



## State of Wisconsin

Notice of **Material Information** #2004-10

Dated November 7, 2004

This document provides information which may be material to financial evaluation of the State of Wisconsin, *however*, some of the obligations listed in this Notice are not subject to the requirements of SEC Rule 15c2-12(b)(5) regarding an agreement to provide continuing disclosure. Furthermore, neither the preparation nor submission of this document constitutes a Notice of Material Event pursuant to the State's Master Agreement on Continuing Disclosure.

**Issuer:** State of Wisconsin

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977123 Prefix (All)

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

Attached is the [Annual Fiscal Report \(Budgetary Basis\) State of Wisconsin 2004](#). This Annual Fiscal Report is NOT intended to represent financial statements prepared in accordance with generally accepted accounting principles (GAAP).

**Fiscal Period Covered:** July 1, 2003 through June 30, 2004.

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

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

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

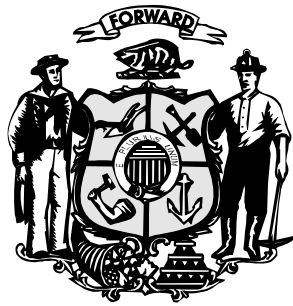
/s/ FRANK R. HOADLEY

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*FY04*

# ANNUAL FISCAL REPORT

## Budgetary Basis



State of Wisconsin  
2004



**State of Wisconsin**  
**2004 Annual Fiscal Report**

**(Budgetary Basis)**

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**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

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October 15, 2004

The Honorable Jim Doyle  
The Honorable Members of the Legislature

This report presents statements of fund condition and operations (budgetary basis) of the State of Wisconsin for the fiscal year ended June 30, 2004. 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 \$105.2 million as of the end of the fiscal year. This is \$28.2 million lower than the balance of 133.4 million projected in the final Chapter 20 appropriation schedule, and a \$387.4 million improvement in the \$282.2 million deficit at the start of the fiscal year. The slightly lower ending balance was due to higher tax collections and higher payments for income tax credits combined with shifts in expenditures within the biennium.

General-purpose revenue taxes were \$10.7 billion compared to \$10.2 billion in the prior year, an increase of \$539.6 million or 5.3 percent. This increase was \$69.3 million above the Legislative Fiscal Bureau February 2004 estimate of \$10.670 billion. General-purpose revenue expenditures, excluding fund transfers, were \$10.661 billion compared to \$11.033 billion in the prior year, a decrease of \$372 million or 3.4 percent.

In fiscal year 2004, 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 61.0 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 15.1 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 8.8 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 15.1 percent of the total. Wisconsin, along with many other states, continues to struggle with Medicaid costs and insufficient federal revenues. Indicative of that problem it should be noted that the Medical Assistance Trust Fund had a \$195.6 million deficit that may eventually need to be financed by the General Fund.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2004. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,

Marc J. Marotta  
Secretary

William J. Raftery, CPA  
State Controller



## **Economic Section**



## The Year In Summary

### Revenue Highlights

General purpose revenue (GPR) taxes for the fiscal year (FY) ending June 30, 2004 totaled \$10,739.3 million, an increase of 5.3 percent from FY 2003 collections of \$10,199.7 million.

Total collections for the FY 2004 were \$69.3 million, or 0.6 percent, above the Legislative Fiscal Bureau (LFB) February 2004 estimate of \$10,670.0 million.

**Table 1**

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

Tax Source	FY 04	% of Total	FY 03	% of Total	Change FY04-FY03	% Change
Individual Income	\$5,277.1	49.1%	\$5,052.0	49.5%	\$ 225.1	4.5%
General Sales & Use	3,899.3	36.3%	3,737.9	36.6%	161.4	4.3%
Corporation Franchise & Income	650.5	6.1%	526.5	5.2%	124.0	23.6%
Excise	355.5	3.3%	354.8	3.5%	0.7	0.2%
Inheritance, Estate & Gift	86.4	0.8%	68.7	0.7%	17.7	25.8%
Public Utility	269.8	2.5%	276.8	2.7%	- 7.0	-2.5%
Insurance Companies	123.6	1.2%	114.9	1.1%	8.7	7.6%
Miscellaneous	77.1	0.7%	68.1	0.7%	9.0	13.2%
<b>TOTAL GPR</b>	<b>\$10,739.3</b>	<b>100.0%</b>	<b>\$10,199.7</b>	<b>100.0%</b>	<b>\$ 539.6</b>	<b>5.3%</b>

#### Individual Income Tax

Individual income tax collections increased \$225.1 million (4.5 percent) from \$5,052.0 million in FY 2003 to \$5,277.1 in FY 2004. This was \$57.1 million (1.1 percent) above the \$5,220.0 million estimate. The individual income tax share of total GPR taxes decreased from 49.5 percent in FY 2003 to 49.1 percent in FY 2004.

The largest component of individual income tax collections is withholding from wages and salaries, which increased 3.6 percent from \$5,073 million to \$5,257 million. Estimated payments increased 7.8 percent from \$837 million to \$902 million, while refunds decreased 0.1 percent from \$1,391 million to \$1,390 million.

#### General Sales and Use Tax

Collections from the 5 percent general sales and use tax increased 4.3 percent from \$3,737.9 million to \$3,899.3 million. This was \$0.3 million (0.0 percent) below the \$3,899.6 million estimate. Sales tax collections as a percentage of total GPR taxes decreased from 36.6 percent in FY 2003 to 36.3 percent in FY 2004.

Initial collections increased 4.3 percent from \$3,643 million to \$3,799 million. Additional collections decreased 10.0 percent from \$85.5 million to \$77.0 million. Delinquent collections increased 27.0 percent from \$33.6 million to \$42.9 million.

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

Corporate collections increased 23.6 percent from \$526.5 million in FY 2003 to \$650.5 million in FY 2004. Corporate collections as a percentage of total GPR taxes increased from 5.2 percent to 6.1 percent. Corporate collections were \$0.5 million (0.1 percent) above the estimate of \$650.0 million.

The major source of corporate collections, estimated payments, increased by 11.1 percent from \$552 million in FY 2003 to \$612.8 million in FY 2004. Miscellaneous collections, which include amounts received from delinquent and additional collections, increased 88.1 percent from \$53.1 million to \$99.9 million.

### **Excise Tax**

Cigarette tax collections decreased 0.8 percent from \$293.7 million in FY 2003 to \$291.3 million in FY 2004. Collections in FY 2004 were \$1.3 million (0.5 percent) above the estimate.

Liquor and wine tax collections increased 6.7 percent from \$36.0 million in FY 2003 to 38.5 million in FY 2004. Collections fell short of the estimate of \$39.0 million by \$0.5 million (1.4 percent).

Beer tax collections increased 0.9 percent from \$9.5 million to \$9.6 million and were \$0.1 million below estimates. The peak year for beer tax collections was FY 1984 with \$10.3 million.

Tobacco products tax collections increased 3.8 percent from \$15.5 million to \$16.1 million. Collections in FY 2004 were \$0.5 million (3.2 percent) above the estimate.

### **Other Taxes**

Public utility tax collections decreased \$7.0 million (2.5 percent) from \$276.8 million to \$269.8 million. Collections were \$8.8 million more than forecast. Telephone taxes decreased from \$106.3 million to \$81.6 million due to a one-time settlement that had increased payments in FY 2003. Public utility taxes on private light heat and power companies increased from \$147.0 million to \$165.4 million.

Estate tax increased 25.8 percent from \$68.7 million in FY 2003 to \$86.4 million in FY 2004. Collections were \$1.4 million (1.6 percent) more than estimated.

Insurance company taxes (generally based on premiums) increased 7.6 percent from \$114.9 million to \$123.6 million. This is \$1.4 million less than the \$125 million estimate.

Miscellaneous taxes increased 13.2 percent from \$68.1 million to \$77.1 million. The major tax in this group is the real estate transfer fee, which increased 15.6 percent from \$57.4 million to \$66.3 million.

## Expenditure Highlights

Total state General Purpose Revenue (GPR) spending decreased 3.4 percent or \$372.1 million in FY 2004, as shown in Table 2. This compares with a 2 percent decrease in FY 2003.

The decrease in GPR expenditures in FY 2004 was due to general budget cuts and use of non-GPR fund sources to support local assistance.

