>14,085,627</b>	<b>13,514,631</b>	<b>12,911,865</b>
<b>Program Tax Revenues</b>			
Fire Dues.....	17,435	17,676	16,550
Pari-mutuel Taxes.....	0	0	0
County Expo Tax Administration.....	95	672	632
Baseball Park Administration Fee.....	219	396	384

Exhibit B-1

State of Wisconsin  
 Analysis of Revenues-All Funds  
 Fiscal Years Ended June 30, 2013, 2012, and 2011  
 (In Thousands)

	June 30, 2013	June 30, 2012	June 30, 2011
<b>Program Tax Revenues, Cont.</b>			
Business Trust Regulation Fee.....	\$ 1,570	\$ 2,024	\$ 1,795
Other.....	2,866	6,443	5,984
<b>TOTAL PROGRAM TAX REVENUES.....</b>	<b>22,185</b>	<b>27,211</b>	<b>25,345</b>
<b>TOTAL-GENERAL FUND TAX REVENUES.....</b>	<b>14,107,812</b>	<b>13,541,842</b>	<b>12,937,210</b>
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	966,994	983,859	988,265
Air-Carrier Tax.....	6,065	5,986	6,259
Railroad Tax.....	29,109	28,087	24,880
Aviation Fuel Tax.....	1,344	1,141	1,278
Other Taxes.....	7,965	8,234	8,229
Conservation Fund			
2/10 Mill Forestry Mill Tax.....	80,037	82,655	84,235
Forest Crop Taxes.....	6,201	5,013	5,631
Motor Fuel Tax.....	1	1	2
Mediation Fund.....	1	2	2
Petroleum Inspection Tax.....	41,662	66,123	67,583
Economic Development Fund			
Temporary Service Charges.....	30,368	27,527	25,865
<b>TOTAL STATE TAX REVENUES.....</b>	<b>15,277,559</b>	<b>14,750,470</b>	<b>14,149,439</b>
Intergovernmental Revenue.....	11,268,078	11,161,047	12,552,481
Licenses and Permits.....	1,722,830	1,731,183	1,729,135
Charges for Goods and Services.....	3,911,515	3,811,937	3,601,172
Contributions.....	3,149,561	3,288,711	3,312,172
Interest and Investment Income.....	9,140,018	836,370	15,965,453
Gifts and Donations.....	616,859	567,650	569,986
Proceeds from Sale of Bonds.....	1,219,325	1,379,104	1,515,997
Other Revenues.....	2,178,357	2,101,309	2,009,216
Other Transactions.....	288,507	151,741	271,451
<b>TOTAL DEPARTMENTAL REVENUES.....</b>	<b>33,495,050</b>	<b>25,029,052</b>	<b>41,527,063</b>
<b>TRANSFERS.....</b>	<b>1,249,254</b>	<b>737,888</b>	<b>824,559</b>
<b>TOTAL REVENUES.....</b>	<b>\$ 50,021,863</b>	<b>\$ 40,517,410</b>	<b>\$ 56,501,061</b>

