

*FY12*

# ANNUAL FISCAL REPORT

## Budgetary Basis



State of Wisconsin  
2012

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**State of Wisconsin**  
**2012 Annual Fiscal Report**

**(Budgetary Basis)**

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**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT WALKER**  
GOVERNOR

**MIKE HUEBSCH**  
SECRETARY

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October 15, 2012

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, 2012. 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 \$342.1 million as of the end of the fiscal year. This is \$50.5 million higher than the balance of \$291.6 million projected in appropriation summaries under Chapter 20 of the Wisconsin Statutes, approved in the August 10, 2012 meeting of the Legislative Joint Finance Committee.

General-purpose revenue taxes were \$13.515 billion compared to \$12.912 billion in the prior year, an increase of \$603 million or 4.7 percent. Collections increased in fiscal year 2011-12 with individual income and sales tax collections 5.1% and 4.4% more, respectively, than the prior year.

General-purpose revenue expenditures, excluding fund transfers, were \$13.381 billion compared to \$13.565 billion in the prior year, a decrease of \$184 million or 1.4 percent.

In fiscal year 2012, 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 53.7 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 22.4 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 6.8 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 17.1 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2012. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,

Michael Huebsch  
Secretary of Administration

Stephen J. Censky, CPA  
State Controller

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## **Economic Section**

## The Year In Summary

### Revenue Highlights

General purpose revenue (GPR) taxes for the fiscal year (FY) ending June 30, 2012 totaled \$13,514.6 million, an increase of 4.7 percent from FY 2011 collections of \$12,911.9 million.

Total collections for FY 2012 were \$126.6 million, or 0.9 percent, above the estimate of \$13,388.0 million.

**Table 1**

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

Tax Source	FY 12	% of Total	FY 11	% of Total	Change FY12-FY11	% Change
Individual Income	\$7,041.7	52.1%	\$6,700.7	51.9%	\$341.0	5.1%
General Sales & Use	4,288.7	31.7%	4,109.0	31.8%	179.7	4.4%
Corporation Franchise & Income	906.6	6.7%	852.9	6.6%	53.7	6.3%
Excise	709.5	5.3%	720.8	5.6%	-11.3	-1.6%
Inheritance, Estate & Gift	0.3	0.0%	-0.1	0.0%	0.4	400.0%
Public Utility	365.9	2.7%	341.3	2.6%	24.6	7.2%
Insurance Companies	148.1	1.1%	140.0	1.1%	8.1	5.8%
Miscellaneous	53.8	0.4%	47.3	0.4%	6.5	13.7%
<b>TOTAL GPR</b>	<b>\$13,514.6</b>	<b>100.0%</b>	<b>\$12,911.9</b>	<b>100.0%</b>	<b>\$602.7</b>	<b>4.7%</b>

#### **Individual Income Tax**

Individual income tax collections increased \$341.0 million (5.1 percent) from \$6,700.7 million in FY 2011 to \$7,041.7 million in FY 2012. This was \$76.8 million (1.1 percent) above the \$6,964.9 million estimate. The individual income tax share of total GPR taxes increased from 51.9 percent in FY 2011 to 52.1 percent in FY 2012.

The largest component of individual income tax collections is withholding from wages and salaries, which increased 3.7 percent from \$6,542.6 million to \$6,782.7 million. Estimated payments increased 9.0 percent from \$985.9 million to \$1,074.8 million, while refunds increased 0.4 percent from \$1,761.1 million to \$1,767.9 million. Final payments, or payments with returns, increased 5.2% to \$564.3 million.

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

Collections from the 5 percent general sales and use tax increased 4.4 percent from \$4,109.0 million to \$4,288.7 million. This was \$10.2 million (0.2 percent) below the \$4,298.9 million estimate. Sales tax collections as a percentage of total GPR taxes decreased from 31.8 percent to 31.7 percent.

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

Corporate collections increased 6.3 percent to \$906.6 million in FY 2012 from \$852.9 million in FY 2011. Corporate collections as a percentage of total GPR taxes increased from 6.6 percent to 6.7 percent. Corporate collections were \$30.7 million (3.5 percent) above the estimate of \$875.9 million.

The major source of corporate collections, estimated payments, increased by 1.4 percent from \$776.2 million in FY 2011 to \$787.0 million in FY 2012.

### **Excise Tax**

Cigarette tax collections decreased 2.9 percent from \$604.8 million in FY 2011 to \$587.8 million in FY 2012. Collections in FY 2012 were above the estimate by \$10.0 million (1.7 percent).

Tobacco products tax collections increased 7.6 percent from \$60.9 million in FY 2011 to \$65.5 million in FY 2012. Collections were \$1.7 million more than expected.

Liquor and wine tax collections increased 2.6 percent over the previous fiscal year, from \$45.8 million in FY 2011 to \$47.0 million in FY 2012. Collections were \$1.1 million (2.4 percent) above the estimate in FY 2012.

Beer tax collections decreased 1.1 percent from \$9.3 million in FY 2011 to \$9.2 million in FY 2012. Collections were \$100,000 (1.5 percent) above the estimate in FY 2012.

### **Other Taxes**

Public utility tax collections increased \$24.6 million (7.2 percent) from \$341.3 million in FY 2011 to \$365.9 million in FY 2012. Collections were \$5.8 million above the FY 2012 forecast.

Estate tax collections increased from (\$.1) million in FY 2011 to \$.3 million in FY 2012. Revenues that were received during FY 2012 reflect delinquent, audit, and refund activity.

Insurance company taxes (generally based on premiums) increased 5.8 percent from \$140.0 million in FY 2011 to \$148.1 million in FY 2012. Collections were above the FY 2012 forecast by \$3.8 million (2.6 percent).

Miscellaneous taxes increased from \$47.3 million in FY 2011 to \$53.8 million in FY 2012. This is \$6.5 million above the forecast for the fiscal year. The largest component of miscellaneous tax, the real estate transfer fee, increased 11.8 percent, from \$35.6 million in FY 2011 to \$39.8 million in FY 2012.

## Expenditure Highlights

While state tax collections increased by 4.7 percent, the impact of the nation's worst economic crisis in decades continued to be felt in FY 2012. The need and demand for assistance grew by 14 percent. In order to meet this challenge and to reduce the state's structural deficit, 2011 Wisconsin Act 10 and 2011 Wisconsin Act 32 reduced state government spending and instituted changes to collective bargaining provisions for public employees that provided state and local governments tools to generate immediate savings and to contain long-term costs. The state eliminated a \$3.6 billion structural deficit, ending the fiscal year with a \$342.1 million gross balance and transferring \$108.7 million to the budget stabilization fund.