The largest portion of GPR expenditures in FY 2004 was directed to school districts and local units of government, consistent with past years. Local assistance accounted for \$6,506.2 million or 61.0 percent of total GPR spending compared to \$6,438 million or 58.4 percent in FY 2003. Aids to individuals were \$1,605.1 million or 15.1 percent of total GPR spending in FY 2004 compared to 17.4 percent in FY 2003. State operations accounted for 23.9 percent of total GPR spending, down from 24.2 percent in FY 2003. Aids to individuals represented the largest share of the net decrease in total GPR spending at \$319.6 million less than FY 2003.

By percentage change as well, aids to individuals showed the largest decrease in spending at 16.6 percent. The majority of this decrease was due to expenditures being charged to the Medical Assistance Trust Fund. As of June 30, 2004, that fund had a deficit balance of \$195.6 million due to insufficient federal Medicaid revenue. Local assistance payments increased 1.1 percent in FY 2004 compared to an decrease of 5.2 percent in FY 2003. State operations spending decreased 4.5 percent in FY 2004 compared to a 3.4 percent increase in FY 2003. State operations spending in all agencies, excluding the UW System, decreased 0.4 percent in FY 2004 while that for the UW System alone decreased 10.9 percent.

The GPR budget is shaped by the ten largest programs, as detailed in Table 3. These programs comprise 83.7 percent of total GPR expenditures, as compared with 83.5 percent of GPR expenditures in FY 2003. Immediately following this section is a brief explanation of each program.

**Table 2**

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

	FY04	% of Total	FY03	% of Total	\$ Change FY04-FY03	% Change
Local Assistance	\$6,506.2	61.0%	\$6,438.0	58.4%	68.2	1.1%
Aids to Individuals	1,605.1	15.1%	1,924.7	17.4%	- 319.6	-16.6%
State Operations:						
UW System	937.5	8.8%	1,052.3	9.5%	- 114.8	-10.9%
All Other Agencies	1,611.7	15.1%	1,617.6	14.7%	- 5.9	-0.4%
Total	\$10,660.5	100.0%	\$11,032.6	100.0%	\$- 372.1	-3.4%
Transfer to Other Funds	123.5		15.3			
<b>TOTAL GPR</b>	<b>\$10,784.0</b>		<b>\$11,047.9</b>			

**Table 3**

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

	FY04	% of Total	FY03	% of Total	\$ Change FY04FY03	% Change
School Aids	\$4,759.1	44.6%	\$4,761.7	43.2%	\$- 2.6	-0.1%
UW System	949.0	8.9%	1,063.8	9.6%	- 114.8	-10.8%
Corrections Services	855.2	8.0%	852.9	7.7%	2.3	0.3%
Medical Assistance	688.1	6.5%	1,038.6	9.4%	- 350.5	-33.7%
Shared Revenue	599.7	5.6%	430.9	3.9%	168.8	39.2%
Property Tax Credits	469.3	4.4%	469.3	4.3%	0.0	0.0%
Community Aids	185.9	1.8%	180.9	1.6%	5.0	2.8%
Tax Relief to Individuals	162.3	1.5%	159.5	1.4%	2.8	1.8%
Wisconsin Works	128.9	1.2%	131.1	1.2%	- 2.2	-1.7%
Supplemental Security Income (SSI)	128.3	1.2%	128.3	1.2%	0.0	0.0%
All Others	1,734.7	16.3%	1,815.6	16.5%	- 80.9	-4.4%
Subtotal	\$10,660.5	100.0%	\$11,032.6	100.0%	\$- 372.1	-3.4%
Transfer to Other Funds	123.5		15.3			
	<u>\$10,784.0</u>		<u>\$11,047.9</u>			

**School Aids:** State assistance to Wisconsin's 426 school districts decreased by 0.1 percent or \$2.6 million in FY 2004. This minor decrease in GPR funding reflects both the use of \$40.0 million of Transportation Fund dollars to supplement GPR school aids and the elimination of \$40.7 million GPR related to the repeal of much of the TEACH Wisconsin program. Total state aids to schools plus property tax credits enabled the state to reimburse an estimated 65.2 percent of school costs in FY 2004.

Since the 1993-94 school year, school districts have been subject to statewide revenue limits. These limits control the allowable increase in each school district's revenues by limiting the total revenue a district can collect from the combined sources of property tax levies for non-debt purposes and state general aids. These controls, combined with a large increase in state school aids, succeeded in reducing the statewide gross school property tax levy by 16.4 percent in FY 1997. Since FY 1998 the gross levy has increased by an average of 4.2 percent annually.

There are two major types of direct school aid. Approximately 89 percent of school aids are

general aids, distributed by a formula designed to equalize each school district's property tax base per student, and aids to support the Milwaukee Public Schools voluntary desegregation program. The remaining 11 percent are categorical aids, distributed based on local expenditures for specific activities or educational programs. The major categorical aid programs are programs for addressing special education needs and reducing class size in grades K-3 in low-income schools.

**University of Wisconsin System:** Total general purpose revenue expenditures for the UW System decreased by \$114.8 million, or 10.8 percent in FY 2004. Tuition at UW institutions, despite annual increases, continues to be lower than its peers. Resident undergraduate tuition at Madison was \$1,484 below the "Big Ten" median. UW-Milwaukee was \$887 below its peer group median and all other campuses were approximately \$816 below their peer group medians in FY 2004.

**Correctional Services:** Wisconsin's correctional population and related expenditures continued to increase in FY 2004. The population of incarcerated felons under the supervision of the state adult corrections program increased from an

average daily population of 21,825 in FY 2003 to an average of 22,331 in FY 2004, an increase of 2.3 percent. Total GPR expenditures for the state corrections program increased \$2.3 million or 0.3 percent over the prior year, reaching \$855.2 million in FY 2004.

**Medical Assistance:** Wisconsin's state and federally funded Medical Assistance (MA) program pays for medical services to certain categories of low income persons. Included are recipients of Supplemental Security Income; children and low-income families; and pregnant women and other low-income individuals who have high medical expenses. In FY 2004, total MA expenditures were \$4,119.8 million of which \$688.1 million was GPR, and the balance was from federal and trust fund sources. Segregated revenues, which are in the Medical Assistance Trust Fund, are derived from federal revenues through the state's Intergovernmental Transfer Program, nursing home bed assessments, and transfers from the General Fund. Total MA spending in FY 2004 increased by 9.7 percent over FY 2003 expenditures compared to a 9.3 percent increase in the previous year. The state funded portion of MA decreased 33.7 percent in FY 2004, compared to a 3.0 percent decrease the previous year.

**Shared Revenue:** State shared revenue provides unrestricted aid to municipal and county governments. In FY 2004, the shared revenue formula distributed \$939.2 million from all fund sources, including \$509.2 million from GPR. The Expenditure Restraint Program distributed another \$58.1 million to municipalities with tax rates over 5 mills that restrained their spending increases. Two additional programs, Small Municipality Shared Revenue and County Mandate Relief, provided \$11.2 million to municipalities with populations under 5,000 and \$21.2 million in per capita payments to counties, respectively. The FY 2004 shared revenue payment from GPR for all shared revenue programs was \$599.7 million, an increase of \$168.8 million from the previous fiscal year. This increase was largely caused by a decrease in non-GPR funding for shared revenue following the use of tobacco securitization dollars for the program in FY 2003. Statewide, shared revenue payments provided municipalities with about 18.9 percent and counties with about 4.2 percent of their general revenues.

**State Property Tax Credits:** The School Levy Tax Credit pays local governments to reduce each

property owner's taxes. Funding for the credit in FY 2004 was \$469.3 million, the same as in the prior fiscal year. The School Levy Tax Credit in FY 2004 offset 6.4 percent of December 2002 gross property tax levies for all purposes statewide.

**Community Aids:** Community Aids are state and federal funds distributed to counties to fund various human services programs. Total expenditures reached \$270 million in FY 2004, of which \$185.9 million was GPR. Total all funds expenditure levels increased by \$3.5 million or 1.3 percent from FY 2003.

**Tax Relief to Individuals:** Wisconsin paid out \$162.3 million GPR in tax relief to individuals through a variety of programs during FY 2004.

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

Wisconsin's Homestead Credit pioneered property tax relief through circuit-breakers. The program remains one of the nation's leaders in providing circuit-breaker relief, ranking third among the states in comprehensiveness and per capita expenditures for residential property tax relief. The Homestead Credit provided \$119.8 million of tax relief in FY 2004, compared with \$113.4 million in FY 2003. About 226,600 low-income homeowners and renters--over half of them elderly--benefit from the program each year.

