

FY14

ANNUAL FISCAL REPORT

Budgetary Basis



State of Wisconsin
2014

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State of Wisconsin
2014 Annual Fiscal Report

(Budgetary Basis)

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**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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GOVERNOR

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October 15, 2014

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, 2014. 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 \$516.9 million as of the end of the fiscal year. General-purpose revenue taxes were \$13.948 billion compared to \$14.086 billion in the prior year, a decrease of \$138 million or 1.0 percent. This modest change reflects taxpayers' continued reactions to the federal fiscal cliff, as well as substantial tax relief as enacted by Governor Walker. General sales & use tax collections increased 4.9% from the prior year.

General-purpose revenue expenditures, excluding fund transfers, were \$14.633 billion. This is \$165 million less than the budgeted expenditure allocation of \$14.798 billion.

In fiscal year 2014, 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 50.7 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 23.1 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 18.3 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2014. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,

Mike 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, 2014 totaled \$13,948.1 million, a decrease of 1.0 percent from FY 2013 collections of \$14,085.6 million.

Total collections for FY 2014 were \$281.2 million, or 2.0 percent, below the estimate of \$14,229.3 million. Similar to other states, this shortfall is largely attributable to taxpayers' continued reactions to the federal fiscal cliff.

Table 1

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

Tax Source	FY 14	% of Total	FY 13	% of Total	\$ Change FY14-FY13	% Change
Individual Income	\$7,061.4	50.6%	\$7,496.9	53.2%	\$-435.5	-5.8%
General Sales & Use	4,628.3	33.2%	4,410.1	31.3%	218.2	4.9%
Corporation Franchise & Income	967.2	6.9%	925.4	6.6%	41.8	4.5%
Excise	698.7	5.0%	689.5	4.9%	9.2	1.3%
Inheritance, Estate & Gift	-0.1	0.0%	0.3	0.0%	-0.4	-133.3%
Public Utility	361.0	2.6%	341.2	2.4%	19.8	5.8%
Insurance Companies	165.8	1.2%	159.3	1.1%	6.5	4.1%
Miscellaneous	65.8	0.5%	62.9	0.5%	2.9	4.6%
TOTAL GPR	\$13,948.1	100.0%	\$14,085.6	100.0%	\$-137.5	-1.0%

Individual Income Tax

Driven by a combination of income tax rate reductions and withholding changes, individual income tax collections decreased \$435.5 million (5.8 percent) from \$7,496.9 million in FY 2013 to \$7,061.4 million in FY 2014. This was \$178.7 million (2.5 percent) below the \$7,240.1 million estimate. The individual income tax share of total GPR taxes decreased from 53.2 percent in FY 2013 to 50.6 percent in FY 2014.

The largest component of individual income tax collections is withholding from wages and salaries, which increased 1.6 percent from \$6,973.1 million to \$7,081.9 million. Estimated payments decreased 7.7 percent from \$1,306.5 million to \$1,206.5 million, while refunds increased 14.1 percent from \$1,816.3 million to \$2,073.0 million. Final payments, or payments with returns, decreased 22.7 percent to \$481.2 million.

General Sales and Use Tax

Collections from the 5 percent general sales and use tax increased 4.9 percent from \$4,410.1 million to \$4,628.3 million. This was \$11.1 million (0.2 percent) below the \$4,639.4 million estimate. Sales tax collections as a percentage of total GPR taxes increased from 31.3 percent to 33.2 percent.

Corporation Franchise and Income Tax

Corporate collections increased 4.5 percent from \$925.4 million in FY 2013 to \$967.2 million in FY 2014. Corporate collections as a percentage of total GPR taxes increased from 6.6 percent to 6.9 percent. Corporate collections were \$97.7 million (9.2 percent) below the estimate of \$1,064.9 million.

The major source of corporate collections, estimated payments, increased by 12.3 percent from \$794.6 million in FY 2013 to \$892.4 million in FY 2014.

Excise Tax

Cigarette tax collections increased 0.7 percent from \$569.2 million in FY 2013 to \$573.0 million in FY 2014. Collections in FY 2014 were below the estimate by \$2.0 million (0.3 percent).

Tobacco products tax collections increased 7.5 percent from \$63.0 million in FY 2013 to \$67.7 million in FY 2014. Collections were equal to the estimate in FY 2014.

Liquor and wine tax collections increased 1.4 percent over the previous fiscal year, from \$48.3 million in FY 2013 to \$49.0 million in FY 2014. Collections were \$1.3 million (2.7 percent) above the estimate in FY 2014.

Beer tax collections of \$9.0 million were unchanged in FY 2014 from FY 2013. Collections were equal to the estimate in FY 2014.

Other Taxes

Public utility tax collections increased \$19.8 million (5.8 percent) from \$341.2 million in FY 2013 to \$361.0 million in FY 2014. Collections were \$7.3 million (2.1 percent) above the FY 2014 estimate.

Estate tax collections decreased from \$0.3 million in FY 2013 to \$(0.1) million in FY 2014.

Insurance company taxes (generally based on premiums) increased 4.1 percent from \$159.3 million in FY 2013 to \$165.8 million in FY 2014. Collections were \$1.8 million (1.1 percent) above the FY 2014 estimate.

Miscellaneous taxes increased 4.6 percent from \$62.9 million in FY 2013 to \$65.8 million in FY 2014. This is \$2.0 million below the estimate for the fiscal year. The largest component of miscellaneous tax, the real estate transfer fee, increased 6.6 percent, from \$48.0 million in FY 2013 to \$51.2 million in FY 2014.

Expenditure Highlights

The state began the 2013-15 biennium with a general fund GPR balance of \$759.2 million, the second highest unreserved balance in 20 years, and a \$279.3 million balance in the state's budget stabilization fund, the highest amount ever in the "rainy day" fund's history. Taken together, these balances provided the financial capacity for the Governor and Legislature to enact substantial income and property tax relief. In FY 2014, state tax collections decreased by 1.0 percent as income tax reductions allowed state residents to retain more of their earnings. In addition, a combination of increased funding for school aids and continued local government efforts to contain long-term operations costs resulted in a third year of property tax bill reductions for the median value home.

Total GPR spending increased 4.2 percent or \$591.4 million in FY 2014, as shown in Table 2. This compares to a 4.9 percent increase in FY 2013. The largest portion of GPR expenditures in FY 2014 was directed to school districts and other local units of government, consistent with past

years. Local Assistance payments increased by 2.6 percent, and these expenditures were \$7,424.2 million or 50.7 percent of total GPR spending in FY 2014 compared to \$7,238.2 million or 51.5 percent of total spending in FY 2013. Aid payments to individuals and organizations increased by 4.8 percent, and these expenditures were \$3,385.1 million, which was 23.1 percent of total GPR spending in FY 2014, compared to \$3,229.2 million or 23.0 percent in FY 2013. State operations spending increased 7.0 percent in FY 2014, with expenditures of \$3,824.2 million that accounted for 26.2 percent of total GPR spending, compared to \$3,574.7 million or 25.5 percent in FY 2013.

The GPR budget is shaped by its ten largest programs, as detailed in Table 3. These programs comprised 83.3 percent of total GPR expenditures in FY 2014, compared to 83.6 percent in FY 2013. Immediately following this section is a brief explanation of each program.