Total GPR spending decreased 1.4 percent or \$183.8 million in FY 2012, as shown in Table 2. This compares to 5.8 percent increase in FY 2011. The largest portion of GPR expenditures in FY 2012 was directed to school districts and local units of government, consistent with past years. These local assistance expenditures were

\$7,188.7 million or 53.7 percent of total GPR spending in FY 2012 compared to \$7,688.6 million or 56.7 percent of total spending in FY 2011. Aid payments to individuals and organizations were \$2,996.3 million, which was 22.4 percent of total GPR spending in FY 2012 compared to \$2,628.8 million or 19.4 percent in FY 2011. State operations costs of \$3,195.7 million accounted for 23.9 percent of total GPR spending, compared to \$3,247.1 million or 23.9 percent in FY 2011. Local Assistance payments decreased by 6.5 percent. Aids to Individuals payments increased by 14 percent. State operations spending decreased 1.6 percent in FY 2012, compared to a 2.2 percent increase in FY 2011.

The GPR budget is shaped by its ten largest programs, as detailed in Table 3. These programs comprised 84.1 percent of total GPR expenditures in FY 2012, down from 85.1 percent in FY 2011. Immediately following this section is a brief explanation of each program.

**Table 2**

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

	<u>FY12</u>	<u>% of Total</u>	<u>FY11</u>	<u>% of Total</u>	<u>\$ Change FY12-FY11</u>	<u>% Change</u>
Local Assistance	\$7,188.7	53.7%	\$7,688.6	56.7%	-\$499.9	-6.5%
Aids to Individuals	2,996.3	22.4%	2,628.8	19.4%	367.5	14.0%
State Operations:						
UW System	911.6	6.8%	1,080.1	7.9%	-168.5	-15.6%
All Other Agencies	<u>2,284.1</u>	<u>17.1%</u>	<u>2,167.0</u>	<u>16.0%</u>	<u>117.1</u>	<u>5.4%</u>
Total	<u>\$13,380.7</u>	<u>100.0%</u>	<u>\$13,564.5</u>	<u>100.0%</u>	<u>-\$183.8</u>	<u>-1.4%</u>
Transfers	<u>370.4</u>		<u>14.8</u>			
TOTAL GPR	<u>\$13,751.1</u>		<u>\$13,579.3</u>			

**Table 3**

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

	<u>FY12</u>	<u>% of Total</u>	<u>FY11</u>	<u>% of Total</u>	<u>\$ Change FY12-FY11</u>	<u>% Change</u>
1. School Aids	\$4,929.8	36.8%	\$5,342.2	39.4%	-\$412.4	-7.7%
2. Medical Assistance	1,862.4	13.9%	1,454.2	10.7%	408.2	28.1%
3. Correctional Services	1,082.7	8.1%	1,138.5	8.4%	-55.8	-4.9%
4. UW System	911.6	6.8%	1,100.7	8.1%	-189.1	-17.2%
5. Shared Revenue	891.8	6.7%	888.6	6.5%	3.2	0.4%
6. State Property Tax Credits	880.2	6.6%	874.5	6.4%	5.7	0.7%
7. Individual Tax Relief	270.6	2.0%	293.2	2.2%	-22.6	-7.7%
8. Community Aids	173.7	1.3%	172.1	1.3%	1.6	0.9%
9. State Supplement to SSI	144.2	1.1%	143.9	1.1%	0.3	0.2%
10. WI Technical College System	100.5	0.8%	136.2	1.0%	-35.7	-26.2%
All Others	<u>2,133.2</u>	<u>15.9%</u>	<u>2,020.4</u>	<u>14.9%</u>	<u>112.8</u>	<u>5.6%</u>
Subtotal	\$13,380.7	<u>100.0%</u>	\$13,564.5	<u>100.0%</u>	<u>-\$183.8</u>	<u>-1.4%</u>
Transfers	<u>370.4</u>		<u>14.8</u>			
TOTAL	<u>\$13,751.1</u>		<u>\$13,579.3</u>			

**School Aids:** State GPR assistance to Wisconsin's 424 school districts decreased by 7.7 percent or \$412.4 million in FY 2012. Overall, through a combination of state aids and property tax credits, the state was able to reimburse over 60 percent of school costs in FY 2012.

Since the 1993-94 school year, school districts have been subject to statewide revenue limits. These limits control the allowable increase in each school district's revenues by limiting the total revenue a district can collect from the combined sources of property tax levies for nondebt purposes and state general aids. These controls, combined with the large increase in state school aids and property tax credits, succeeded in reducing the statewide net school property tax levy by 23.9 percent in FY 1997. Since FY 1998, the net school levy has increased by an average of 4.0 percent annually.

In an effort to continue controlling property taxes during FY 2012, districts were required to decrease revenues per student by 5.5 percent. Federal grants under the Education Jobs Fund helped school districts manage decreased aid and revenue limit levels.

There are two major types of direct school aid. Approximately 84 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 special transfer aid program for pupils transferring between schools with certain concentrations of minority and nonminority populations. The remaining 16 percent are categorical aids, distributed based on local expenditures for specific activities or educational programs. The major categorical aid programs are programs for addressing special education needs and maintaining small class sizes.

In addition to direct aid, the state also provides funding for children from low-income families in the cities of Milwaukee and Racine to attend private schools at no charge. These school choice programs are funded 61.6 percent with GPR and 38.4 percent by the Milwaukee and Racine school districts through an adjustment to their general equalization aid calculation. In FY 2012, the state provided \$143.6 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 2012, total MA expenditures, including BadgerCare Plus, were \$6,723 million, of which \$1,862 million was GPR, \$651 million was SEG, \$94 million was PR and the remaining \$4,116 was FED. On an all funds basis, MA expenditures decreased by 8 percent over FY 2011. This decrease is due to the timing of capitation payments to managed care organizations, which resulted in fourteen payments in FY 2011 and ten payments in FY 2012. After expenditures are adjusted to reflect twelve monthly payments in each fiscal year, total MA expenditures increased 4 percent between FY 2011 and FY 2012 due to inflation and a small increase in enrollment. In FY 2012, MA enrollment (member months) increased by 1.5 percent over the prior year, which is a lower growth rate than the 6 percent increase experienced in FY 2011.

In FY 2012, MA GPR expenditures increased by 28 percent due to a decrease in the federal reimbursement rate. The American Recovery and Reinvestment Act and the Education Jobs Act increased the amount of federal reimbursement states could receive, based on changes in the state's unemployment rate, between October 2008 through June 2011. Wisconsin's average federal reimbursement rate dropped from 68.75 percent in FY 2011 to 60.44 percent in FY 2012.