The Farmland Preservation Credit provides a refundable credit to 16,400 farmers who qualify through exclusive agricultural zoning or individual farmland preservation agreements. Wisconsin's Farmland Preservation Credit is one of only two similar state programs in the country. Farmland Preservation Credit expenditures totaled \$14.5 million in FY 2004, a decrease of \$2.0 million from the prior year.

The Earned Income Credit program reduces income taxes for 178,600 low-income working families with children. In FY 2004, the Earned Income Credit paid a total of \$73.0 million to these households, an increase of \$1.1 million. Of this amount, federal TANF funding provided \$57.9 million and GPR provided \$15.1 million.

**Wisconsin Works:** Wisconsin Works or W-2 is the state's replacement program for the Aid to Families with Dependent Children (AFDC) program. W-2 is a work-based system that provides support services, such as child care and transportation, to families in order to help them achieve self-sufficiency. On average, there were approximately 15,000 W-2 cases per month served over the course of FY 2004. The average monthly W-2 caseload for cash assistance has fallen to 11,900 in FY2004, from 34,430 in 1997 when W-2 was implemented.

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

funded by the program. Also included are state funds for fraud programs. In total, \$128.9 million of state GPR was spent on W-2 and other public assistance programs administered by the Department of Workforce Development in FY 2004, a decrease of 1.7 percent from the previous fiscal year.

**State Supplemental Income:** Wisconsin provides a supplement to the federal supplemental security income (SSI) program which provides cash assistance to low income aged, blind and disabled workers and to disabled parents as support for their children. In FY 2004, a total of \$154.9 million was expended in SSI payments. This included \$128.3 million in state funding and \$26.6 million in federal funds.

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

	FY04 Final Budget	Chapter 20 <sup>1</sup>	Variance
<b>OPENING BALANCES</b>			
Undesignated, Unreserved Opening Balance	\$ (282,221)	\$ (282,221)	\$ 0
Add Prior Year Designation of Continuing Balances	<u>6,402</u>	<u>0</u>	<u>6,402</u> <sup>2</sup>
Unreserved Opening Balance	<u>(275,819)</u>	<u>(282,221)</u>	<u>6,402</u>
<b>REVENUES</b>			
Taxes	10,739,319	10,670,025	69,294 <sup>3</sup>
Departmental Revenues	<u>476,877</u>	<u>409,247</u>	<u>67,630</u> <sup>4</sup>
Total Revenues	<u>11,216,196</u>	<u>11,079,272</u>	<u>136,924</u>
Total Available Resources	<u>10,940,377</u>	<u>10,797,051</u>	<u>143,326</u>
<b>APPROPRIATIONS</b>			
Gross Appropriations	10,725,352	10,673,036	52,316 <sup>5</sup>
Compensation Reserves	97,348	109,153	(11,805) <sup>6</sup>
Transfer to Medical Assist. Trust Fund	123,500	123,500	0 <sup>7</sup>
Less: Lapses	<u>(111,023)</u>	<u>(242,066)</u>	<u>131,043</u> <sup>8</sup>
Net Appropriations	<u>10,835,177</u>	<u>10,663,623</u>	<u>171,554</u>
<b>UNDESIGNATED, UNRESERVED FUND BALANCE</b>	<u>\$ 105,200</u>	<u>\$ 133,428</u>	<u>\$ (28,228)</u>

Notes:

1. The Chapter 20 figures were taken from the 2003-05 Chapter 20 as approved by Joint Finance Committee - June 30, 2004.
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 Chapter 20 fund condition summary does not include an estimate for the amount of continuing authority carried forward, and therefore, the designated amount for continuing balances is always a variance with Chapter 20.
3. TAXES. Actual tax collections were more than the estimated Final Chapter 20 tax collections.
4. DEPARTMENTAL REVENUES. Departmental revenues are revenues received by individual state agencies and deposited in the general fund. Actual departmental revenues may differ from budgeted revenue due to the manner in which the legislature treats certain required appropriation reductions. For example, larger actual revenues compared to revenues budgeted in 2003 Act 33 were due primarily to the manner savings were captured and paid into the general fund for sum certain GPR appropriations. These savings, which resulted from a holiday from paying prior service pension contributions to Employee Trust Funds, were paid in cash to the general fund. Act 33 treated some of these savings as lapsing appropriation authority and some as cash savings. A majority of these savings were actually paid as cash to the general fund and became departmental revenue rather than lapses.
5. GROSS APPROPRIATIONS. Final gross appropriations varied from Act 33 gross appropriations as follows:

Gross Appropriations Per Final Chapter 20	10,673,036
Add: continuing appropriation authority brought forward	6,402
Add: increases to sum sufficient appropriations above Chapter 20	13,985
Add: fiscal year legislation other than budget bill legislation	9,830
Add: biennial spend aheads	<u>22,099</u>
FINAL GROSS APPROPRIATIONS	<u>10,725,352</u>
6. COMPENSATION RESERVES. Compensation reserves are budgetary set-asides for employee wage and benefit increases for the fiscal year.
7. TRANSFERS. During the fiscal year, a transfer was made to the Medical Assist. Trust Fund as required by Act 129.
8. LAPSES. A lapse is the automatic termination of an appropriation. It represents the amount of unexpended, unencumbered balance of the appropriation at the end of the fiscal year. Actual lapses may differ from budgeted lapses due to the manner in which the legislature treats certain required appropriation reductions.

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



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

(In Millions of Dollars)