Table 2

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

	<u>FY14</u>	<u>% of Total</u>	<u>FY13</u>	<u>% of Total</u>	<u>\$ Change FY14-FY13</u>	<u>% Change</u>
Local Assistance	\$7,424.2	50.7%	\$7,238.2	51.5%	\$186.0	2.6%
Aids to Individuals	3,385.1	23.1%	3,229.2	23.0%	155.9	4.8%
State Operations:						
UW System	1,151.0	7.9%	1,094.8	7.8%	56.2	5.1%
All Other Agencies	<u>2,673.2</u>	<u>18.3%</u>	<u>2,479.9</u>	<u>17.7%</u>	<u>193.3</u>	<u>7.8%</u>
Total	<u>\$14,633.5</u>	<u>100.0%</u>	<u>\$14,042.1</u>	<u>100.0%</u>	<u>\$591.4</u>	<u>4.2%</u>
Transfers	<u>40.4</u>		<u>290.8</u>			
TOTAL GPR	<u>\$14,673.9</u>		<u>\$14,332.9</u>			

Table 3

TOP TEN PROGRAMS
GPR Expenditures
(\$ Millions)

	<u>FY14</u>	<u>% of Total</u>	<u>FY13</u>	<u>% of Total</u>	<u>\$ Change FY14-FY13</u>	<u>% Change</u>
1. School Aids	\$5,142.2	35.1%	\$5,001.4	35.6%	\$140.8	2.8%
2. Medical Assistance	2,305.5	15.8%	2,073.9	14.8%	231.6	11.2%
3. Correctional Services	1,167.3	8.0%	1,137.6	8.1%	29.7	2.6%
4. UW System	1,151.0	7.9%	1,094.8	7.8%	56.2	5.1%
5. State Property Tax Credits	895.7	6.1%	879.9	6.3%	15.8	1.8%
6. Shared Revenue	822.6	5.6%	820.6	5.8%	2.0	0.2%
7. Individual Tax Relief	234.5	1.6%	250.3	1.8%	-15.8	-6.3%
8. Community Aids	184.6	1.3%	195.5	1.4%	-10.9	-5.6%
9. State Supplement to SSI	150.9	1.0%	148.5	1.1%	2.4	1.6%
10. Wisconsin Works	131.1	0.9%	131.1	0.9%	0.0	0.0%
All Others	<u>2,448.1</u>	<u>16.7%</u>	<u>2,308.5</u>	<u>16.4%</u>	<u>139.6</u>	<u>6.0%</u>
Subtotal	\$14,633.5	<u>100.0%</u>	\$14,042.1	<u>100.0%</u>	<u>\$591.4</u>	<u>4.2%</u>
Transfers	<u>40.4</u>		<u>290.8</u>			
TOTAL	<u>\$14,673.9</u>		<u>\$14,332.9</u>			

School Aids: State GPR assistance to Wisconsin's 424 school districts increased by 2.8 percent or \$140.8 million in FY 2014. Overall, through a combination of state aids and property tax credits, the state reimbursed over 61 percent of school costs in FY 2014.

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 decreasing the statewide net school property tax levy by an average of -0.03 percent annually since FY 2011.

During FY 2014 school districts were provided a \$150 adjustment for each pupil. Half of the adjustment was funded by the state through a new categorical aid program, which provided \$75 per pupil outside revenue limits, with the remaining \$75 delivered through a per pupil revenue limit adjustment.

There are two major types of direct school aid. Approximately 87.1 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 12.9 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 2014 the state also provided funding for children from low-income families in the city of Milwaukee and certain eligible school districts statewide to attend private schools at no charge. For FY 2014, the Milwaukee Parental Choice Program was funded 64.8 percent with GPR and 35.2 percent by the Milwaukee Public School District through an adjustment to its general equalization aid calculation. School choice programs in certain eligible school districts statewide, including Racine, were 100 percent funded with GPR in FY 2014. In FY 2014, the

state provided \$169.9 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 2014, total MA expenditures, including BadgerCare Plus, were \$8,225.9 million, of which \$2,305.5 million was GPR, \$618.4 million was SEG, \$540.3 million was PR and the remaining \$4,761.7 million was FED. On an all funds basis, MA expenditures increased by 12.6 percent over FY 2013. The majority of the increase, \$453 million, is due to a change in how drug rebates are recorded. In prior years, these funds were used to offset MA benefits expenditures and are now credited to, and expended from, a new program revenue appropriation.

Due to the federal Affordable Care Act and program changes implemented during FY 2014, total MA enrollment decreased by 0.4 percent, which is the second consecutive year of enrollment decline. Average monthly enrollment of low-income adults and children in the BadgerCare Plus program decreased by 0.9 percent, while the average monthly enrollment of elderly individuals and people with disabilities increased by 2.4 percent.

Enrollment trends varied within eligibility groups due to programmatic changes implemented on April 1, 2014. On that date, the enrollment cap for childless adults was removed and full MA coverage under BadgerCare Plus was extended to all adults without dependent children below 100 percent of the federal poverty level. Additionally, BadgerCare Plus eligibility for parents and caretakers was reduced from 200 percent to 100 percent of the federal poverty level; and certain households above 100 percent of the federal poverty level were transitioned from MA to the federal health exchange.

The Medical Assistance totals do not include expenditures for SeniorCare, Wisconsin's pharmacy assistance program for the elderly. In FY 2014, SeniorCare expenditures totaled \$86 million, an increase of \$8 million from FY 2013. This increase is due to several factors including an increase in

drug utilization and benefits paid to each enrollee in FY 2014. SeniorCare enrollment decreased by 1.0 percent 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, \$53 million was PR and \$17 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 \$29.7 million or 2.6 percent over the prior year, reaching \$1,167.3 million in FY 2014. The number of incarcerated felons under the supervision of the state adult corrections program increased 0.04 percent from an average daily population of 22,396 in FY 2013 to 22,405 in FY 2014. The increase in spending is mainly attributed to increased program operation costs, namely personnel costs associated with the 1 percent general wage adjustment increase and additional overtime costs during FY 2014, as well as a rise in inmate health care costs related to increased pharmaceutical costs, medical staff personnel costs and medical supplies.

University of Wisconsin System: Total GPR expenditures for the UW System increased by \$56.2 million, or 5.1 percent in FY 2014. Tuition at UW institutions was frozen at academic year 2012-13 levels and continues to be a relative bargain in higher education. Resident undergraduate tuition for students at the UW-Madison campus was below the "Big Ten" peer group median, and \$3,824 below the "Big Ten" public institution average. In addition, UW-Milwaukee was \$2,002 below its peer group average and all other campuses were approximately \$858 below their peer group averages in the 2013-14 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 2014

was \$747.4 million GPR. The credit offset 7.1 percent of 2012 gross property tax levies for all purposes statewide. The School Levy Tax Credit GPR expenditures, but not all funds expenditures, increased in FY 2014 as the use of lottery proceeds to pay a portion of the credit's costs was eliminated. 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 \$148.3 million in FY 2014, helps to give greater tax relief to lower-value property by offsetting property taxes on the first \$6,600 of property value for eligible parcels.

Shared Revenue: State shared revenue provides unrestricted aid to municipal and county governments. In FY 2014, the shared revenue formula distributed a total of \$875.2 million, consisting of \$822.6 million GPR and \$52.6 million SEG. The GPR portion of this amount consisted of county and municipal aids of \$695.3 million, utility aids of \$69.2 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 increased by 0.2 percent over FY 2013, reflecting a 2.1 percent increase in the public utility component of the payments. Statewide, shared revenue payments provided municipalities with about 13.0 percent and counties with about 3.1 percent of their general revenues.

Tax Relief to Individuals: Wisconsin paid out \$234.5 million GPR in tax relief to individuals through a variety of refundable tax credit programs during FY 2014.

The Earned Income Credit program reduces income taxes or supplements income for about 267,500 low-income working families with children. In FY 2014, this program paid a total of \$103.8 million in all funds to these households, an increase of about \$2.7 million over FY 2013.

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 2014, the credit provided \$118.0 million of tax relief, compared with \$122.8 million in FY 2013. Over 220,000 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 \$23.2 million in FY 2014, an increase of \$0.5 million over FY 2013.

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 2014 – one based on income and the other based on the number of acres and other criteria. Combined expenditures under Farmland Preservation Credit programs totaled \$19.3 million in FY 2014, an increase of \$0.1 million over FY 2013.