The Medical Assistance totals do not include expenditures for SeniorCare, Wisconsin's pharmacy assistance program for the elderly. In FY 2012, SeniorCare expenditures totaled \$88 million, a decrease of \$19 million from FY 2011. This decrease is due to continued growth in participation in the federal Medicare Part D program, particularly among low-income individuals who qualify for additional subsidies, and individuals with high drug costs. Of the total expenditures, \$21 million was GPR, \$52 million was PR and \$15 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 decreased \$55.8 million or 4.9 percent over the prior year, reaching \$1,082.7 million in FY 2012. The number of incarcerated felons under the supervision of the

state adult corrections program decreased 0.6 percent from an average daily population of 22,491 in FY 2011 to 22,351 in FY 2012. The decrease in spending is mainly attributed to utility cost savings, lower populations of certain types of offenders and decreased utilization of county jail beds. In addition, Act 32 made reductions to Youth Aids funding and required the department to take actions to find savings to meet lapse targets. Youth Aids provide local assistance to offset costs related to juvenile delinquency services.

**University of Wisconsin System:** Total GPR expenditures for the UW System decreased by \$189.1 million, or 17.2 percent in FY 2012. Tuition at UW institutions, despite annual increases, continues to be a relative bargain in higher education. Resident undergraduate tuition for students at the UW-Madison campus was \$70 below the "Big Ten" peer group median, and is the third lowest tuition among those schools. UW-Milwaukee was \$735 below its peer group median and all other campuses were approximately \$730 below their peer group medians in the 2011-12 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.

**Shared Revenue:** State shared revenue provides unrestricted aid to municipal and county governments. In FY 2012, the shared revenue formula distributed a total of \$945.9 million, consisting of \$891.8 million GPR and \$54.1 million SEG. The GPR portion of this amount consisted of county and municipal aids of \$770.5 million, utility aids of \$63.2 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 0.4 percent over FY 2011, reflecting an increase in utility aid payments over the prior year. Statewide, shared revenue payments provided municipalities with about 13.7 percent and counties with about 3.6 percent of their general revenues.

**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 2012 was \$747.4 million for all funds. The credit offset 7.2 percent of 2011 gross property tax levies for all purposes statewide. The First Dollar Credit was created in 2007 Wisconsin Act 20 to provide additional property tax relief to owners of improved property. The credit, funded at \$147.6 million in FY 2012, helps to give greater tax relief to lower-value property by offsetting property taxes on the first \$6,900 of property value for eligible parcels.

**Tax Relief to Individuals:** Wisconsin paid out \$270.6 million GPR in tax relief to individuals through a variety of refundable tax credit programs during FY 2012.

The Earned Income Credit program reduces income taxes for about 278,000 low-income working families with children. In FY 2012, this program paid a total of \$103.3 million in all funds to these households, a decrease of \$22.9 million over FY 2011 due to modifications in eligibility under Act 32.

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 2012, the credit provided \$133.7 million of tax relief, compared with \$133.9 million in FY 2011. About 266,000 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 approximately 6,600 veterans and surviving spouses by providing a credit for taxes paid on a principal dwelling. Tax credit expenditures were \$19.9 million in FY 2012, an increase of \$1.7 million over FY 2011.

Wisconsin's Farmland Preservation Credit programs provide credits to about 16,000 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 2012 – one based on income and the other based on the number of acres and other criteria. Combined expenditures under Farmland Preservation Credit programs totaled \$19.6 million in FY 2012, an increase of \$1.0 million over FY 2011.

**Community Aids:** Community Aids are state and federal funds distributed to counties to fund human services programs serving primarily low-income persons, children in need of protection, the elderly and the disabled. Beginning in FY 2009, Community Aids funds are administered and distributed by both the Department of Health Services and the Department of Children and Families with total GPR expenditures reaching \$173.7 million in FY 2012.

**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 2012, a total of \$144.2 million was expended in SSI payments.

**Wisconsin Technical College System:** Total GPR expenditures for local assistance to Wisconsin Technical College System campuses decreased \$35.7 million or 26.2 percent from the prior year, providing a total of \$100.5 million in FY 2012. General aid to technical college districts was decreased by 30 percent, which was offset partially by increased employee contributions to health insurance and retirement benefits as required by Act 10. The system is composed of 16 technical college districts that offer approximately 300 programs awarding two-year associate degrees, one and two-year technical diplomas and short-term technical diplomas. In addition, the system provides customized training and technical assistance to businesses. Approximately 362,600 students enrolled in technical colleges in FY 2012.

Comparative Condition of the General Fund  
 FY12 Actual vs. Budget  
 (in Thousands)

	<u>FY12 Actual</u>	<u>Budget</u>	<u>Variance</u>	
<b>OPENING BALANCES</b>				
Unreserved, Undesignated Opening Balance	\$ 85,567	\$ 85,567	\$ 0	1
Prior Year Designation of Continuing Balances	8,236	0	8,236	2
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	
Unreserved Opening Balance	<u>93,803</u>	<u>85,567</u>	<u>8,236</u>	
<b>REVENUES</b>				
Taxes	13,514,631	13,388,000	126,631	3
Departmental Revenues	<u>557,070</u>	<u>673,942</u>	<u>(116,872)</u>	4
Total Revenues	<u>14,071,701</u>	<u>14,061,942</u>	<u>9,759</u>	
Total Available Resources	<u>14,165,504</u>	<u>14,147,509</u>	<u>17,995</u>	
<b>APPROPRIATIONS</b>				
Gross Appropriations	13,867,520	13,840,640	(26,880)	5
Compensation Reserves	19,686	28,790	9,104	6
Transfers	370,376	307,029	(63,347)	7
Less: Lapses	<u>(434,166)</u>	<u>(320,523)</u>	<u>113,643</u>	8
Net Appropriations	<u>13,823,416</u>	<u>13,855,936</u>	<u>32,520</u>	
<b>UNDESIGNATED UNRESERVED BALANCE</b>	<u>\$ 342,088</u>	<u>\$ 291,573</u>	<u>\$ 50,515</u>	

Notes:

1. UNDESIGNATED, UNRESERVED OPENING BALANCE. The fund condition for the fiscal year 2012 is included in the appropriation summaries under Chapter 20 of the Wisconsin Statutes, approved in the August 10, 2012 meeting of the Legislative Joint Finance Committee. The opening balance for fiscal year 2012 was based on actual revenues, appropriations and opening balance for the preceding year.
2. PRIOR YEAR DESIGNATION FOR CONTINUING BALANCE. A portion of the previous year's gross ending balance had been designated, or set aside, to cover left over continuing budget authority that could legally be carried forward and spent in the next year. This continuing authority is generated in biennial appropriations in the first year, or even numbered year, of the biennium and in continuing appropriations each year. The fund condition summary does not include an estimate for the amount of continuing authority carried forward, and therefore, the designated amount for continuing balances is always a variance with the budget estimate.
3. TAXES. Actual tax collections were higher than the estimated tax collections contained in the final Chapter 20 revenue re-estimates by the Legislative Fiscal Bureau.
4. DEPARTMENTAL REVENUES. Departmental revenues are revenues received by individual state agencies and deposited in the general fund. Departmental revenues include tribal gaming revenue. The estimate used in the fund condition summary assumed that the entire amount of DOA-determined lapses and transfers from state agencies would be allocated to departmental revenues. However, some of those reductions actually occurred as lapses from GPR appropriations.
5. GROSS APPROPRIATIONS. Final gross appropriations varied from estimated gross appropriations as follows:
 