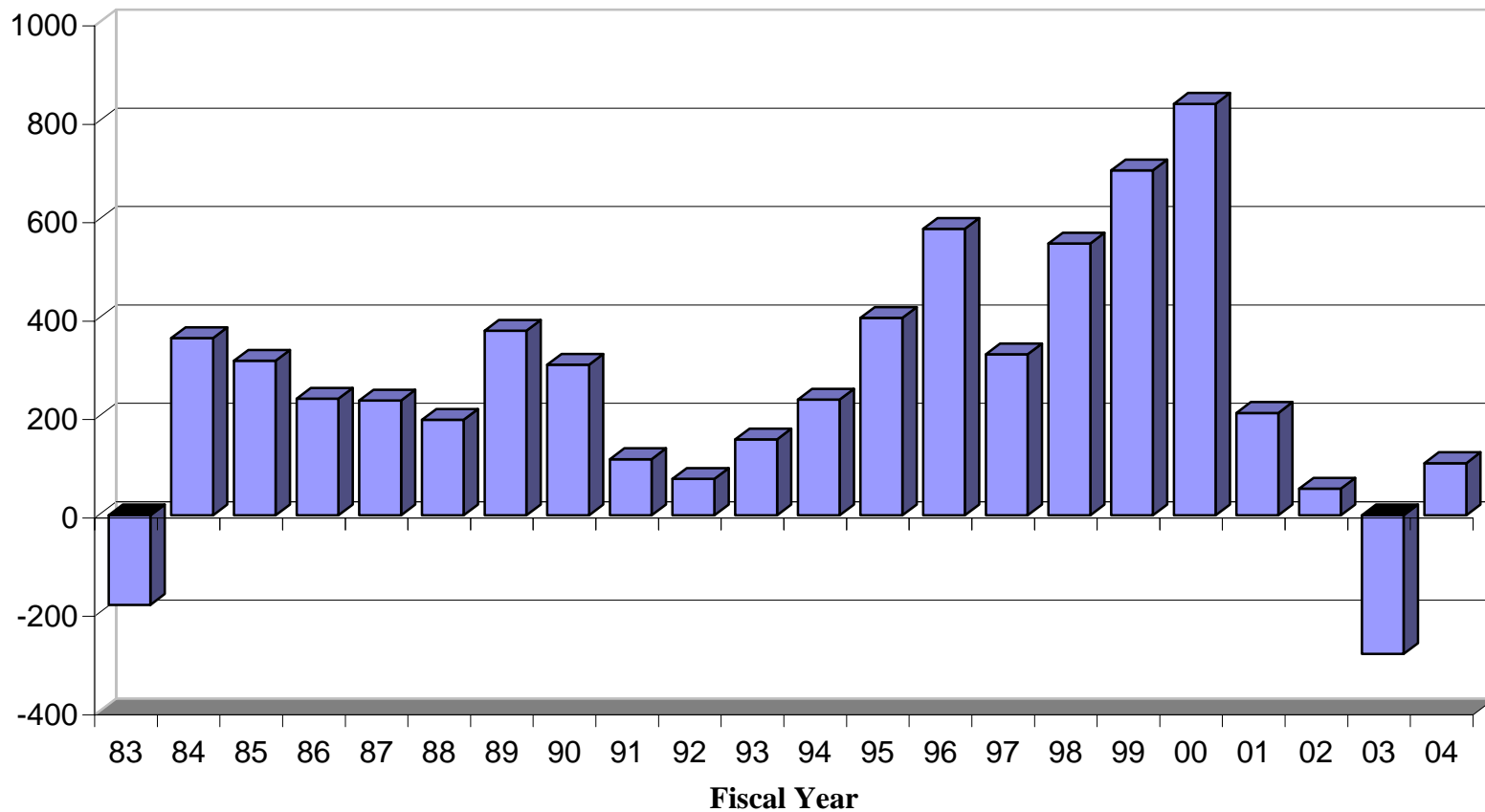


Exhibit A-1

State of Wisconsin  
 Statement of Recorded Revenues, Expenditures and Fund Balance-Budget vs.  
 Actual-General Purpose Revenues-Statutory Basis  
 For the Fiscal Year Ended June 30, 2004  
 (In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved Undesignated Balance..... \$	(282,221)	\$	(282,221)	\$ (282,221)	0
Beginning Unreserved Designated Balance.....	0		0	6,402	6,402
Total.....	<u>(282,221)</u>		<u>(282,221)</u>	<u>(275,819)</u>	<u>6,402</u>
<b>REVENUES</b>					
Taxes:					
Individual.....	5,220,000		5,220,000	5,277,119	57,119
Corporation.....	650,000		650,000	650,526	526
Sales & Use.....	3,899,625		3,899,625	3,899,264	(361)
Excise.....	354,300		354,300	355,495	1,195
Inheritance & Gift.....	85,000		85,000	86,357	1,357
Public Utility.....	261,000		261,000	269,801	8,801
Insurance.....	125,000		125,000	123,621	(1,379)
Miscellaneous.....	75,100		75,100	77,136	2,036
Total Taxes.....	<u>10,670,025</u>		<u>10,670,025</u>	<u>10,739,319</u>	<u>69,294</u>
Departmental Revenue:					
Indian Gaming Revenue.....	80,277		80,277	48,012	(32,265)
Other.....	328,970		328,970	247,225	(81,745)
Total Department Revenues.....	<u>409,247</u>		<u>409,247</u>	<u>295,237</u>	<u>(2) (114,010)</u>
Total Revenues.....	<u>11,079,272</u>		<u>11,079,272</u>	<u>11,034,556</u>	<u>(44,716)</u>
TOTAL AVAILABLE.....	<u>10,797,051</u>		<u>10,797,051</u>	<u>10,758,737</u>	<u>(38,314)</u>
<b>EXPENDITURES</b>					
Commerce.....	46,092	863	46,955	45,664	1,291
Education.....	6,014,015	35,165	6,049,180	5,980,970	68,210
Environmental Resources.....	129,972	2,774	132,746	115,561	17,185
Human Relations & Resources.....	2,721,664	27,029	2,748,693	2,741,204	7,489
General Executive.....	174,703	18,126	192,829	187,872	4,957
Judicial.....	98,667	1,443	100,110	97,672	2,438
Legislative.....	60,806	3,221	64,027	58,113	5,914
General (Incl. Shared Revenue).....	1,427,117	9,849	1,436,966	1,433,427	3,539
Transfer to Medical Assist. Trust Fund..	123,500	0	123,500	123,500	0
Compensation Reserves.....	109,153	(97,348)	11,805	0	11,805
Less: Estimated Lapse.....	<u>(242,066)</u>	<u>0</u>	<u>(242,066)</u>	<u>0</u>	<u>(242,066)</u>
TOTAL EXPENDITURES.....	<u>10,663,623</u>	<u>1,122</u>	<u>10,664,745</u>	<u>10,783,983</u>	<u>(119,238)</u>
Inter-Fund Transfers.....	0	0	0	181,640	(2) 181,640
UNRESERVED BALANCE	133,428	(1,122)	132,306	156,394	24,088
Designation for continuing balances.....	0	(51,194)	(51,194)	(51,194)	0
UNRESERVED Undesignated Balance..... \$	<u>133,428</u>	<u>(52,316)</u>	<u>81,112</u>	<u>105,200</u>	<u>24,088</u>
	(1)				

The accompanying notes are an integral part of this statement.

(1) See Note E

(2) See Note F

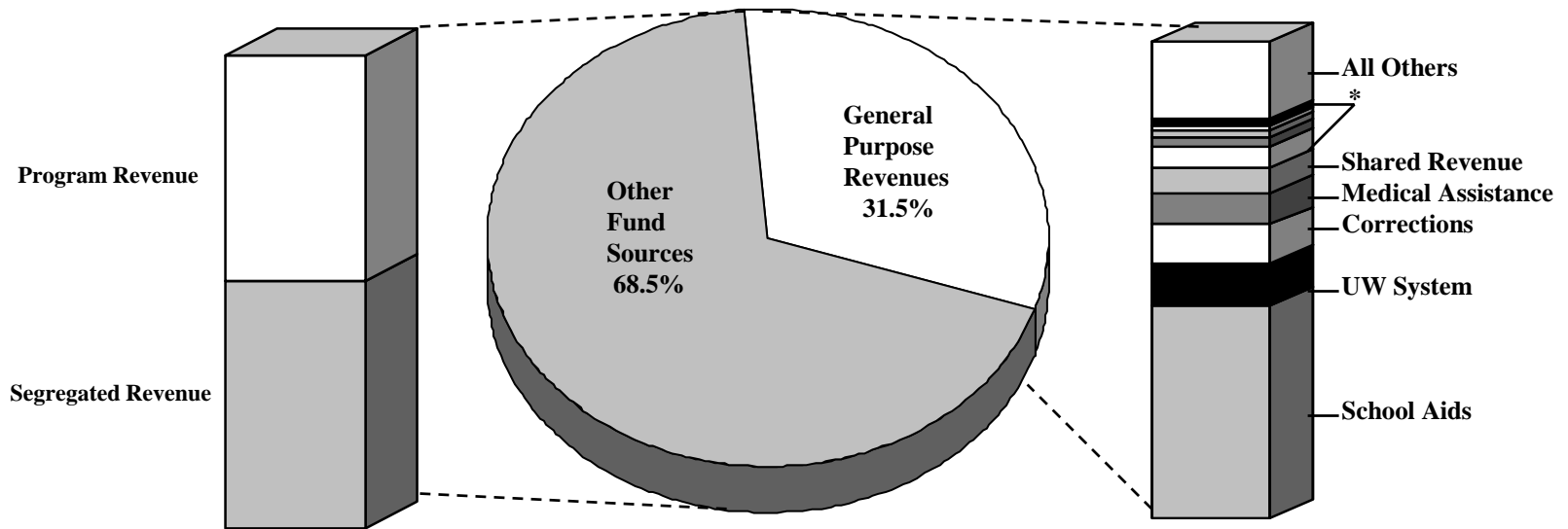
# Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2004

**Other Expenditures**  
**\$23.2 Billion**

**Total Expenditures**  
**\$33.9 Billion**

**General Purpose Revenue Expenditures**  
**\$10.7 Billion**



\* State Supplement to SSI  
 Wisconsin Works  
 Tax Relief to Individuals  
 Community Aids  
 Property Tax Credits

Exhibit A-2

State of Wisconsin  
Statement of Recorded Revenues, Expenditures, and Changes in Fund Balance

All Funds - Statutory Basis

For the Fiscal Year Ended June 30, 2004

(In Thousands)