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 \$184.6 million in FY 2014. Between FY 2013 and FY 2014, the Community Aids funding distributed by the departments decreased by \$10.9 million GPR due largely to 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 2014, a total of \$150.9 million was expended in SSI payments. The expenditure increase of \$2.4 million GPR over FY 2013 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 15,930 cases per month served over the course of FY 2014.

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 2014, the same amount as in FY 2013.

Comparative Condition of the General Fund
 FY14 Actual vs. Budget
 (in Thousands)

	<u>FY14 Actual</u>	<u>Budget</u>	<u>Variance</u>
OPENING BALANCES			
Unreserved, Undesignated Opening Balance	\$ 759,205	\$ 759,205	\$ 0 ¹
Prior Year Designation of Continuing Balances	18,771	0	18,771 ²
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>
Unreserved Opening Balance	<u>777,976</u>	<u>759,205</u>	<u>18,771</u>
REVENUES			
Taxes	13,948,101	14,229,270	(281,169) ³
Departmental Revenues	<u>587,175</u>	<u>600,613</u>	<u>(13,438)</u> ⁴
Total Revenues	<u>14,535,276</u>	<u>14,829,883</u>	<u>(294,607)</u>
Total Available Resources	<u>15,313,252</u>	<u>15,589,088</u>	<u>(275,836)</u>
APPROPRIATIONS			
Gross Appropriations	15,043,200	15,013,474	(29,726) ⁵
Compensation Reserves	57,918	78,752	20,834 ⁶
Transfers	40,427	66,177	25,750 ⁷
Less: Lapses	<u>(345,184)</u>	<u>(293,692)</u>	<u>51,492</u> ⁸
Net Appropriations	<u>14,796,361</u>	<u>14,864,711</u>	<u>68,350</u>
UNDESIGNATED UNRESERVED BALANCE	<u>\$ 516,891</u>	<u>\$ 724,377</u>	<u>\$ (207,486)</u>

Notes:

1. UNDESIGNATED, UNRESERVED OPENING BALANCE. The fund condition for the fiscal year 2014 is the Final Chapter 20 fund condition statement. The opening balance for fiscal year 2014 was based on actual revenues, appropriations and opening balance from 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 lower than the estimated tax collections contained in the Final Chapter 20 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	\$ 15,013,474
Add: continuing appropriation authority brought forward	18,771
Add: increases to sum sufficient appropriations above Chapter 20	6,374
Add: new legislation	186
Add: biennial adjustments (included in January re-estimate)	<u>4,395</u>
FINAL GROSS APPROPRIATIONS	<u>\$ 15,043,200</u>
6. COMPENSATION RESERVES. Compensation reserves are budgetary set-asides for employee wage and benefit increases for the fiscal year.
7. TRANSFERS. Certain transfers were delayed until the second year of the biennium, resulting in a positive variance for transfers.
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.

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Statements of Fund Condition and Operations

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

(In Millions of Dollars)