Gross Appropriations Per the fund condition summary	\$ 13,840,640
Add: continuing appropriation authority brought forward	8,236
Add: increases to sum sufficient appropriations above Chapter 20	8,646
Add: Authority needed above re-estimated budget	10
Add: biennial adjustments	<u>9,988</u>
<b>FINAL GROSS APPROPRIATIONS</b>	<u><b>\$ 13,867,520</b></u>
6. COMPENSATION RESERVES. Compensation reserves are budgetary set-asides for employee wage and benefit increases for the fiscal year.
7. TRANSFERS. Conditions requiring a transfer to the Budget Stabilization fund were met in FY2012, pursuant to WI Stats.
8. LAPSES. A lapse is the automatic termination of an appropriation. It represents the amount of unexpended, unencumbered balance of the appropriation at the end of the fiscal year. Actual lapses may differ from budgeted lapses due to the manner in which the legislature treats certain required appropriation reductions.

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

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

(In Millions of Dollars)

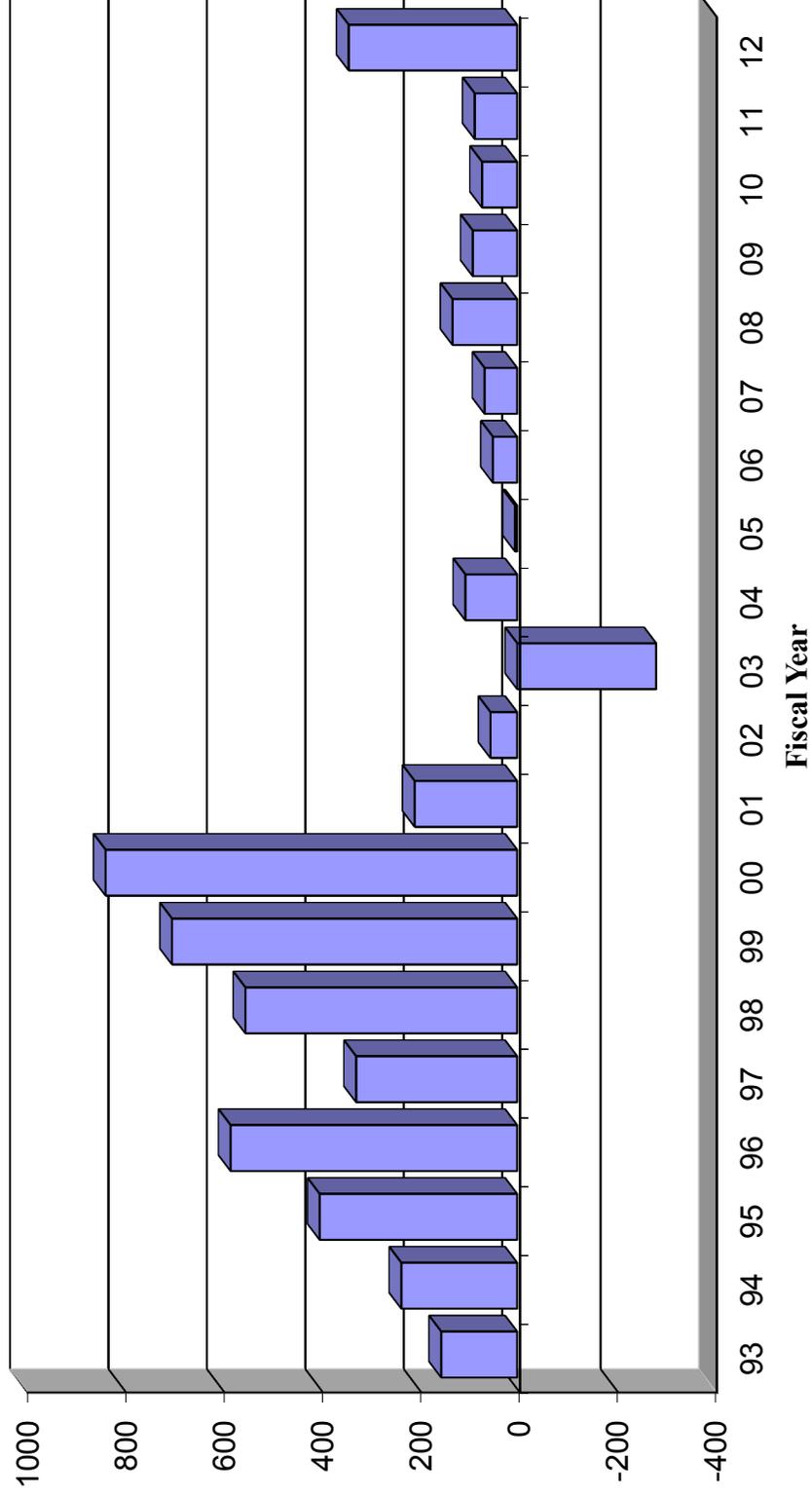


Exhibit A-1

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, 2012  
 (In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved					
Undesignated Balance.....\$	85,567	\$	85,567	\$ 85,567	\$ 0
Beginning Unreserved					
Designated Balance.....		8,236	8,236	8,236	0
Total.....	85,567	8,236	93,803	93,803	0
<b>REVENUES</b>					
Taxes:					
Individual.....	6,964,900		6,964,900	7,041,673	76,773
Corporation.....	875,900		875,900	906,575	30,675
Sales & Use.....	4,298,900		4,298,900	4,288,739	(10,161)
Excise.....	696,600		696,600	709,553	12,953
Inheritance & Gift.....	0		0	323	323
Public Utility.....	360,100		360,100	365,912	5,812
Insurance.....	144,300		144,300	148,082	3,782
Miscellaneous.....	47,300		47,300	53,774	6,474
Total Taxes.....	13,388,000		13,388,000	13,514,631	126,631
Departmental Revenue:					