	General Fund			Major Special Revenue Funds		Other	As of June 30, 2004
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation		
<b>REVENUES</b>							
Taxes..... \$	10,739,319 \$	20,195 \$	10,759,514 \$	959,594 \$	76,800 \$	118,109 \$	11,914,017
Intergovernmental Revenue.....	11,186	6,322,359	6,333,545	739,920	26,367	202,632	7,302,464
Licenses.....	75,720	164,624	240,344	342,283	91,022	295,561	969,210
Charges for Goods and Services.....	20,379	2,086,158	2,106,537	39,043	17,157	621,655	2,784,392
Contributions.....	0	0	0	0	0	2,980,855	2,980,855
Interest & Investment Income.....	2,841	61,708	64,549	2,716	159	9,628,849	9,696,273
Gifts & Donations.....	0	327,414	327,414	6	1,565	12,917	341,902
Other Revenue.....	97,756	404,150	501,906	19,999	(229)	1,275,773	1,797,449
Transfers.....	10,543	(51,756)	(41,213)	1,380	21,230	865,610	847,007
Other Transactions.....	76,812	183,958	260,770	3,084	5	(18,048)	245,811
Proceeds from Bonds & Notes.....	0	1,487,574	1,487,574	187,970	0	1,030,513	2,706,057
<b>TOTAL REVENUES</b>	<b>11,034,556</b>	<b>11,006,384</b>	<b>22,040,940</b>	<b>2,295,995</b>	<b>234,076</b>	<b>17,014,426</b>	<b>41,585,437</b>
<b>EXPENDITURES</b>							
Commerce.....	45,664	264,830	310,494	97	1,382	186,581	498,554
Education.....	5,980,970	3,357,663	9,338,633	40,000	323	280,587	9,659,543
Environmental Resources.....	115,561	66,774	182,335	1,969,300	227,291	568,300	2,947,226
Human Relations & Resources.....	2,741,204	5,194,981	7,936,185	0	(126)	2,223,532	10,159,591
General Executive.....	187,872	1,916,818	2,104,690	1,522	0	5,606,939	7,713,151
Judicial.....	97,672	13,210	110,882	0	0	356	111,238
Legislative.....	58,113	1,189	59,302	0	0	0	59,302
General (Incl. Shared Revenue).....	1,433,427	240,384	1,673,811	248,941	26	822,350	2,745,128
<b>TOTAL EXPENDITURES</b>	<b>10,660,483</b>	<b>11,055,849</b>	<b>21,716,332</b>	<b>2,259,860</b>	<b>228,896</b>	<b>9,688,645</b>	<b>33,893,733</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>							
EXPENDITURES.....	374,073	(49,465)	324,608	36,135	5,180	7,325,781	7,691,704
<b>BEGINNING FUND BALANCE</b>							
<b>PRIOR PERIOD ADJUSTMENT</b>							
DESIGNATED.....	6,402	0	6,402	0	0	0	6,402
UNDESIGNATED.....	(282,221)	118,613	(163,608)	(662,651)	22,912	59,719,651	58,916,304
<b>TOTAL</b>	<b>(275,819)</b>	<b>118,613</b>	<b>(157,206)</b>	<b>(662,651)</b>	<b>22,912</b>	<b>59,719,518</b>	<b>58,922,573</b>
<b>INTER-FUND</b>							
TRANSFERS.....	58,140	(46,979)	11,161	(103,684)	(56)	92,579	0
<b>ENDING FUND BALANCE</b>	<b>156,394</b>	<b>22,169</b>	<b>178,563</b>	<b>(730,200)</b>	<b>28,036</b>	<b>67,137,878</b>	<b>66,614,277</b>
DESIGNATED.....	(51,194)	0	(51,194)	0	0	0	(51,194)
UNDESIGNATED..... \$	105,200 \$	22,169 \$	127,369 \$	(730,200) \$	28,036 \$	67,137,878 \$	66,563,083
				(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, 2004  
 (In Thousands)

Funds By Category		Undesignated Fund			Inter-Fund Transfers	Undesignated Fund
		Balance as of June 30, 2003	Revenues	Expenditures		Balance as of June 30, 2004
<b><u>OTHER GOVERNMENTAL FUNDS</u></b>						
<u>Other Special Revenue</u>						
213	Heritage State Parks & Forests	\$ 1,177	\$ 29	\$ 32	\$ 0	1,174
214	WI Health Education Loan Repay	16	50	51	0	15
217	Waste Management	6,448	70	18	0	6,500
218	Wisconsin Election Campaign	343	197	11	0	529
219	Investment and Local Impact	168	5	0	0	173
220	Election Administration	14	7,097	698	0	6,413
222	Industrial Building Construction	207	138	0	0	345
224	Self-Insured Employer Liability	260	3	0	0	263
225	Medical Assistance Trust	327,329	183,481	829,953	123,500	(195,643)
226	Work Injury Benefits	4,336	3,910	2,773	0	5,473
228	Tobacco Control Fund	564	22	(196)	0	782
229	Uninsured Employers	9,818	3,144	2,443	0	10,519
235	Utility Public Benefits	24,217	108,477	102,773	0	29,921
238	Mediation	135	215	357	(2)	(9)
250	State Capitol Restoration	0	5	0	0	5
257	Agricultural Chemical Cleanup	200	2,984	2,600	0	584
258	Farms For The Future	0	0	0	0	0
259	Agrichemical Management	2,174	5,760	5,374	(116)	2,444
261	Agricultural Producer Security	2,805	2,284	922	0	4,167
264	Historical Legacy Trust	61	1	0	0	62
272	Petroleum Inspection	18,507	136,063	107,508	(20,954)	26,108
274	Environmental	6,234	40,518	32,786	(2,558)	11,408
277	Dry Cleaner Environmental Responsibility	2,573	1,043	764	0	2,852
279	Recycling	3,248	45,593	29,883	(7,274)	11,684
280	Information Technology Investment	(2,984)	20	0	0	(2,964)
285	Universal Service	767	26,491	22,116	0	5,142
286	Budget Stabilization	3	30	0	0	33
723	Children's Trust	305	156	33	0	428
266	Historical Preservation Partnership Trust	0	1,588	1,234	0	354
	Total Other Special Revenue	408,925	569,374	1,142,133	92,596	(71,238)
<u>Debt Service</u>						
315	Bond Security and Redemption	8,156	620,480	630,948	0	(2,312)
<u>Capital Projects</u>						
490	State Building Trust	37,326	90,068	71,236	0	56,158
495	Capital Improvement	163,787	781,455	748,064	0	197,178
	Total Capital Projects	201,113	871,523	819,300	0	253,336
<u>Permanent</u>						
743	Agriculture College	305	0	0	0	305
744	Common School Principal	516,852	42,132	0	0	558,984
745	Normal School	19,411	389	0	0	19,800
746	University	234	0	0	0	234

Exhibit A-3

State of Wisconsin  
 Summary of Recorded Revenues and Expenditures-All Other Funds-  
 Statutory Basis (Including Inter-Fund Transfers)  
 For the Fiscal Year Ended June 30, 2004  
 (In Thousands)

Funds By Category		Undesignated Fund			Inter-Fund Transfers	Undesignated Fund
		Balance as of June 30, 2003	Revenues	Expenditures		Balance as of June 30, 2004
760	Historical Society Trust	9,876	1,267	469	0	10,674
763	Common School Income	4,166	18,333	20,251	0	2,248
767	Benevolent	14	0	0	0	14
875	University Trust Principal	171,406	8,513	0	0	179,919
876	University Trust Income	18,976	9,831	22,489	(4)	6,314
	Total Permanent	741,240	80,465	43,209	(4)	778,492
	TOTAL OTHER GOVERNMENTAL FUNDS	1,359,434	2,141,842	2,635,590	92,592	958,278
<b><u>FIDUCIARY AND OTHER</u></b>						
<b><u>Pension (and Other Employee Benefit)</u></b>						
262	Public Employe Trust	1,136,216	1,328,942	1,058,229	0	1,406,929
747	Fixed Retirement Investment	50,978,818	10,172,016	3,505,705	0	57,645,129
751	Variable Retirement Investment	5,054,551	1,331,747	523,918	0	5,862,380
	Total Pension (and Other Employee Benefit)	57,169,585	12,832,705	5,087,852	0	64,914,438
<b><u>Private Purposes</u></b>						
570	Tuition Trust	13,385	(1,569)	61	0	11,755
769	College Savings Program Trust	3,068	1,786	443	(7)	4,404
	Total Private Purposes.....	16,453	217	504	(7)	16,159
<b><u>Agency</u></b>						
788	Support Collections Trust	573	952,020	942,267	0	10,326
<b><u>Other (Business-type funds)</u></b>						
521	Lottery	12,366	485,112	474,184	(2)	23,292
530	Health Insur Risk Sharing Plan	36,301	119,027	106,231	0	49,097
531	Local Govt Property Insurance	22,647	29,899	20,550	(1)	31,995
532	State Life Insurance	90,584	(1,012)	3,691	(1)	85,880
533	Patients Compensation	665,466	53,795	24,293	(2)	694,966
573	Environmental Improvement	158,370	174,578	139,678	0	193,270
582	Veterans Trust	32,639	21,477	26,700	0	27,416
583	Veterans Mortgage Loan Repayment	154,689	204,269	227,105	0	131,853
587	Transportation Infrastructure Loan	411	497	0	0	908
	Total Other (Business-type funds).....	1,173,473	1,087,642	1,022,432	(6)	1,238,677
	TOTAL FIDUCIARY AND OTHER.....	58,360,084	14,872,584	7,053,055	(13)	66,179,600
	TOTAL - ALL FUNDS.....	\$ 59,719,518	\$ 17,014,426	\$ 9,688,645	\$ 92,579	\$ 67,137,878