The accompanying notes are an integral part of this statement

Exhibit B-2

General Fund Sum Sufficient Appropriations  
For the Fiscal Year Ended June 30, 2013  
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
<b>State Operations</b>							
255	318	3f	Interstate Compact on Educational Opportunity for Military Children.....	1	0	0	1
370	116	1fe	Endangered Resources General Fund.....	500	0	500	0
410	104	1c	Reimbursement Claims of Counties Containing State Prisons.....	70	0	44	26
455	102	1b	Special Counsel.....	850	81	931	0
455	202	2am	Officer Training Reimbursement.....	84	0	56	28
455	504	5d	Reimbursement for Forensic Examinations.....	346	88	434	0
465	103	1c	Public Emergencies.....	27	37	64	0
505	405	4d	Claims Awards.....	25	0	25	0
505	801	8am	Interest on Racing & Bingo Moneys.....	0	0	0	0
511	103	1be	Investigations.....	55	0	48	7
515	103	1c	Contingencies.....	0	0	(28)	28
525	101	1a	Governor's Office Administration.....	4,003	0	3,686	317
525	102	1b	Contingent Fund.....	20	0	6	14
525	103	1c	Membership In National Associations.....	118	0	118	0
525	201	2a	Executive Residence.....	271	0	208	63
625	101	1a	Circuit Courts.....	71,672	0	67,276	4,396
660	101	1a	Court Of Appeals.....	10,477	0	9,914	563
680	101	1a	Supreme Court.....	5,236	0	4,783	453
765	101	1a	Assembly.....	25,911	0	22,983	2,928
765	103	1b	Senate.....	18,590	0	15,345	3,245
765	104	1d	Legislative Documents.....	4,085	0	2,794	1,291
765	308	3fa	Membership In National Associations.....	200	0	200	0
855	101	1a	Obligation on Operating Notes.....	0	0	0	0
855	102	1b	Operating Note Expenses.....	0	0	0	0
855	108	1bm	Payment of Cancelled Drafts Fund 100 - All except UW.....	1,500	1,382	2,882	0
855	108	1bm	Payment of Cancelled Drafts Fund 100 - UW.....	0	2	2	0
855	110	1d	Interest Payments to Segregated Funds.....	1,950	0	0	1,950
855	401	4a	Interest on Overpayment of Taxes.....	2,500	0	94	2,406
855	405	4e	Transfer to Conservation Fund - Land Acquisition.....	17	0	17	0
855	409	4fm	Transfer to Transportation Fund - Hub Facility Exemption.....	381	0	381	0
855	413	4cm	Illinois Income Tax Reciprocity.....	74,364	0	74,364	0
<i>Total State Operations.....</i>			<b>223,251</b>	<b>1,590</b>	<b>207,127</b>	<b>17,714</b>	
<b>Aids and Local Assistance</b>							
235	104	1e	MN-WI Student Reciprocity.....	9,380	0	9,331	49
235	106	1fe	Wisconsin Higher Education Grants.....	58,345	0	58,296	49
235	109	1fy	Academic Excellence Higher Education Scholarship Program.....	3,125	0	2,993	132
255	218	2fm	Charter Schools.....	59,840	0	58,666	1,174
255	224	2fr	Parental Choice Program for Eligible School Districts.....	3,221	0	2,299	922
255	235	2fu	Milwaukee Parental Choice Program.....	154,608	0	151,990	2,618
255	306	3c	Grants for National Teacher Certification or Master Educator Licensure.....	2,441	330	2,184	587
370	503	5da	Aids In Lieu Of Taxes General Fund.....	7,816	0	7,390	426
435	403	4ed	State Supplement to Federal Supplemental Security Income Program.....	147,131	1,408	148,539	0
435	574	5da	Reimburse Local Units of Government.....	313	74	387	0
435	774	7da	Reimburse Local Units of Government.....	0	0	0	0
445	102	1aa	Special Death Benefit.....	525	0	365	160
445	119	1fw	Unemployment Insurance Claimant Training Stipends.....	225	0	24	201
465	201	2a	Tuition Grants.....	4,500	1,146	5,646	0
465	305	3e	Disaster Recovery Aids Public Health Emergency Quarantine Costs.....	2,500	0	1,163	1,337
505	412	4er	Service Award Program.....	1,884	51	1,929	6
515	101	1a	Annuity Supplements And Payments.....	416	0	408	8
566	210	2b	Valuation Error Loans.....	137	0	137	0
835	101	1c	Expenditure Restraint Program Account.....	58,146	0	58,146	0
835	105	1db	County and Municipal Aids Account.....	693,948	40,500	694,644	39,804
835	109	1e	State Aid: Tax Exempt Property.....	80,520	0	80,520	0
835	110	1d	Public Utility Distribution Account.....	67,785	0	67,785	0
835	202	2b	Claim of Right Credit.....	170	232	402	0
835	203	2c	Homestead Tax Credit.....	132,200	0	122,819	9,381
835	205	2dm	Farmland Preservation Credit.....	1,500	560	2,060	0
835	209	2ep	Cigarette and Tobacco Product Tax Refunds.....	36,000	0	28,152	7,848
835	211	2co	Enterprise Zone Jobs Credit.....	35,000	0	29,447	5,553
835	212	2f	Earned Income Tax Credit.....	64,836	0	57,460	7,376
835	213	2bm	Film Production Services Credit.....	400	0	170	230

Exhibit B-2

General Fund Sum Sufficient Appropriations  
For the Fiscal Year Ended June 30, 2013  
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
<b>Aids and Local Assistance (Continued)</b>							
835	215	2em	Veterans & Surviving Spouse Property Tax Credit .....	21,000	1,702	22,702	0
835	217	2br	Interest Payments on Overassessments of Manufacturing Property.....	10	0	0	10
835	219	2bd	Meat Processing Facility Investment Credit.....	700	0	509	191
835	223	2en	Beginning Farmer and Farm Asset Owner Tax Credit.....	50	0	32	18
835	226	2bl	Film Production Company Investment Credit.....	100	0	12	88
835	228	2be	Food Processing Plant and Food Warehouse Investment Credit.....	700	55	755	0
835	229	2bc	Woody Biomass Harvesting and Processing Credit.....	300	0	62	238
835	302	3b	School Levy Tax Credit and First Dollar Credit.....	879,936	0	879,889	47
855	404	4bm	Oil Pipeline Terminal Tax Distribution.....	1,172	0	1,172	0
<i>Total Aids and Local Assistance.....</i>				<b>2,530,879</b>	<b>46,058</b>	<b>2,498,485</b>	<b>78,452</b>