Indian Gaming Revenue.....	27,154		27,154	24,252	(2,902)
Other.....	646,788		646,788	295,377	(351,411)
Total Department Revenues.....	673,942		673,942	319,629 (2)	(354,313)
Total Revenues.....	14,061,942		14,061,942	13,834,260	(227,682)
TOTAL AVAILABLE.....	14,147,509	8,236	14,155,745	13,928,063	(227,682)
<b>EXPENDITURES</b>					
LAPSE					
Commerce.....	64,039	(4,611)	59,428	55,103	4,325
Education.....	6,294,944	5,654	6,300,598	6,136,267	164,331
Environmental Resources.....	101,286	476	101,762	96,381	5,381
Human Relations & Resources.....	4,218,117	(11,994)	4,206,123	4,169,592	36,531
General Executive.....	568,963	10,547	579,510	420,657	158,853
Judicial.....	122,599	3,425	126,024	115,877	10,147
Legislative.....	73,292	(2,935)	70,357	62,610	7,747
General (Incl. Shared Revenue).....	2,397,400	(26,369)	2,371,031	2,324,180	46,851
Transfer (Gen Fund Cond).....	307,029	0	307,029	370,376 (2)	(63,347)
Compensation Reserves.....	28,790	(19,686)	9,104	0	9,104
Less: Estimated Lapse.....	(320,523)	0	(320,523)	0	(320,523)
TOTAL EXPENDITURES.....	13,855,936	(45,493)	13,810,443	13,751,043	59,400
Transfers in - General Fund.....	0	0	0	237,441 (2)	237,441
UNRESERVED BALANCE	291,573	53,729	345,302	414,461	69,159
Designation for continuing balances.....	0	(72,373)	(72,373)	(72,373)	0
UNRESERVED					
Undesignated Balance.....\$	291,573	(18,644) \$	272,929	342,088	69,159
	(1)				

The accompanying notes are an integral part of this statement.

(1) See Note E

(2) See Note F

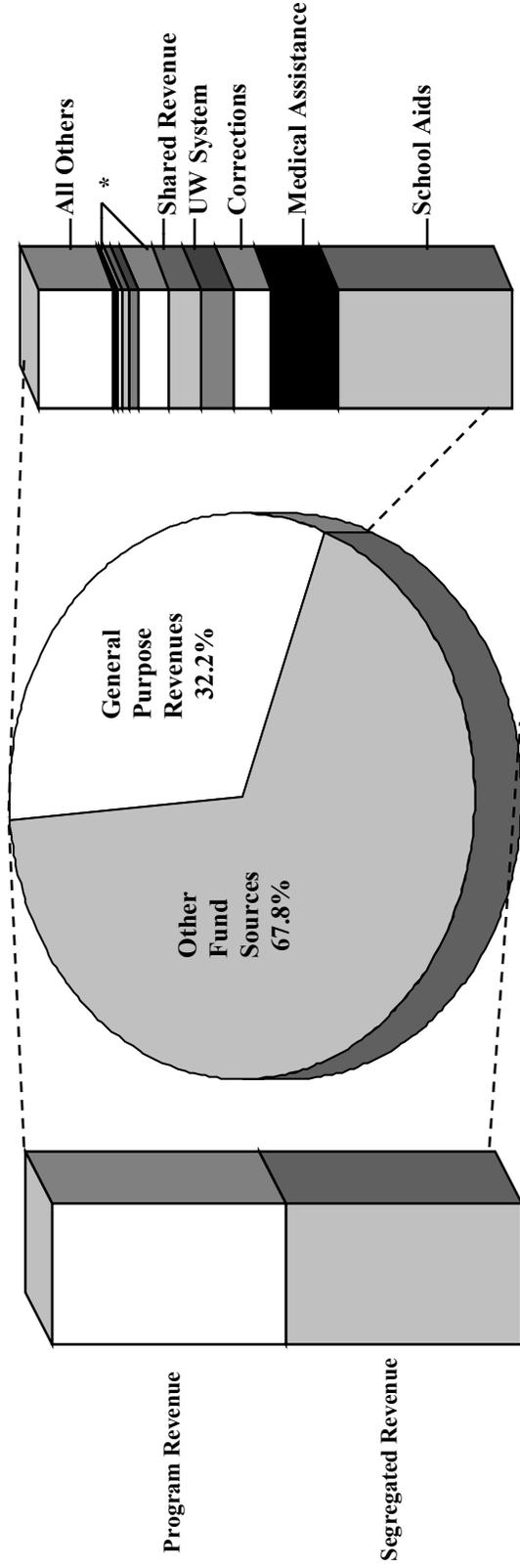
# Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2012

**Other Expenditures**  
\$28.1 Billion

**Total Expenditures**  
\$41.5 Billion

**General Purpose Revenue Expenditures**  
\$13.4 Billion



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

Exhibit A-2

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

All Funds - Statutory Basis

For the Fiscal Year Ended June 30, 2012

(In Thousands)