The accompanying notes are an integral part of this statement

Exhibit A-4

State of Wisconsin  
 Comparative General Fund Statement of Assets, Liabilities and Fund Balance  
 Fiscal Years Ended June 30, 2004, 2003, and 2002  
 (In Thousands)

	June 30, 2004	June 30, 2003	June 30, 2002
<b><u>ASSETS</u></b>			
General Purpose Revenue Cash..... \$	(231,168) \$	(669,360) \$	(653,451)
Program Revenue Cash.....	215,824	373,964	237,260
Contingent Fund Advances.....	3,521	3,533	3,539
Investments.....	445	445	445
Accounts Receivable.....	1,098,109	1,050,580	1,069,077
Due from Other Funds.....	79,682	60,087	333,205
Inventory.....	172	0	0
Prepayments.....	62,535	59,731	59,690
TOTAL ASSETS.....	<u>1,229,120</u>	<u>878,980</u>	<u>1,049,765</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable.....	338,083	413,162	315,491
Due to Other Funds.....	78,020	62,182	66,493
Tax and Other Deposits.....	39,332	33,539	33,900
Deferred Revenue.....	47,287	27,752	50,174
TOTAL LIABILITIES.....	<u>502,722</u>	<u>536,635</u>	<u>466,058</u>
<b><u>FUND BALANCE</u></b>			
<u>Reserved Balances</u>			
GPR Encumbrances.....	93,457	91,922	98,986
PR Encumbrances.....	454,378	407,629	407,293
Total Reserved Balances.....	<u>547,835</u>	<u>499,551</u>	<u>506,279</u>
<u>Unreserved Designated Balances</u>			
GPR Designation for Continuing Balances.....	51,194	6,402	32,959
<u>Unreserved Balances</u>			
GPR Unreserved Balance.....	105,200	(282,221)	53,782
PR Unreserved Balance.....	22,169	118,613	(9,313)
Total Unreserved Balances.....	<u>127,369</u>	<u>(163,608)</u>	<u>44,469</u>
TOTAL FUND BALANCE.....	<u>726,398</u>	<u>342,345</u>	<u>583,707</u>
TOTAL LIABILITIES AND FUND BALANCE..... \$	<u>1,229,120</u> \$	<u>878,980</u> \$	<u>1,049,765</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, 2004  
 (in Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget	Budget Adjustments	Final Budget	Expenditures <sup>1</sup>	
Commerce	\$ 459,931	\$ 197,650	\$ 657,581	\$ 491,308	\$ 166,273
Education	9,334,722	405,077	9,739,799	9,431,290	308,509
Environmental Resources	2,333,184	780,924	3,114,108	2,554,122	559,986
Human Relations and Resources	8,607,733	1,097,846	9,705,579	9,123,449	582,130
General Executive	775,794	1,693,073	2,468,867	2,303,914	164,953
Judicial	111,659	3,642	115,301	111,239	4,062
Legislative	62,467	3,234	65,701	59,302	6,399
General Appropriations	2,080,917	40,264	2,121,181	2,075,131	46,050
<b>Total Chapter 20</b>	<b>\$ 23,766,407</b>	<b>\$ 4,221,710</b>	<b>\$ 27,988,117</b>	<b>\$ 26,149,755</b>	<b>\$ 1,838,362</b>
Retirement Annuities			3,614,050	3,141,054	472,996
Support Collection Trust Payments			950,000	940,804	9,196
Insurance Premiums			1,024,240	960,111	64,129
Debt Service Payments			631,711	630,948	763
Capital Projects Expenditures			980,149	775,645	204,504
Lottery Prizes			274,530	274,530	-
Clearing and Custody Accounts			1,025,262	38,648	986,614
<b>Total State Expenditures Excluding Transfers</b>			<b>\$ 36,488,059</b>	<b>\$ 32,911,495</b>	<b>\$ 3,576,564</b>

The accompanying notes are an integral part of this statement

<sup>1</sup> Expenditures exclude non-budgetary transactions



## 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.

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

All investments owned by the state retirement funds are an exception to the requirement to recognize revenues and expenditures on the cash basis since investments are adjusted to market and the resultant unrealized gains or losses are reflected in the accounts of those funds.

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

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

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

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

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

## **Note B Fiscal Controls**

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

The Department of Administration maintains separate accounts for all appropriations showing the amounts appropriated, the amounts allotted, the amounts encumbered, the amounts disbursed and certain other data necessary to the financial management and control of all state accounts. The department also maintains the general ledgers of the funds of the state including the General Fund.

## **Note C Classification of Funds**

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

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

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

### Compensation Reserve

In FY04, Chapter 20 included a compensation reserve for employe salary and fringe benefit increases. The total amount reserved (appropriated) was \$109,153,000 and the amount expended was \$97,348,000 leaving a lapse amount of \$11,805,000.

In FY04, there was a transfer of \$123,500,000 from the General Fund to the Medical Assistance Trust Fund and a transfer of \$100,000,000 from the Transportation Fund to the General Fund.

## **Note E Published Budget**

The published budget amounts used in Exhibit A-1 are those shown for "General Purpose Revenues" (GPR) under state statute Chapter 20.

The adjustments column reflects statutorily required appropriation adjustments to sum-sufficient and biennial appropriations and appropriation changes enacted under the statutory authority of the Legislative Joint Finance Committee or by statutory authority under program supplements.

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 in, are added to other revenues to arrive at total departmental revenues. In FY04, a \$100,000,000 transfer from the Transportation Fund and other cash transfers required in Act 33 were recorded as transfers into the General Fund, rather than as revenues. The Chapter 20 budget captured these funds more generically as revenue. In order to properly compare actual revenues to budgeted revenues, the two, actual revenues and transfers, should be added together.

**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 2004 is explained as follows:

	<u>(thousands)</u>
Ending fund balance (Undesignated) per chapter 20	\$ 133,428
Opening balance adjustments:	
Prior year designation for continuing balances	6,402
Total opening balance adjustments	<u>6,402</u>
REVENUE ADJUSTMENTS	
Taxes received more than estimate	69,294
Departmental revenues less than estimate	<u>(114,010)</u>
Total revenue below estimate	<u>(44,716)</u>
APPROPRIATION ADJUSTMENTS	
New Legislation	(9,830)
Sum Sufficient Changes	
Reestimates	(13,985)
Compensation Reserve Adjustment	(97,348)
Budget brought forward from previous year	(6,402)
Budget carried to next year for continuing appropriations	51,194
Biennial spend ahead	(22,099)
Compensation Reserve Transferred to agencies	<u>97,348</u>
Total Appropriation Adjustments	<u>(1,122)</u>
LAPSES LESS THAN BUDGETED	<u>(119,238)</u>
INTER-FUND TRANSFERS	181,640
DESIGNATION FOR CONTINUING BALANCES	<u>(51,194)</u>
UNDESIGNATED FUND BALANCE	\$ <u><u>105,200</u></u>

**Note H General Fund Cash Flow**

Without corrective action, the General Fund can experience a short-term cash flow problem during the first half of each fiscal year. A temporary reduction in cash balances occurs every year due to a mismatch between the timing of receipts and disbursements. The majority of receipts are collected in the second half of the year while payments are more evenly distributed.

Because of this mismatch, a \$400 million operating note was issued in fiscal year 2004. The note reduced borrowing from other operating funds and ensured timely payments to local governments and the state's suppliers. The proceeds of the note and their timely repayment allowed the General Fund to more closely match receipts and payments. The operating note sinking fund payments were met as scheduled and the full amount of the note plus accrued interest was repaid on June 15, 2004.

**Note I Negative Fund Balances**

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

**Note J Unappropriated Activities**

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

	Commerce
Revenues	\$754,749
Expenditures	\$754,749
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 needs to be removed to calculate the Actual Sum Sufficient Increases.