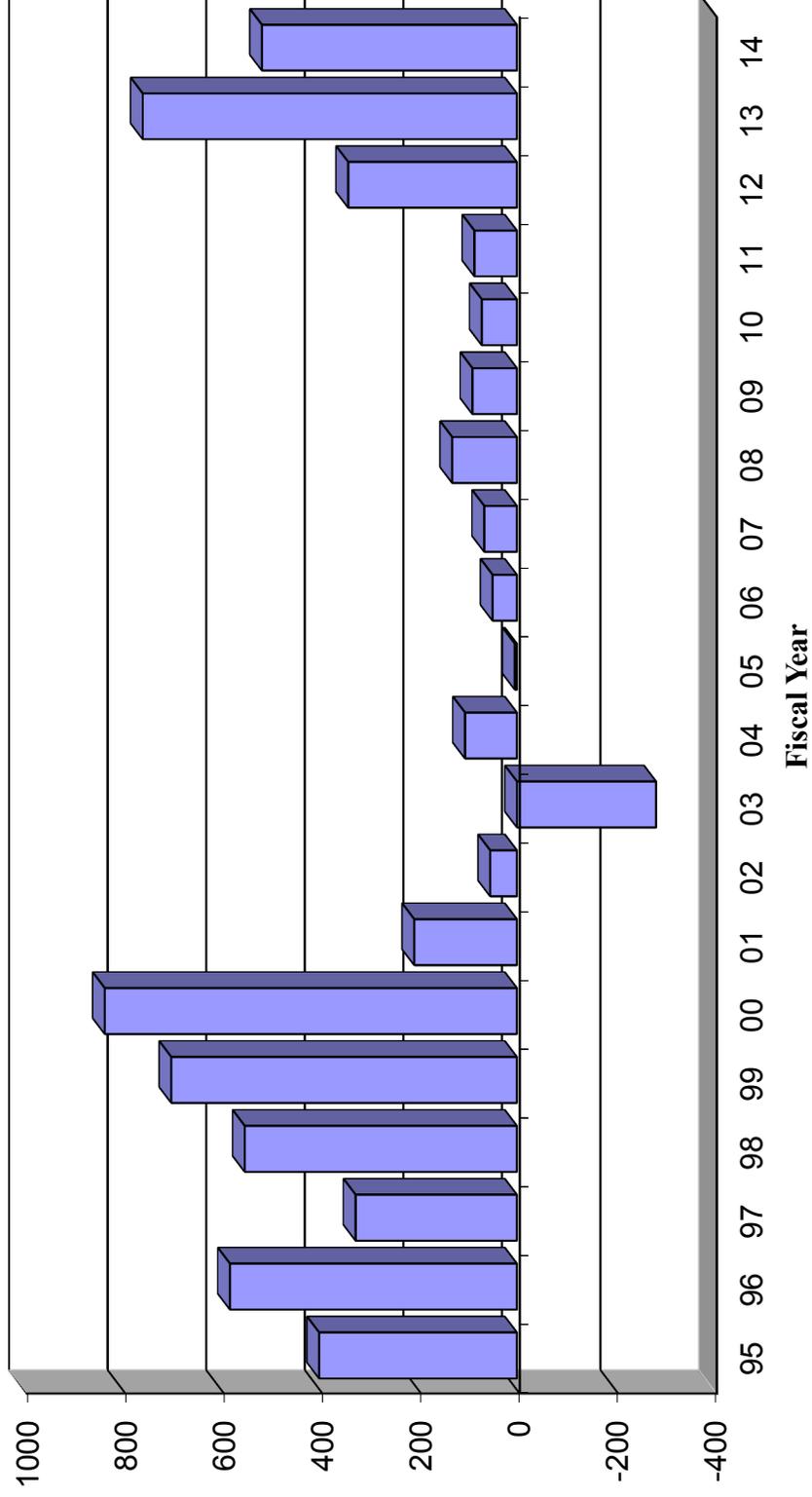


Exhibit A-1

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, 2014
 (In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved					
Undesignated Balance.....\$	759,205	\$	759,205	\$ 759,205	\$ 0
Beginning Unreserved					
Designated Balance.....		18,771	18,771	18,771	0
Total.....	<u>759,205</u>	<u>18,771</u>	<u>777,976</u>	<u>777,976</u>	<u>0</u>
REVENUES					
Taxes:					
Individual.....	7,240,100		7,240,100	7,061,390	(178,710)
Corporation.....	1,064,890		1,064,890	967,184	(97,706)
Sales & Use.....	4,639,380		4,639,380	4,628,338	(11,042)
Excise.....	699,400		699,400	698,687	(713)
Inheritance & Gift.....	0		0	(78)	(78)
Public Utility.....	353,700		353,700	360,967	7,267
Insurance.....	164,000		164,000	165,765	1,765
Miscellaneous.....	67,800		67,800	65,848	(1,952)
Total Taxes.....	<u>14,229,270</u>		<u>14,229,270</u>	<u>13,948,101</u>	<u>(281,169)</u>
Departmental Revenue:					
Indian Gaming Revenue.....	23,704		23,704	0	(23,704)
Other.....	576,909		576,909	358,719	(218,190)
Total Department Revenues.....	<u>600,613</u>		<u>600,613</u>	<u>358,719</u>	<u>(241,894)</u>
Total Revenues.....	<u>14,829,883</u>		<u>14,829,883</u>	<u>14,306,820</u>	<u>(523,063)</u>
TOTAL AVAILABLE.....	<u>15,589,088</u>	<u>18,771</u>	<u>15,607,859</u>	<u>15,084,796</u>	<u>(523,063)</u>
EXPENDITURES					
LAPSE					
Commerce.....	38,804	85	38,889	38,595	294
Education.....	6,653,773	32,576	6,686,349	6,558,005	128,344
Environmental Resources.....	353,694	806	354,500	348,425	6,075
Human Relations & Resources.....	4,875,301	(62,681)	4,812,620	4,793,650	18,970
General Executive.....	631,825	2,045	633,870	483,934	149,936
Judicial.....	119,931	615	120,546	113,286	7,260
Legislative.....	73,081	(3,404)	69,677	63,593	6,084
General (Incl. Shared Revenue).....	2,267,065	(4,809)	2,262,256	2,234,035	28,221
Transfer (Gen Fund Cond).....	66,177	0	66,177	40,427	25,750
Compensation Reserves.....	78,752	(57,918)	20,834	0	20,834
Less: Estimated Lapse.....	(293,692)	0	(293,692)	0	(293,692)
TOTAL EXPENDITURES.....	<u>14,864,711</u>	<u>(92,685)</u>	<u>14,772,026</u>	<u>14,673,950</u>	<u>98,076</u>
Transfers - General Fund.....	0	0	0	228,456	(228,456)
UNRESERVED BALANCE	724,377	111,456	835,833	639,302	(196,531)
Designation for continuing balances.....	0	(122,411)	(122,411)	(122,411)	0
UNRESERVED					
Undesignated Balance.....\$	<u>724,377</u>	<u>(10,955)</u>	<u>713,422</u>	<u>516,891</u>	<u>(196,531)</u>
	(1)				

The accompanying notes are an integral part of this statement.

(1) See Note E

(2) See Note F

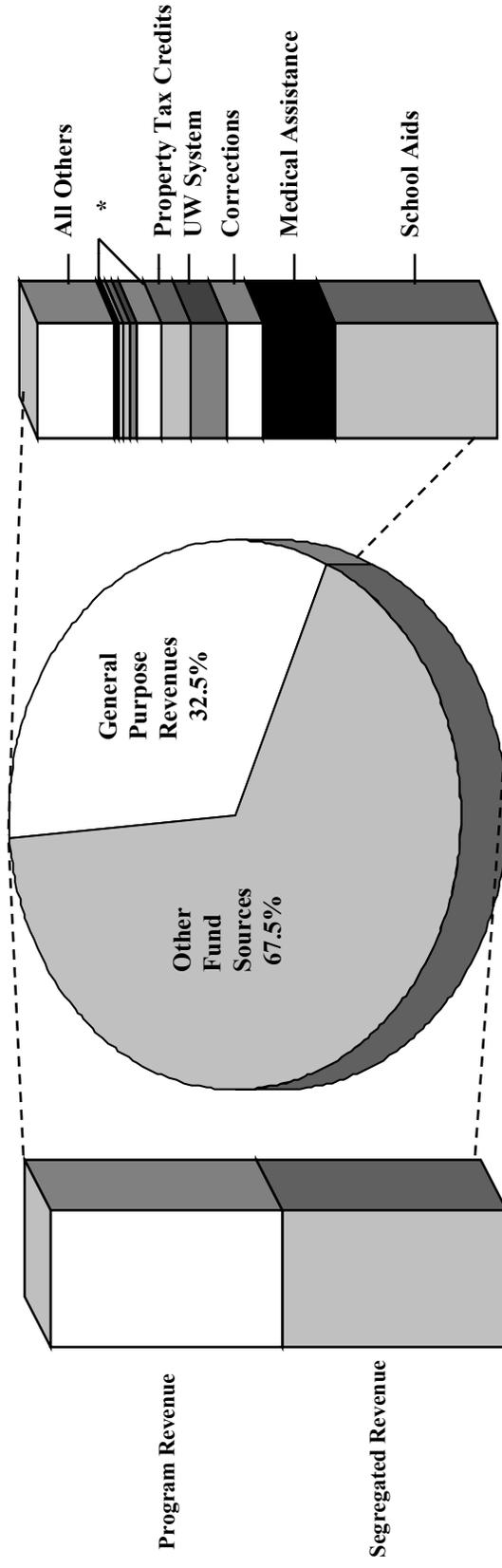
Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2014

Other Expenditures
\$30.5 Billion

Total Expenditures
\$45.1 Billion

General Purpose Revenue Expenditures
\$14.6 Billion



* Wisconsin Works
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, 2014
 (In Thousands)

	General Fund			Major Special Revenue Funds			As of June 30, 2014
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation	Other	
REVENUES							
Taxes.....	\$ 13,948,101	\$ 30,071	\$ 13,978,172	\$ 1,047,980	\$ 88,386	\$ 60,432	\$ 15,174,970
Intergovernmental Revenue.....	12,246	10,153,970	10,166,216	887,615	45,494	79,274	11,178,599
Licenses.....	52,971	264,159	317,130	492,885	102,119	823,369	1,735,503
Charges for Goods and Services.....	12,995	3,201,895	3,214,890	36,129	26,333	634,503	3,911,855
Contributions.....	0	0	0	0	0	3,737,652	3,737,652
Interest & Investment Income.....	(881)	78,359	77,478	(480)	(63)	14,433,745	14,510,680
Gifts & Donations.....	9	551,605	551,614	0	1,353	10,303	563,270
Other Revenue.....	199,507	1,039,972	1,239,479	21,323	408	1,321,640	2,582,850
Transfers.....	9,784	(22,151)	(12,367)	9,170	22,886	1,439,321	1,459,010
Other Transactions.....	72,088	161,221	233,309	0	0	16,715	250,024
Proceeds from Bonds & Notes.....	0	0	0	203,633	0	624,585	828,218
TOTAL REVENUES	14,306,820	15,459,101	29,765,921	2,698,255	286,916	23,181,539	55,932,631
EXPENDITURES							
Commerce.....	38,595	158,790	197,385	0	1,658	147,650	346,693
Education.....	6,558,005	5,922,151	12,480,156	0	392	442,947	12,923,495
Environmental Resources.....	348,425	91,529	439,954	2,884,275	286,925	710,273	4,321,427
Human Relations & Resources.....	4,793,650	8,632,960	13,426,610	0	0	1,714,954	15,141,564
General Executive.....	483,934	510,914	994,848	1,720	0	7,323,765	8,320,333
Judicial.....	113,286	13,387	126,673	0	0	202	126,875
Legislative.....	63,593	1,932	65,525	0	0	0	65,525
General (Incl. Shared Revenue).....	2,234,035	62,832	2,296,867	22,288	17	1,522,943	3,842,115
TOTAL EXPENDITURES	14,633,523	15,394,495	30,028,018	2,908,283	288,992	11,862,734	45,088,027
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES.....	(326,703)	64,606	(262,097)	(210,028)	(2,076)	11,318,805	10,844,604
BEGINNING FUND BALANCE							
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
TOTAL	777,976	1,228,400	2,006,376	(1,208,879)	39,267	88,670,028	89,506,792
INTER-FUND							
TRANSFERS.....	188,029	(140,664)	47,365	51,127	0	(98,492)	0
ENDING FUND BALANCE	639,302	1,152,342	1,791,644	(1,367,780)	37,191	99,890,341	100,351,396
DESIGNATED.....	(122,411)	0	(122,411)	0	0	0	(122,411)
UNDESIGNATED.....	\$ 516,891	\$ 1,152,342	\$ 1,669,233	\$ (1,367,780)	\$ 37,191	\$ 99,890,341	\$ 100,228,985
				(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, 2014
 (In Thousands)