	General Fund			Major Special Revenue Funds			As of June 30, 2012
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation	Other	
<b>REVENUES</b>							
Taxes.....	\$ 13,514,631	\$ 27,211	\$ 13,541,842	\$ 1,027,307	\$ 87,669	\$ 93,652	\$ 14,750,470
Intergovernmental Revenue.....	13,632	10,053,991	10,067,623	927,709	58,402	107,313	11,161,047
Licenses.....	61,029	239,200	300,229	490,979	106,686	833,289	1,731,183
Charges for Goods and Services.....	13,264	3,129,979	3,143,243	38,025	23,842	606,827	3,811,937
Contributions.....	0	0	0	0	0	3,288,711	3,288,711
Interest & Investment Income.....	(1,549)	62,118	60,569	(186)	(72)	776,059	836,370
Gifts & Donations.....	25	558,781	558,806	4	1,377	7,463	567,650
Other Revenue.....	154,182	538,138	692,320	20,992	(115)	1,388,112	2,101,309
Transfers.....	9,454	21,000	30,454	12,250	22,924	672,260	737,888
Other Transactions.....	69,592	92,736	162,328	0	3	(10,590)	151,741
Proceeds from Bonds & Notes.....	0	0	0	192,225	0	1,186,879	1,379,104
<b>TOTAL REVENUES</b>	<b>13,834,260</b>	<b>14,723,154</b>	<b>28,557,414</b>	<b>2,709,305</b>	<b>300,716</b>	<b>8,949,975</b>	<b>40,517,410</b>
<b>EXPENDITURES</b>							
Commerce.....	55,103	31,935	87,038	0	1,615	110,091	198,744
Education.....	6,136,267	5,548,442	11,684,709	0	360	669,202	12,354,271
Environmental Resources.....	96,381	83,143	179,524	2,898,011	278,800	381,052	3,737,387
Human Relations & Resources.....	4,169,592	7,615,880	11,785,472	0	0	1,813,364	13,598,836
General Executive.....	420,657	658,379	1,079,036	1,502	0	6,973,029	8,053,567
Judicial.....	115,877	14,729	130,606	0	0	247	130,853
Legislative.....	62,610	1,853	64,463	0	0	0	64,463
General (Incl. Shared Revenue).....	2,324,180	43,973	2,368,153	21,715	117	1,009,700	3,399,685
<b>TOTAL EXPENDITURES</b>	<b>13,380,667</b>	<b>13,998,334</b>	<b>27,379,001</b>	<b>2,921,228</b>	<b>280,892</b>	<b>10,956,685</b>	<b>41,537,806</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>							
EXPENDITURES.....	453,593	724,820	1,178,413	(211,923)	19,824	(2,006,710)	(1,020,396)
<b>BEGINNING FUND BALANCE</b>							
DESIGNATED.....	8,236	0	8,236	0	0	0	8,236
UNDESIGNATED.....	85,567	220,017	305,584	(882,747)	10,825	83,628,554	83,062,216
<b>TOTAL</b>	<b>93,803</b>	<b>220,017</b>	<b>313,820</b>	<b>(882,747)</b>	<b>10,825</b>	<b>83,628,554</b>	<b>83,070,452</b>
<b>INTER-FUND</b>							
TRANSFERS.....	(132,935)	(171,253)	(304,188)	42,000	0	262,188	0
<b>ENDING FUND BALANCE</b>	<b>414,461</b>	<b>773,584</b>	<b>1,188,045</b>	<b>(1,052,670)</b>	<b>30,649</b>	<b>81,884,032</b>	<b>82,050,056</b>
DESIGNATED.....	(72,373)	0	(72,373)	0	0	0	(72,373)
UNDESIGNATED.....	\$ 342,088	\$ 773,584	\$ 1,115,672	\$ (1,052,670)	\$ 30,649	\$ 81,884,032	\$ 81,977,683
				(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, 2012  
 (In Thousands)

Funds By Category		Undesignated Fund Balance as of June 30, 2011	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2012
<b><u>OTHER GOVERNMENTAL FUNDS</u></b>						
<u>Other Special Revenue</u>						
213	Heritage State Parks & Forests	\$ 866	\$ 41	\$ 167	\$ 0	740
214	Unemployment Interest Payment	0	63,551	42,259	0	21,292
217	Waste Management	7,814	143	130	0	7,827
218	Wisconsin Election Campaign	1,134	2	0	(1,136)	0
219	Investment and Local Impact	205	0	0	0	205
220	Election Administration	13,925	1,698	2,415	0	13,208
222	Industrial Building Construction	409	(409)	0	0	0
224	Self-Insured Employer Liability	180	0	0	0	180
225	Medical Assistance Trust	4,952	165,267	378,029	217,834	10,024
226	Work Injury Benefits	9,017	2,833	10,089	0	1,761
227	Workers Compensation	1,938	12,356	11,319	0	2,975
229	Uninsured Employers	10,744	3,034	3,672	0	10,106
234	Hospital Assessment Fund	230	412,686	267,691	(146,840)	(1,615)
235	Utility Public Benefits	9,998	103,002	96,339	0	16,661
237	Critical Access Hospital Assessment	(1,379)	9,349	6,523	(4,908)	(3,461)
238	Mediation	147	379	247	0	279
239	Police and Fire Protection	(2,196)	56,281	54,090	0	(5)
241	Working Lands	385	1	0	0	386
248	Economic Development (1)	0	27,527	23,361	4,887	9,053
249	Read To Lead Development	0	0	0	400	400
250	State Capitol Restoration	74	0	0	0	74
257	Agricultural Chemical Cleanup	6	2,371	1,500	0	877
258	Farms For The Future	0	0	0	0	0
259	Agrichemical Management	1,872	7,931	6,169	0	3,634
261	Agricultural Producer Security	11,372	1,579	1,150	0	11,801
264	Historical Legacy Trust	73	0	0	0	73
266	Historical Preservation Partnership Trust	674	3,290	3,149	0	815
268	Wireless 911	32	0	0	0	32
271	Democracy Trust Fund	0	2	0	(2)	0
272	Petroleum Inspection	2,503	66,386	31,629	(19,500)	17,760
274	Environmental	10,728	79,087	77,950	0	11,865
277	Dry Cleaner Environmental Responsibility	(3,296)	911	1,595	0	(3,980)
279	Recycling and Renewable Energy (1)	4,853	26	(8)	(4,887)	0
280	Information Technology Investment	(2,764)	25	0	0	(2,739)
281	Military Family Relief	93	118	12	0	199
285	Universal Service	1,793	44,727	41,810	0	4,710
286	Budget Stabilization	16,586	162	0	108,698	125,446
291	Permanent Endowment	0	131,105	0	(131,105)	0
723	Children's Trust	53	25	24	0	54
	Total Other Special Revenue	103,021	1,195,486	1,061,311	23,441	260,637
<u>Debt Service</u>						
315	Bond Security and Redemption	11,017	764,416	766,326	0	9,107
<u>Capital Projects</u>						
490	State Building Trust	40,253	124,044	147,827	0	16,470
495	Capital Improvement	48,946	858,049	740,710	0	166,285
	Total Capital Projects	89,199	982,093	888,537	0	182,755

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, 2012  
 (In Thousands)