B-2 Sum Sufficient Increases	\$18,616
Less Supplements (included in total above)	(4,631)
Actual Sum Sufficient Increases	<u>\$13,985</u>

## **Supplemental Data**



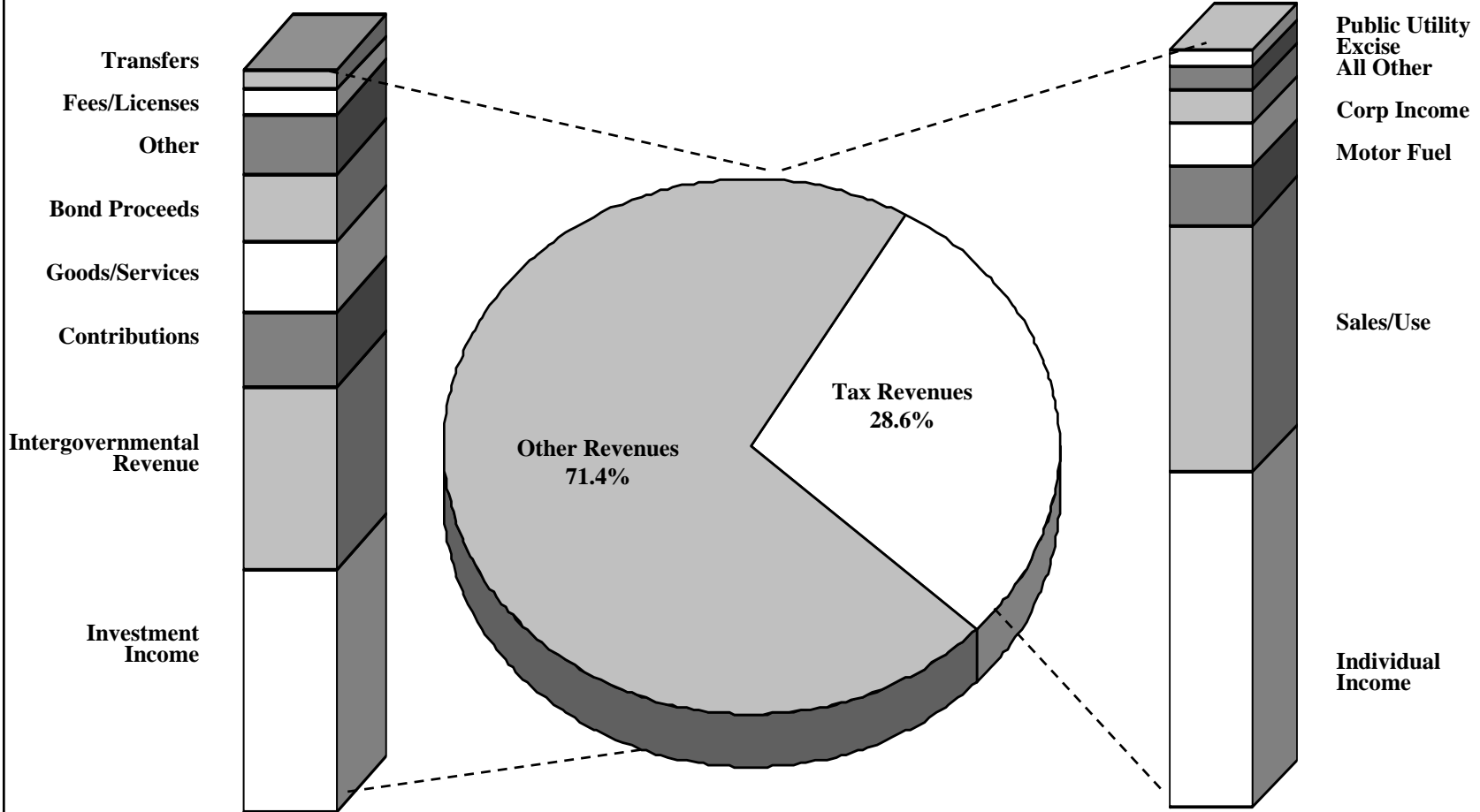
# Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2004

**Other Revenues**  
\$29.7 Billion

**Total Revenues**  
\$41.6 Billion

**Tax Revenues**  
\$11.9 Billion



For more detail on revenues, see Schedule A-2

Exhibit B-1

State of Wisconsin  
 Analysis of Revenues-All Funds  
 Fiscal Years Ended June 30, 2004, 2003, and 2002  
 (In Thousands)

	June 30, 2004	June 30, 2003	June 30, 2002
<b>TAX REVENUES</b>			
General Purpose Revenue			
Income Taxes			
individual.....	\$ 5,277,119	\$ 5,051,997	\$ 4,979,662
Corporation.....	650,526	526,545	503,008
Total Income Taxes.....	5,927,645	5,578,542	5,482,670
Sales and Excise Taxes			
General Sales and Use.....	3,899,264	3,737,912	3,695,796
Cigarette.....	291,323	293,697	288,769
Other Tobacco Products.....	16,101	15,508	13,932
Liquor and Wine.....	38,470	36,038	35,984
Malt Beverage (Beer).....	9,601	9,517	9,597
Total Sales and Excise Taxes.....	4,254,759	4,092,672	4,044,078
Public Utility Taxes			
Private Light, Heat and Power.....	165,436	147,018	143,134
Municipal Light, Heat and Power.....	1,813	1,729	1,657
Telephone.....	81,587	106,256	86,638
Pipeline.....	10,555	10,542	10,260
Electric Cooperative.....	8,486	9,417	8,586
Municipal Electric.....	1,296	1,233	1,273
Conservation and Regulation.....	512	552	567
Utility Tax (Refunds) Interest and Penalties.....	116	43	122
Total Public Utility Taxes.....	269,801	276,790	252,237
Inheritance, Estate and Gift Taxes			
Inheritance and Estate.....	86,357	68,702	82,631
Gift.....	0	0	4
Total Inheritance, Estate and Gift Taxes.....	86,357	68,702	82,635
Miscellaneous Taxes			
Insurance Companies (Premiums).....	123,621	114,897	96,055
Real Estate Transfer Fee.....	66,325	57,384	51,176
Lawsuits (Courts).....	10,691	10,567	10,455
Other.....	120	185	878
Total Miscellaneous Taxes.....	200,757	183,033	158,564
<b>TOTAL GPR TAX REVENUES.....</b>	<b>10,739,319</b>	<b>10,199,739</b>	<b>10,020,184</b>
<b>Program Tax Revenues</b>			
Fire Dues.....	14,768	13,350	11,297
Pari-mutuel Taxes.....	1,804	1,916	2,104
County Expo Tax Administration.....	385	370	356
Baseball Park Administration Fee.....	319	354	365

Exhibit B-1

State of Wisconsin  
 Analysis of Revenues-All Funds  
 Fiscal Years Ended June 30, 2004, 2003, and 2002  
 (In Thousands)