Funds By Category		Undesignated Fund Balance as of June 30, 2013	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2014
<u>OTHER GOVERNMENTAL FUNDS</u>						
<u>Other Special Revenue</u>						
213	Heritage State Parks & Forests	\$ 704	\$ 560	\$ 46	\$ 0	\$ 1,218
214	Unemployment Interest Payment	10,852	173	0	0	11,025
217	Waste Management	7,937	12	521	0	7,428
218	Wisconsin Election Campaign	0	0	0	0	0
219	Investment and Local Impact	205	76	0	0	281
220	Election Administration	11,408	313	2,587	0	9,134
222	Industrial Building Construction	0	0	0	0	0
224	Self-Insured Employer Liability	184	0	0	0	184
225	Medical Assistance Trust	(26)	130,980	350,677	219,684	(39)
226	Work Injury Benefits	2,943	4,115	1,790	0	5,268
227	Workers Compensation	3,096	12,070	12,527	0	2,639
228	Unemployment Program Integrity	40	873	101	0	812
229	Uninsured Employers	10,149	3,208	3,030	0	10,327
234	Hospital Assessment Fund	(4)	414,580	262,563	(151,940)	73
235	Utility Public Benefits	7,531	103,193	107,042	0	3,682
237	Critical Access Hospital Assessment	(83)	8,792	6,086	(2,548)	75
238	Mediation	368	2	202	0	168
239	Police and Fire Protection	(10)	52,647	52,637	0	0
241	Working Lands	140	5	0	0	145
248	Economic Development (1)	16,041	19,289	33,926	0	1,404
249	Read To Lead Development	400	0	137	0	263
250	State Capitol Restoration	83	0	3	0	80
257	Agricultural Chemical Cleanup	1,864	3,038	1,075	0	3,827
258	Farms For The Future	0	0	0	0	0
259	Agrichemical Management	5,318	7,974	6,701	(750)	5,841
261	Agricultural Producer Security	12,314	1,709	7,340	0	6,683
264	Historical Legacy Trust	73	0	0	0	73
266	Historical Preservation Partnership Trust	596	3,656	3,594	0	658
268	Wireless 911	32	0	0	0	32
271	Democracy Trust Fund	0	0	0	0	0
272	Petroleum Inspection	14,661	41,379	26,904	(16,000)	13,136
274	Environmental	23,647	77,290	85,935	750	15,752
277	Dry Cleaner Environmental Responsibility	(4,713)	772	1,911	0	(5,852)
279	Recycling and Renewable Energy (1)	0	0	0	0	0
280	Information Technology Investment	(2,714)	25	0	0	(2,689)
281	Military Family Relief	291	200	92	0	399
285	Universal Service	4,415	41,923	40,786	0	5,552
286	Budget Stabilization	279,268	424	0	0	279,692
289	Land Information	0	1,777	1,100	0	677
291	Permanent Endowment	0	152,988	0	(152,988)	0
723	Children's Trust	66	24	46	0	44
	Total Other Special Revenue	407,076	1,084,067	1,009,359	(103,792)	377,992
<u>Debt Service</u>						
315	Bond Security and Redemption	7,599	1,070,107	1,070,456	0	7,250

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, 2014
 (In Thousands)

Funds By Category		Undesignated Fund Balance as of June 30, 2013	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2014
<u>Capital Projects</u>						
490	State Building Trust	35,413	91,027	104,523	0	21,917
495	Capital Improvement	390,757	624,617	989,037	0	26,337
	Total Capital Projects	<u>426,170</u>	<u>715,644</u>	<u>1,093,560</u>	<u>0</u>	<u>48,254</u>
<u>Permanent</u>						
743	Agriculture College	305	0	0	0	305
744	Common School Principal	907,808	52,489	0	0	960,297
745	Normal School	26,346	(227)	277	0	25,842
746	University	234	0	0	0	234
760	Historical Society Trust	12,618	2,465	573	0	14,510
763	Common School Income	6,257	31,750	30,500	0	7,507
767	Benevolent	14	0	0	0	14
875	University Trust Principal	197,607	2,073	0	0	199,680
876	University Trust Income	38,619	25,857	20,284	0	44,192
	Total Permanent	<u>1,189,808</u>	<u>114,407</u>	<u>51,634</u>	<u>0</u>	<u>1,252,581</u>
	TOTAL OTHER GOVERNMENTAL FUNDS	<u>2,030,653</u>	<u>2,984,225</u>	<u>3,225,009</u>	<u>(103,792)</u>	<u>1,686,077</u>
<u>FIDUCIARY AND OTHER</u>						
<u>Pension (and Other Employee Benefit)</u>						
262	Public Employee Trust	1,581,533	112,316	114,829	0	1,579,020
747	Core Retirement Investment Trust	77,113,532	16,464,334	6,092,675	0	87,485,191
751	Variable Retirement Investment	6,221,113	1,712,856	574,384	0	7,359,585
	Total Pension (and Other Employee Benefit)	<u>84,916,178</u>	<u>18,289,506</u>	<u>6,781,888</u>	<u>0</u>	<u>96,423,796</u>
<u>Private Purposes</u>						
570	Tuition Trust	6,679	(48)	759	0	5,872
769	College Savings Program Trust	9,370	1,633	632	0	10,371
	Total Private Purposes.....	<u>16,049</u>	<u>1,585</u>	<u>1,391</u>	<u>0</u>	<u>16,243</u>
<u>Agency</u>						
788	Support Collections Trust	12,726	954,786	956,182	0	11,330
<u>Other (Business-type funds)</u>						
521	Lottery	33,099	568,997	578,532	0	23,564
531	Local Govt Property Insurance	26,499	26,683	44,913	0	8,269
532	State Life Insurance	114,152	9,403	4,213	0	119,342
533	Injured Patients & Families Compensation	1,076,238	121,067	18,819	0	1,178,486
573	Environmental Improvement	411,869	196,168	210,197	0	397,840
582	Veterans Trust	15,272	3,982	11,850	5,300	12,704
583	Veterans Mortgage Loan Repayment	16,159	24,707	29,670	0	11,196
587	Transportation Infrastructure Loan	1,134	430	70	0	1,494
	Total Other (Business-type funds).....	<u>1,694,422</u>	<u>951,437</u>	<u>898,264</u>	<u>5,300</u>	<u>1,752,895</u>
	TOTAL FIDUCIARY AND OTHER.....	<u>86,639,375</u>	<u>20,197,314</u>	<u>8,637,725</u>	<u>5,300</u>	<u>98,204,264</u>
	TOTAL - ALL FUNDS.....	<u>\$ 88,670,028</u>	<u>\$ 23,181,539</u>	<u>\$ 11,862,734</u>	<u>\$ (98,492)</u>	<u>\$ 99,890,341</u>

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, 2014, 2013, and 2012
 (In Thousands)