Funds By Category		Undesignated Fund Balance as of June 30, 2011	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2012
<b><u>Permanent</u></b>						
743	Agriculture College	305	0	0	0	305
744	Common School Principal	839,601	30,726	0	0	870,327
745	Normal School	24,441	(180)	273	0	23,988
746	University	234	0	0	0	234
760	Historical Society Trust	11,267	587	425	0	11,429
763	Common School Income	1,823	36,965	32,810	0	5,978
767	Benevolent	14	0	0	0	14
875	University Trust Principal	197,681	1,156	0	0	198,837
876	University Trust Income	28,892	21,744	17,130	0	33,506
	Total Permanent	1,104,258	90,998	50,638	0	1,144,618
	TOTAL OTHER GOVERNMENTAL FUNDS	1,307,495	3,032,993	2,766,812	23,441	1,597,117
<b><u>FIDUCIARY AND OTHER</u></b>						
<b><u>Pension (and Other Employee Benefit)</u></b>						
262	Public Employe Trust	1,578,450	110,175	109,920	0	1,578,705
747	Core Retirement Investment Trust	73,762,720	3,817,936	5,899,290	0	71,681,366
751	Variable Retirement Investment	5,756,797	90,397	437,202	0	5,409,992
	Total Pension (and Other Employee Benefit)	81,097,967	4,018,508	6,446,412	0	78,670,063
<b><u>Private Purposes</u></b>						
570	Tuition Trust	7,862	382	854	0	7,390
769	College Savings Program Trust	8,596	858	537	0	8,917
	Total Private Purposes.....	16,458	1,240	1,391	0	16,307
<b><u>Agency</u></b>						
788	Support Collections Trust	18,086	938,768	939,147	0	17,707
<b><u>Other (Business-type funds)</u></b>						
521	Lottery	23,919	547,901	545,831	0	25,989
531	Local Govt Property Insurance	36,078	20,589	27,594	0	29,073
532	State Life Insurance	104,486	19,114	3,489	0	120,111
533	Injured Patients & Families Compensation	699,082	102,219	8,020	233,747	1,027,028
573	Environmental Improvement	273,633	204,386	149,614	0	328,405
582	Veterans Trust	18,384	10,073	13,680	5,000	19,777
583	Veterans Mortgage Loan Repayment	31,849	53,583	54,170	0	31,262
587	Transportation Infrastructure Loan	1,117	601	525	0	1,193
	Total Other (Business-type funds).....	1,188,548	958,466	802,923	238,747	1,582,838
	TOTAL FIDUCIARY AND OTHER.....	82,321,059	5,916,982	8,189,873	238,747	80,286,915
	TOTAL - ALL FUNDS.....	\$ 83,628,554	\$ 8,949,975	\$ 10,956,685	\$ 262,188	\$ 81,884,032

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, 2012, 2011, and 2010  
 (In Thousands)

	June 30, 2012	June 30, 2011	June 30, 2010
<b><u>ASSETS</u></b>			
Cash.....	\$ 979,659	\$ 308,829	\$ 388,031
Contingent Fund Advances.....	2,939	2,942	2,943
Investments.....	0	0	0
Accounts Receivable.....	1,384,328	1,210,956	1,068,226
Due from Other Funds.....	45,172	321,371	167,333
Inventory.....	685	711	650
Prepayments.....	77,351	96,099	93,139
Other Assets.....	132,913	134,734	162,142
TOTAL ASSETS.....	<u>2,623,047</u>	<u>2,075,642</u>	<u>1,882,464</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable.....	450,252	486,688	632,282
Operating Notes Payable.....	0	0	8,000
Due to Other Funds.....	197,479	295,934	111,628
Tax and Other Deposits.....	12,308	25,051	45,947
Deferred Revenue.....	173,646	175,698	190,229
TOTAL LIABILITIES.....	<u>833,685</u>	<u>983,371</u>	<u>988,086</u>
<b><u>FUND BALANCE</u></b>			
<u>Reserved Balances</u>			
GPR Encumbrances.....	89,323	98,224	90,135
PR Encumbrances.....	511,994	680,227	625,874
Total Reserved Balances.....	<u>601,317</u>	<u>778,451</u>	<u>716,009</u>
<u>Unreserved Designated Balances</u>			
GPR Designation for Continuing Balances.....	72,373	8,236	78,496
<u>Unreserved Balances</u>			
GPR Unreserved Balance.....	342,088	85,567	70,980
PR Unreserved Balance.....	773,584	220,017	28,893
Total Unreserved Balances.....	<u>1,115,672</u>	<u>305,584</u>	<u>99,873</u>
TOTAL FUND BALANCE.....	<u>1,789,362</u>	<u>1,092,271</u>	<u>894,378</u>
TOTAL LIABILITIES AND FUND BALANCE.....	<u>\$ 2,623,047</u>	<u>\$ 2,075,642</u>	<u>\$ 1,882,464</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, 2012  
 (in Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget <sup>2</sup>	Adjustments	Final Budget	Expenditures <sup>1</sup>	
Commerce	\$ 416,812	\$ (135)	\$ 416,677	\$ 291,266	\$ 125,411
Education	11,672,025	476,188	12,148,213	11,761,082	387,131
Environmental Resources	3,241,832	551,650	3,793,482	3,306,062	487,420
Human Relations and Resources	11,863,911	451,461	12,315,372	11,326,290	989,082
General Executive	1,300,845	398,282	1,699,127	1,286,299	412,828
Judicial	139,455	4,112	143,567	130,807	12,760
Legislative	75,227	-	75,227	64,459	10,768
General Appropriations	2,670,005	(6,203)	2,663,802	2,603,221	60,581
Total Chapter 20	<u>\$ 31,380,112</u>	<u>\$ 1,875,355</u>	<u>\$ 33,255,467</u>	<u>\$ 30,769,486</u>	<u>\$ 2,485,981</u>
Retirement Annuities			6,322,803	6,150,442	172,361
Support Collection Trust Payments			975,075	938,903	36,172
Insurance Premiums			68,389	53,675	14,714
Debt Service Payments			766,326	766,326	-
Capital Projects Expenditures			885,774	885,774	-
Lottery Prizes			327,164	323,685	3,479
Other Segregated Revenue			490,175	238,332	251,843
Program Revenue Appropriations			1,244,291	1,097,012	147,279
Clearing and Custody Accounts			1,566,220	99,761	1,466,459
Total Non Chapter 20 Expenditures			<u>\$ 12,646,217</u>	<u>\$ 10,553,910</u>	<u>\$ 2,092,307</u>
Total State Expenditures Excluding Transfers			<u>\$ 45,901,684</u>	<u>\$ 41,323,396</u>	<u>\$ 4,578,288</u>

The accompanying notes are an integral part of this statement

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

<sup>2</sup> The fund condition for the fiscal year 2012 is the fund condition approved by Legislative Joint Finance Committee at its August 10, 2012 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.

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

Effective January 2012, the deduction for health insurance premiums was changed to one month in advance of the actual coverage months instead of the two months in advance as previously done. The health insurance costs for the last month of the fiscal year are recorded as expenditures in the following fiscal year.

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

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

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

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

**Note B Fiscal Controls**

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

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

**Note C Classification of Funds**

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

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

**Note D Extraordinary Transfers and Transactions Affecting Fund Balance**Compensation Reserve

In FY 2012, Chapter 20 included a compensation reserve for employee salary and fringe benefit increases. The total amount reserved (appropriated) was \$19,685,700 and the amount allotted was \$19,685,700 leaving a lapse amount of \$0.

**Note E Published Budget**

The published budget amounts used in Exhibit A-1 are based on the fund condition statement for the appropriation summaries under Chapter 20 of the Wisconsin Statutes, approved in the August 10, 2012 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. In FY 2012, a (\$171,253,475) transfer from Program Revenue appropriations and cash transfers from other statutory funds of \$304,187,925 required by law were recorded into the General Fund for a total of \$132,934,450, rather than as revenues. The fund condition captured these funds more generically as revenue. In order to properly compare actual revenues to budgeted revenues, actual revenues and transfers should be added together in order to compare to the departmental revenues in the fund condition statement.