	June 30, 2004	June 30, 2003	June 30, 2002
<b>Program Tax Revenues, Cont.</b>			
Business Trust Regulation Fee.....	\$ 2,094	\$ 1,520	\$ 1,692
Other.....	825	745	705
<b>TOTAL PROGRAM TAX REVENUES.....</b>	<b>20,195</b>	<b>18,255</b>	<b>16,519</b>
<b>TOTAL-GENERAL FUND TAX REVENUES.....</b>	<b>10,759,514</b>	<b>10,217,994</b>	<b>10,036,703</b>
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	934,605	902,480	865,454
Air-Carrier Tax.....	8,195	5,446	5,651
Railroad Tax.....	11,923	12,459	12,011
Aviation Fuel Tax.....	1,348	1,312	1,226
Other Taxes.....	3,523	3,390	3,592
Conservation Fund			
2/10 Mill Forestry Mill Tax.....	72,190	67,063	62,425
Forest Crop Taxes.....	4,610	3,860	3,460
Mediation Fund.....	3	3	3
Petroleum Inspection Tax.....	92,563	93,686	88,694
Recycling Fund			
Temporary Service Charges.....	25,543	15,428	12,529
<b>TOTAL STATE TAX REVENUES.....</b>	<b>11,914,017</b>	<b>11,323,121</b>	<b>11,091,748</b>
Intergovernmental Revenue.....	7,302,464	7,518,310	7,203,159
Licenses and Permits.....	969,210	845,776	805,536
Charges for Goods and Services.....	2,784,392	2,587,332	1,747,654
Contributions.....	2,980,855	2,038,155	1,768,712
Interest and Investment Income.....	9,696,273	2,038,503	(3,541,516)
Gifts and Donations.....	341,902	343,153	337,322
Proceeds from Sale of Bonds.....	2,706,057	646,000	785,364
Other Revenues.....	1,797,449	2,082,322	3,913,624
Other Transactions.....	245,811	920,329	1,351,492
<b>TOTAL DEPARTMENTAL REVENUES.....</b>	<b>28,824,413</b>	<b>19,019,880</b>	<b>14,371,347</b>
<b>TRANSFERS.....</b>	<b>847,007</b>	<b>939,406</b>	<b>1,307,220</b>
<b>TOTAL REVENUES.....</b>	<b>\$ 41,585,437</b>	<b>\$ 31,282,407</b>	<b>\$ 26,770,315</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, 2004  
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
<b>State Operations</b>							
370	116	1fe	Endangered Resources General Fund.....	312	0	305	7
410	104	1c	Reimbursement Claims from Counties With State Institutions.....	246	0	206	40
455	102	1b	Special Counsel.....	450	0	353	97
455	202	2am	Officer Training Reimbursement.....	134	0	83	51
465	103	1c	Public Emergencies.....	49	0	41	8
505	405	4d	Claims Awards.....	41	0	18	23
505	801	8am	Interest on racing & bingo moneys.....	12	1	13	0
525	101	1a	Governor's Office Administration.....	3,414	64	2,793	685
525	102	1b	Contingent Fund.....	22	0	16	6
525	103	1c	Membership In National Assoc.....	146	0	121	25
525	201	2a	Executive Residence.....	197	12	209	0
625	101	1a	Circuit Courts.....	54,336	1,211	54,417	1,130
660	101	1a	Court Of Appeals.....	8,217	111	8,133	195
680	101	1a	Supreme Court.....	4,261	41	3,841	461
765	501	5a	Legislative Operation Costs.....	60,807	3,221	58,115	5,913
855	101	1a	Obligation On Operating Notes.....	2,750	0	2,704	46
855	102	1b	Operating Notes Expenses.....	150	0	138	12
855	108	1bm	Payment of Cancelled Drafts.....	1,200	29	1,052	177
855	111	1dm	Interest Reimbursement to Federal Government.....	0	7	7	0
855	401	4a	Interest On Overpayment Of Taxes.....	2,250	3,444	5,694	0
855	403	4c	Minnesota Income Tax Reciprocity.....	46,242	0	46,242	0
855	413	4cm	Illinois Income Tax Reciprocity.....	28,714	0	28,714	0
855	405	4e	Transfer To Conservation Fund - Land Acquisition.....	233	0	233	0
855	408	4f	Supplemental Title Fee Matching.....	10,827	0	10,827	0
865	101	1a	Judgement & Legal Expenses.....	47	(29)	0	18
<i>Total State Operations.....</i>				<u>225,057</u>	<u>8,112</u>	<u>224,275</u>	<u>8,894</u>

**Aids and Local Assistance**

115	202	2b	Animal Disease Indemnities.....	109	0	11	98
235	104	1e	MN-WI Student Reciprocity.....	3,107	0	3,107	0
235	106	1fe	Wisconsin Higher Education Grants.....	20,746	0	20,746	0
235	109	1fy	Academic Excellence.....	3,133	13	3,146	0
255	218	2fm	Charter Schools.....	26,407	249	26,656	0
255	235	2fu	Milwaukee Parental Choice Program .....	76,172	0	75,380	792
255	306	3c	National Teacher Certification.....	420	1	421	0
285	406	4dd	Lawton Minority Undergraduate Grants.....	3,081	0	3,081	0
370	503	5da	Aids In Lieu Of Taxes.....	4,615	0	4,349	266
435	774	7da	Reimburse Local Units of Government.....	400	0	146	254
435	715	7ed	State Supplement to Federal Supplemental Security Income Program.....	128,282	0	128,282	0
445	102	1aa	Special Death Benefit.....	560	0	530	30
465	305	3e	Disaster Recovery Aids.....	1,120	0	644	476
505	412	4er	Volunteer Firefighter & EMT Service Award Program.....	965	125	1,090	0
515	101	1a	Annuity Supplements And Payments.....	2,894	0	2,890	4
835	108	1b	Small Municipalities Shared Revenue.....	11,221	0	11,221	0
835	101	1c	Expenditure Restraint Program Acct.....	58,146	0	58,146	0
835	102	1d	Shared Revenue Account.....	509,162	7	509,169	0
835	109	1e	State Aid: Computers.....	73,000	0	72,498	502
835	103	1f	County Mandate Relief Account.....	21,181	0	21,181	0
835	203	2c	Homestead Tax Credit.....	111,100	8,652	119,752	0

Exhibit B-2

General Fund Sum Sufficient Appropriations  
For the Fiscal Year Ended June 30, 2004  
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
<b>Aids and Local Assistance (Continued)</b>							
835	205	2dm	Farmland Preservation Credit.....	14,600	0	14,473	127
835	209	2ep	Cigarette Tax Refunds.....	11,600	1,387	12,987	0
835	212	2f	Earned Income Tax Credit.....	17,508	0	15,082	2,426
835	302	3b	School Levy Tax Credit.....	469,305	0	469,305	0
855	402	4b	Election Campaign Payment.....	192	0	192	0
<i>Total Aids and Local Assistance.....</i>				<u>1,569,026</u>	<u>10,434</u>	<u>1,574,485</u>	<u>4,975</u>
<b>Principal Repayment and Lease Rental</b>							
115	205	2D	Principal Repayment and Interest.....	6	0	6	0
115	702	7b	Principal Repayment and Interest.....	8	0	8	0
115	707	7f	Principal Repayment and Interest.....	206	0	206	0
190	101	1c	Principal Repayment and Interest.....	602	0	602	0
190	102	1d	Principal Repayment and Interest.....	305	0	305	0
225	103	1c	Principal Repayment and Interest.....	398	0	398	0
245	106	1e	Principal Repayment and Interest.....	603	0	603	0
250	105	1e	Principal Repayment and Interest.....	78	0	78	0
255	104	1d	Principal Repayment and Interest.....	484	0	484	0
285	110	1d	Principal Repayment and Interest.....	47,465	0	47,465	0
320	103	1c	Principal Repayment and Interest.....	20,868	0	14,868	6,000
320	282	2c	Principal Repayment and Interest.....	666	0	666	0
370	701	7aa	Principal Repayment and Interest.....	18,649	0	8,649	10,000
370	705	7ca	Principal Repayment and Interest.....	2,190	0	2,183	7
370	706	7cb	Principal Repayment and Interest.....	28,198	0	28,197	1
370	707	7cc	Principal Repayment and Interest.....	8,222	0	8,222	0
370	708	7cd	Principal Repayment and Interest.....	799	0	799	0
370	713	7ce	Principal Repayment and Interest.....	61	0	60	1
370	714	7cf	Principal Repayment and Interest.....	269	0	269	0
370	709	7ea	Principal Repayment and Interest.....	313	0	313	0
395	664	6af	Principal Repayment and Interest.....	0	0	0	0
410	107	1e	Principal Repayment and Interest.....	31,667	0	31,667	0
410	307	3e	Principal Repayment and Interest.....	2,030	0	1,989	41
435	207	2ee	Principal Repayment and Interest.....	6,180	0	6,162	18
435	602	6e	Principal Repayment and Interest.....	25	7	32	0
465	104	1d	Principal Repayment and Interest.....	2,040	0	2,040	0
485	106	1f	Principal Repayment and Interest.....	1,500	0	1,500	0
505	414	4es	Principal Repayment and Interest.....	1,545	0	0	1,545
505	413	4et	Principal Repayment and Interest.....	608	0	0	608
855	801	8a	Principal Repayment and Interest.....	738	0	738	0
867	102	1b	Principal Repayment and Interest.....	5,095	0	5,095	0
867	301	3a	Principal Repayment and Interest.....	0	63	63	0
867	302	3b	Principal Repayment and Interest.....	598	0	535	63
867	306	3br	Principal Repayment and Interest.....	43	0	43	0
<i>Total Principal Repayment and Lease Rental.....</i>				<u>182,459</u>	<u>70</u>	<u>164,245</u>	<u>18,284</u>
<b>Pay Plan &amp; Supplement</b>							
865	103	1c	Salary.....	0	0	0	0
865	104	1d	Fringe.....	0	0	0	0
<i>Total Pay Plan &amp; Supplements.....</i>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL GENERAL FUND SUM SUFFICIENTS				\$ 1,976,542	18,616	1,963,005	32,153

(1)

(1) See Note K