**Principal Repayment and Lease Rental**

115	205	2d	Principal Repayment and Interest.....	13	0	13	0
115	702	7b	Principal Repayment and Interest.....	1,816	0	1,803	13
190	101	1c	Principal Repayment and Interest.....	1,108	0	1,108	0
190	102	1d	Principal Repayment and Interest.....	2,229	0	2,225	4
225	103	1c	Principal Repayment and Interest.....	3,184	0	3,147	37
245	106	1e	Principal Repayment and Interest.....	2,464	0	2,421	43
250	103	1c	Principal Repayment and Interest.....	2,520	0	2,505	15
250	105	1e	Principal Repayment and Interest.....	191	4	191	4
255	104	1d	Principal Repayment and Interest.....	978	0	957	21
285	110	1d	Principal Repayment and Interest.....	206,284	0	201,234	5,050
320	103	1c	Principal Repayment and Interest.....	34,405	0	34,302	103
320	282	2c	Principal Repayment and Interest.....	4,541	0	4,446	95
370	701	7aa	Principal Repayment and Interest.....	67,506	0	66,324	1,182
370	706	7cb	Principal Repayment and Interest.....	7,300	0	7,299	0
370	707	7cc	Principal Repayment and Interest.....	5,076	0	5,076	0
370	708	7cd	Principal Repayment and Interest.....	306	0	306	0
370	709	7ea	Principal Repayment and Interest.....	856	0	856	0
395	664	6af	Principal Repayment and Interest.....	141,047	0	139,838	1,209
410	107	1e	Principal Repayment and Interest.....	86,946	0	86,311	635
410	307	3e	Principal Repayment and Interest.....	5,995	0	5,956	39
435	207	2ee	Principal Repayment and Interest.....	20,963	0	20,550	413
465	104	1d	Principal Repayment and Interest.....	5,914	0	5,847	67
485	106	1f	Principal Repayment and Interest.....	1,882	0	1,858	24
505	413	4et	Principal Repayment and Interest.....	13	0	0	13
505	414	4es	Principal Repayment and Interest.....	2,229	0	0	2,229
505	503	5c	Principal Repayment and Interest.....	154	0	152	2
855	801	8a	Principal Repayment and Interest.....	1,784	0	1,783	0
867	102	1b	Principal Repayment and Interest.....	13,173	0	13,132	41
867	301	3a	Principal Repayment and Interest.....	5,266	0	3,597	1,669
867	302	3b	Principal Repayment and Interest.....	1,957	0	1,875	82
867	306	3br	Principal Repayment and Interest.....	99	0	99	0
867	308	3bb	Principal Repayment and Interest.....	24	0	20	4
867	309	3bm	Principal Repayment and Interest.....	118	0	118	0
867	310	3bc	Principal Repayment and Interest.....	23	0	16	7
867	311	3bq	Principal Repayment and Interest.....	917	0	911	6
867	312	3bn	Principal Repayment and Interest.....	22	0	22	0
867	313	3bu	Principal Repayment and Interest.....	44	0	44	0
867	314	3bv	Principal Repayment and Interest.....	0	12	12	0
867	315	3bd	Principal Repayment and Interest.....	27	0	18	9
867	316	3be	Principal Repayment and Interest.....	295	0	238	57
867	317	3bf	Principal Repayment and Interest.....	53	0	36	17
867	318	3bg	Principal Repayment and Interest.....	16	0	14	2
867	319	3bh	Principal Repayment and Interest.....	41	0	41	0
<i>Total Principal Repayment and Lease Rental.....</i>				<b>629,778</b>	<b>16</b>	<b>616,701</b>	<b>13,093</b>

**Pay Plan & Supplement**

865	103	1c	Salary.....	0	0	0	0
865	104	1d	Fringe.....	0	0	0	0
<i>Total Pay Plan &amp; Supplements.....</i>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

TOTAL GENERAL FUND SUM SUFFICIENTS \$ 3,383,907 47,665 3,322,312 109,259

(1) See Note K

(1)