	June 30, 2014	June 30, 2013	June 30, 2012
<u>ASSETS</u>			
Cash.....	\$ 1,505,307	\$ 1,831,711	\$ 979,659
Contingent Fund Advances.....	2,931	2,939	2,939
Investments.....	0	0	0
Accounts Receivable.....	1,410,134	1,458,430	1,384,328
Due from Other Funds.....	206,976	182,348	45,172
Inventory.....	364	593	685
Prepayments.....	69,120	79,019	77,351
Other Assets.....	115,065	126,898	132,913
TOTAL ASSETS.....	3,309,897	3,681,938	2,623,047
<u>LIABILITIES</u>			
Accounts Payable.....	536,002	513,857	450,252
Operating Notes Payable.....	0	0	0
Due to Other Funds.....	194,579	454,770	197,479
Tax and Other Deposits.....	20,476	21,189	12,308
Deferred Revenue.....	175,201	163,382	173,646
TOTAL LIABILITIES.....	926,258	1,153,198	833,685
<u>FUND BALANCE</u>			
<u>Reserved Balances</u>			
GPR Encumbrances.....	119,124	120,074	89,323
PR Encumbrances.....	472,871	402,290	511,994
Total Reserved Balances.....	591,995	522,364	601,317
<u>Unreserved Designated Balances</u>			
GPR Designation for Continuing Balances.....	122,411	18,771	72,373
<u>Unreserved Balances</u>			
GPR Unreserved Balance.....	516,891	759,205	342,088
PR Unreserved Balance.....	1,152,342	1,228,400	773,584
Total Unreserved Balances.....	1,669,233	1,987,605	1,115,672
TOTAL FUND BALANCE.....	2,383,639	2,528,740	1,789,362
TOTAL LIABILITIES AND FUND BALANCE.....	\$ 3,309,897	\$ 3,681,938	\$ 2,623,047

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, 2014
 (in Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget ²	Adjustments	Final Budget	Expenditures ¹	
Commerce	\$ 362,233	\$ 49,209	\$ 411,442	\$ 336,834	\$ 74,608
Education	12,425,206	473,974	12,899,180	12,548,008	351,172
Environmental Resources	3,728,758	284,903	4,013,661	3,567,014	446,647
Human Relations and Resources	13,145,103	879,783	14,024,886	12,952,499	1,072,387
General Executive	1,334,295	190,685	1,524,980	1,212,968	312,012
Judicial	136,542	1,431	137,973	126,829	11,144
Legislative	75,067	-	75,067	65,521	9,546
General Appropriations	2,588,723	13,601	2,602,324	2,551,388	50,936
Total Chapter 20	<u>\$ 33,795,927</u>	<u>\$ 1,893,586</u>	<u>\$ 35,689,513</u>	<u>\$ 33,361,061</u>	<u>\$ 2,328,452</u>
Retirement Annuities			7,031,943	6,495,864	536,079
Support Collection Trust Payments			975,040	955,462	19,578
Insurance Premiums			74,394	55,518	18,876
Debt Service Payments			1,075,378	1,070,456	4,922
Capital Projects Expenditures			1,089,904	1,089,904	-
Lottery Prizes			339,696	336,708	2,988
Other Segregated Revenue			478,507	225,037	253,470
Program Revenue Appropriations			1,261,633	1,183,872	77,761
Clearing and Custody Accounts			1,627,612	118,388	1,509,224
Total Non Chapter 20 Expenditures			<u>\$ 13,954,107</u>	<u>\$ 11,531,209</u>	<u>\$ 2,422,898</u>
Total State Expenditures Excluding Transfers			<u>\$ 49,643,620</u>	<u>\$ 44,892,270</u>	<u>\$ 4,751,350</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 2014 is the fund condition approved by Legislative Joint Finance Committee at its May 6, 2014 (13.10 Wisconsin Statutes) meeting.

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.

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.

Health insurance premiums are paid one month in advance of the actual coverage month. 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 BalanceCompensation Reserve

In FY 2014, Chapter 20 included a compensation reserve for employee salary and fringe benefit increases. The total amount reserved (appropriated) was \$78,752,200 and the amount allotted was \$57,918,100 leaving a lapse amount of \$20,834,100.

Note E Published Budget

The published budget amounts used in Exhibit A-1 are based on the fund condition statement for the appropriation summaries under Chapter 20 of the Wisconsin Statutes, approved in the May 6, 2014 meeting of the Legislative Joint Finance Committee.

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 \$358.7 million and net transfers in of \$228.5 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 \$587.2 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 2014 is explained as follows:

	(thousands)
ENDING FUND BALANCE (UNDESIGNATED) PER FUND CONDITION STATEMENT	\$ 724,377
OPENING BALANCE	
ADJUSTMENTS:	
Prior year designation for continuing balances	18,771
Total opening balance adjustments	<u>18,771</u>
REVENUE ADJUSTMENTS	
Taxes received less than estimate	(281,169)
Departmental revenues less than estimate	<u>(241,894)</u>
Total revenue below estimate	<u>(523,063)</u>
APPROPRIATION ADJUSTMENTS	
Sum Sufficient Changes	
Reestimates	(6,374)
Subsequent Legislation	(186)
Budget brought forward from previous year	(18,771)
Budget carried to next year for continuing appropriations	122,411
Biennial Adjustments	(4,395)
Total Appropriation Adjustments	<u>92,685</u>
LAPSES MORE THAN BUDGETED	98,076
INTER-FUND TRANSFERS	228,456
DESIGNATION FOR CONTINUING BALANCES	<u>(122,411)</u>
UNDESIGNATED FUND BALANCE	\$ <u><u>516,891</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 2014.

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

	Safety & Professional Services
Revenues	\$1,183,395
Expenditures	\$1,183,395
Balance	\$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	\$6,997
Less Supplements (included in total above)	\$623
Actual Sum Sufficient Increases	\$6,374

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

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Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2014

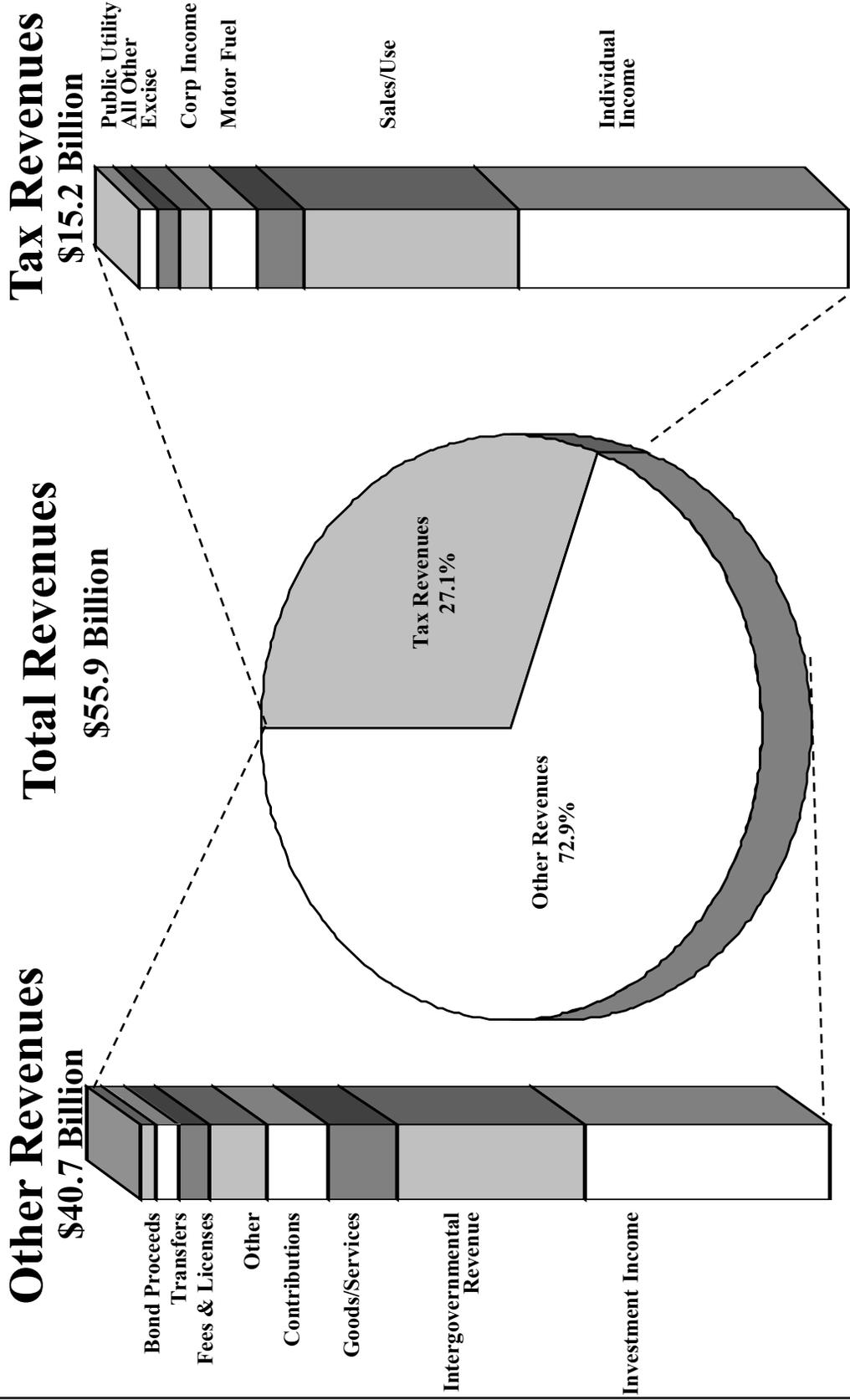


Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds
 Fiscal Years Ended June 30, 2014, 2013, and 2012
 (In Thousands)

	June 30, 2014	June 30, 2013	June 30, 2012
TAX REVENUES			
General Purpose Revenue			
Income Taxes			
Individual.....	\$ 7,061,390	\$ 7,496,854	\$ 7,041,673
Corporation.....	967,184	925,383	906,575
Total Income Taxes.....	8,028,574	8,422,237	7,948,248
Sales and Excise Taxes			
General Sales and Use.....	4,628,338	4,410,130	4,288,739
Cigarette.....	573,036	569,151	587,751
Other Tobacco Products.....	67,693	63,024	65,524
Liquor and Wine.....	48,992	48,289	47,037
Malt Beverage (Beer).....	8,966	9,000	9,241
Total Sales and Excise Taxes.....	5,327,025	5,099,594	4,998,292
Public Utility Taxes			
Private Light, Heat and Power.....	232,347	226,079	231,580
Municipal Light, Heat and Power.....	3,354	3,169	3,029
Telephone.....	72,199	67,340	80,976
Pipeline.....	35,464	28,396	33,674
Electric Cooperative.....	12,089	11,276	11,164
Municipal Electric.....	5,170	4,992	5,171
Conservation and Regulation.....	341	312	312
Utility Tax (Refunds) Interest and Penalties.....	3	(308)	6
Total Public Utility Taxes.....	360,967	341,256	365,912
Inheritance and Estate Taxes			
Inheritance and Estate.....	(78)	305	323
Total Inheritance and Estate Taxes.....	(78)	305	323
Miscellaneous Taxes			
Insurance Companies (Premiums).....	165,765	159,277	148,082
Real Estate Transfer Fee.....	51,179	48,016	39,843
Lawsuits (Courts).....	14,598	14,875	13,832
Other.....	71	67	99
Total Miscellaneous Taxes.....	231,613	222,235	201,856
TOTAL GPR TAX REVENUES.....	13,948,101	14,085,627	13,514,631
Program Tax Revenues			
Fire Dues.....	19,737	17,435	17,676
Pari-mutuel Taxes.....	0	0	0
County Expo Tax Administration.....	755	95	672
Baseball Park Administration Fee.....	417	219	396

Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds
 Fiscal Years Ended June 30, 2014, 2013, and 2012
 (In Thousands)

	June 30, 2014	June 30, 2013	June 30, 2012
Program Tax Revenues, Cont.			
Business Trust Regulation Fee.....	\$ 2,424	\$ 1,570	\$ 2,024
Other.....	6,738	2,866	6,443
TOTAL PROGRAM TAX REVENUES.....	30,071	22,185	27,211
TOTAL-GENERAL FUND TAX REVENUES.....	13,978,172	14,107,812	13,541,842
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	999,418	966,994	983,859
Air-Carrier Tax.....	7,686	6,065	5,986
Railroad Tax.....	31,349	29,109	28,087
Aviation Fuel Tax.....	1,177	1,344	1,141
Other Taxes.....	8,350	7,965	8,234
Conservation Fund			
2/10 Mill Forestry Mill Tax.....	79,400	80,037	82,655
Forest Crop Taxes.....	8,985	6,201	5,013
Motor Fuel Tax.....	1	1	1
Mediation Fund.....	2	1	2
Petroleum Inspection Tax.....	41,150	41,662	66,123
Economic Development Fund			
Temporary Service Charges.....	19,280	30,368	27,527
TOTAL STATE TAX REVENUES.....	15,174,970	15,277,559	14,750,470
Intergovernmental Revenue.....	11,178,599	11,268,078	11,161,047
Licenses and Permits.....	1,735,503	1,722,830	1,731,183
Charges for Goods and Services.....	3,911,855	3,911,515	3,811,937
Contributions.....	3,737,652	3,149,561	3,288,711
Interest and Investment Income.....	14,510,680	9,140,018	836,370
Gifts and Donations.....	563,270	616,859	567,650
Proceeds from Sale of Bonds.....	828,218	1,219,325	1,379,104
Other Revenues.....	2,582,850	2,178,357	2,101,309
Other Transactions.....	250,024	288,507	151,741
TOTAL DEPARTMENTAL REVENUES.....	39,298,651	33,495,050	25,029,052
TRANSFERS.....	1,459,010	1,249,254	737,888
TOTAL REVENUES.....	\$ 55,932,631	\$ 50,021,863	\$ 40,517,410

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, 2014
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
State Operations							
255	318	3f	Interstate Compact on Educational Opportunity for Military Children.....	1	0	0	1
370	116	1fe	Endangered Resources General Fund.....	500	0	468	32
410	104	1c	Reimbursement Claims of Counties Containing State Prisons.....	70	0	35	35
445	117	1fx	Interest on Federal Advances.....	18,902	0	18,902	0
455	202	2am	Officer Training Reimbursement.....	150	0	111	39
455	504	5d	Reimbursement for Forensic Examinations.....	700	0	687	13
465	103	1c	Public Emergencies.....	40	17	54	3
465	302	3am	Worker's Compensation for Local Unit of Government Volunteers.....	28	0	25	3
505	104	1d	Special Counsel.....	612	888	1,150	350
505	405	4d	Claims Awards.....	263	0	258	5
505	801	8am	Interest on Racing & Bingo Moneys.....	0	0	0	0
511	103	1be	Investigations.....	750	0	179	571
525	101	1a	Governor's Office Administration.....	3,339	47	3,385	1
525	102	1b	Contingent Fund.....	20	0	15	5
525	103	1c	Membership In National Associations.....	118	0	118	0
525	201	2a	Executive Residence.....	240	12	250	3
625	101	1a	Circuit Courts.....	69,824	474	67,867	2,431
660	101	1a	Court Of Appeals.....	10,246	60	10,032	274
680	101	1a	Supreme Court.....	5,047	30	4,660	417
765	101	1a	Assembly.....	25,633	0	23,959	1,674
765	103	1b	Senate.....	18,384	0	15,534	2,850
765	104	1d	Legislative Documents.....	4,089	0	2,531	1,558
765	308	3fa	Membership In National Associations.....	250	0	250	0
855	108	1bm	Payment of Cancelled Drafts Fund 100 - All except UW.....	1,350	653	2,003	0
855	108	1bm	Payment of Cancelled Drafts Fund 100 - UW.....	0	50	0	50
855	113	1f	Payment of Fees to Financial Institutions.....	1,000	129	1,129	0
855	401	4a	Interest on Overpayment of Taxes.....	2,500	0	57	2,443
855	405	4e	Transfer to Conservation Fund - Land Acquisition.....	16	0	16	0
855	413	4cm	Illinois Income Tax Reciprocity.....	80,748	0	80,748	0
<i>Total State Operations.....</i>				\$244,821	\$2,360	\$234,423	\$12,758
Aids and Local Assistance							
115	202	2b	Animal Disease Indemnities.....	50	0	0	50
235	104	1e	MN-WI Student Reciprocity.....	8,250	327	8,577	0
235	108	1fm	Wisconsin Covenant Scholars Grants.....	9,230	0	9,002	228
235	109	1fy	Academic Excellence Higher Education Scholarship Program.....	3,200	0	2,985	215
255	218	2fm	Charter Schools.....	64,193	0	63,051	1,142
255	224	2fr	Parental Choice Program for Eligible School Districts.....	10,823	0	10,823	0
255	235	2fu	Milwaukee Parental Choice Program.....	161,050	0	159,125	1,925
255	279	2aq	Per Pupil Aid.....	63,460	2	63,462	0
255	306	3c	Grants for National Teacher Certification or Master Educator Licensure.....	2,653	0	2,420	233
370	503	5da	Aids In Lieu Of Taxes General Fund.....	7,730	301	8,031	0
435	403	4ed	State Supplement to Federal Supplemental Security Income Program.....	149,393	1,533	150,926	0
435	574	5da	Reimburse Local Units of Government.....	347	170	517	0
435	774	7da	Reimburse Local Units of Government.....	53	0	0	53
445	102	1aa	Special Death Benefit.....	525	0	0	525
465	201	2a	Tuition Grants.....	5,500	122	5,622	0
465	305	3e	Disaster Recovery Aids Public Health Emergency Quarantine Costs.....	1,500	77	1,577	0
505	412	4er	Service Award Program.....	1,991	0	1,950	41
515	101	1a	Annuity Supplements And Payments.....	292	2	294	0
835	101	1c	Expenditure Restraint Program Account.....	58,146	0	58,146	0
835	105	1db	County and Municipal Aids Account.....	694,826	415	695,241	0
835	109	1e	State Aid; Tax Exempt Property.....	81,818	0	81,818	0
835	110	1d	Public Utility Distribution Account.....	69,195	0	69,195	0
835	202	2b	Claim of Right Credit.....	170	0	92	78
835	203	2c	Homestead Tax Credit.....	120,500	0	117,960	2,540
835	205	2dm	Farmland Preservation Credit.....	1,125	750	1,669	206
835	209	2ep	Cigarette and Tobacco Product Tax Refunds.....	44,200	0	32,731	11,469
835	211	2co	Enterprise Zone Jobs Credit.....	40,000	0	34,383	5,617
835	212	2f	Earned Income Tax Credit.....	41,300	10	41,310	0
835	213	2bm	Film Production Services Credit.....	400	0	396	4
835	215	2em	Veterans & Surviving Spouse Property Tax Credit.....	23,000	250	23,235	15
835	217	2br	Interest Payments on Overassessments of Manufacturing Property.....	10	0	0	10
835	218	2do	Farmland Preservation Credit, 2010 and beyond.....	19,900	0	17,611	2,289

Exhibit B-2

General Fund Sum Sufficient Appropriations
For the Fiscal Year Ended June 30, 2014
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
Aids and Local Assistance (Continued)							
835	219	2bd	Meat Processing Facility Investment Credit.....	700	0	543	157
835	223	2en	Beginning Farmer and Farm Asset Owner Tax Credit.....	50	0	(2)	52
835	226	2bl	Film Production Company Investment Credit.....	100	0	15	85
835	228	2be	Food Processing Plant and Food Warehouse Investment Credit.....	700	0	536	164
835	229	2bc	Woody Biomass Harvesting and Processing Credit.....	300	0	150	150
835	302	3b	School Levy Tax Credit and First Dollar Credit.....	895,819	0	895,747	72
855	404	4bm	Oil Pipeline Terminal Tax Distribution.....	1,581	0	1,578	3
<i>Total Aids and Local Assistance.....</i>				\$2,584,079	\$3,959	\$2,560,717	\$27,321
Principal Repayment and Lease Rental							
115	205	2d	Principal Repayment and Interest.....	16	0	16	0
115	702	7b	Principal Repayment and Interest.....	1,662	0	1,659	3
190	101	1c	Principal Repayment and Interest.....	1,120	4	1,115	9
190	102	1d	Principal Repayment and Interest.....	2,361	0	2,354	7
225	103	1c	Principal Repayment and Interest.....	2,890	16	2,906	0
245	106	1e	Principal Repayment and Interest.....	3,198	243	3,441	0
250	103	1c	Principal Repayment and Interest.....	2,970	0	2,958	12
250	105	1e	Principal Repayment and Interest.....	208	4	208	4
255	104	1d	Principal Repayment and Interest.....	1,182	0	1,181	1
285	110	1d	Principal Repayment and Interest.....	233,376	0	232,242	1,134
320	103	1c	Principal Repayment and Interest.....	32,541	0	32,348	193
320	282	2c	Principal Repayment and Interest.....	5,198	0	5,140	58
370	701	7aa	Principal Repayment and Interest.....	76,436	0	73,464	2,972
370	706	7cb	Principal Repayment and Interest.....	9,675	0	9,667	7
370	707	7cc	Principal Repayment and Interest.....	5,403	0	5,402	1
370	708	7cd	Principal Repayment and Interest.....	288	0	288	0
370	709	7ea	Principal Repayment and Interest.....	931	0	926	5
395	664	6af	Principal Repayment and Interest.....	174,452	0	173,771	681
410	107	1e	Principal Repayment and Interest.....	95,077	0	95,036	41
410	307	3e	Principal Repayment and Interest.....	6,651	0	6,610	41
435	207	2ee	Principal Repayment and Interest.....	23,121	0	23,118	3
465	104	1d	Principal Repayment and Interest.....	6,312	0	6,303	10
485	106	1f	Principal Repayment and Interest.....	1,620	0	1,617	3
505	413	4et	Principal Repayment and Interest.....	16	0	0	16
505	414	4es	Principal Repayment and Interest.....	2,142	0	0	2,142
505	503	5c	Principal Repayment and Interest.....	173	0	172	1
855	801	8a	Principal Repayment and Interest.....	1,816	28	1,781	63
867	102	1b	Principal Repayment and Interest.....	14,838	0	14,710	128
867	301	3a	Principal Repayment and Interest.....	17,065	0	14,272	2,793
867	302	3b	Principal Repayment and Interest.....	2,266	0	2,106	160
867	306	3br	Principal Repayment and Interest.....	104	0	104	0
867	307	3bp	Principal Repayment and Interest.....	54	0	0	54
867	308	3bb	Principal Repayment and Interest.....	18	0	15	3
867	309	3bm	Principal Repayment and Interest.....	140	0	140	0
867	310	3bc	Principal Repayment and Interest.....	30	0	30	0
867	311	3bq	Principal Repayment and Interest.....	1,016	0	1,012	4
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	54	54	0
867	315	3bd	Principal Repayment and Interest.....	38	0	38	0
867	316	3be	Principal Repayment and Interest.....	407	329	736	0
867	317	3bf	Principal Repayment and Interest.....	61	0	57	4
867	318	3bg	Principal Repayment and Interest.....	17	0	16	1
867	319	3bh	Principal Repayment and Interest.....	42	0	42	0
<i>Total Principal Repayment and Lease Rental.....</i>				\$726,998	\$678	\$717,119	\$10,557
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				\$3,555,898	\$6,997	\$3,512,259	\$50,636

(1) See Note K

(1)