**Note G Projected-to-Actual General Fund Condition**

The variance between the published budgeted ending balance and actual undesignated balance at the end of fiscal year 2012 is explained as follows:

	(thousands)
ENDING FUND BALANCE (UNDESIGNATED) PER FUND CONDITION STATEMENT	\$ <span style="border: 1px solid black; padding: 2px;">291,573</span>
OPENING BALANCE	
ADJUSTMENTS:	
Prior year designation for continuing balances	8,236
Total opening balance adjustments	<u>8,236</u>
REVENUE ADJUSTMENTS	
Taxes received more than estimate	126,631
Departmental revenues less than estimate	<u>(354,313)</u>
Total revenue below estimate	<u>(227,682)</u>
APPROPRIATION ADJUSTMENTS	
Sum Sufficient Changes	
Reestimates	(8,646)
Authority needed above re-estimated budget	(10)
Biennial Spend Ahead	(9,988)
Budget brought forward from previous year	(8,236)
Budget carried to next year for continuing appropriations	72,373
Total Appropriation Adjustments	<u>45,493</u>
LAPSES MORE THAN BUDGETED	59,400
INTER-FUND TRANSFERS	237,441
DESIGNATION FOR CONTINUING BALANCES	<u>(72,373)</u>
UNDESIGNATED FUND BALANCE	\$ <u><u>342,088</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, an \$800 million operating note was issued in fiscal year 2012. 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, 2012.

**Note I Negative Transportation Fund Balances**

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

**Note J Unappropriated Activities**

The Department of Safety and Professional Services and the Department of Justice enter into contracts with private vendors for programs that they manage. The Department of Justice enters into these contracts on behalf of the Department of Transportation, Department of Public Instruction and Office of the Commissioner of Insurance. These contracts have not been budgeted within a state appropriation and therefore, this activity is summarized here to provide full disclosure of state agency operations.

	Safety & Prof Services	Justice
Revenues	\$1,008,433	\$491,355
Expenditures	\$1,008,433	\$491,355
Balance	\$0	\$0

**Note K Sum Sufficient Increases**

The B-2 Exhibit shows both lapsing amounts and adjustments to sum sufficient appropriations. In order to correctly show the lapsing amounts the increase column includes supplements. These supplements need to be removed to calculate the Actual Sum Sufficient Increases.

B-2 Sum Sufficient Increases	\$11,875
Less Supplements (included in total above)	(3,229)
Actual Sum Sufficient Increases	8,646

**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.

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## **Supplemental Data**

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# Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2012

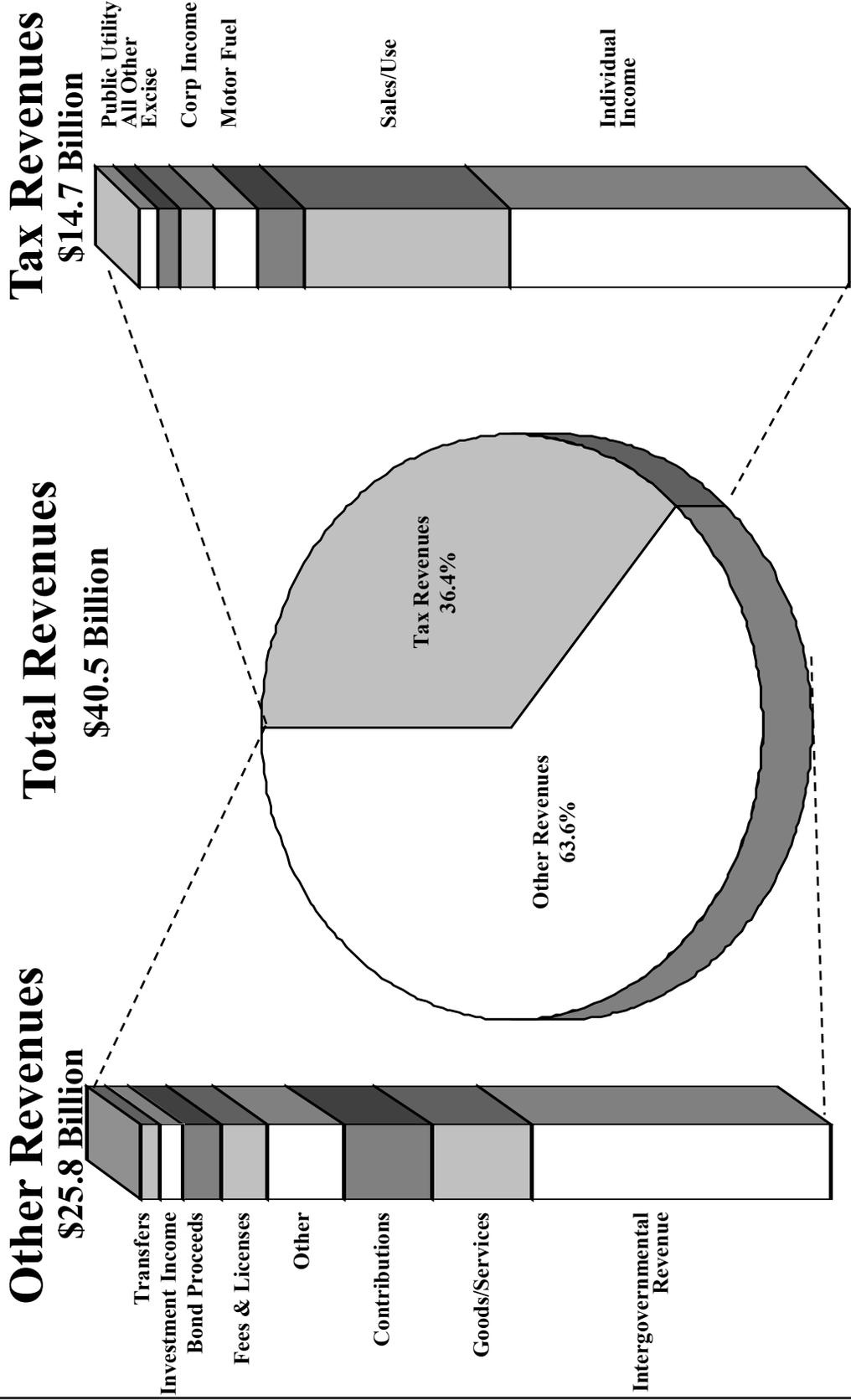


Exhibit B-1

State of Wisconsin  
 Analysis of Revenues-All Funds  
 Fiscal Years Ended June 30, 2012, 2011, and 2010  
 (In Thousands)

	June 30, 2012	June 30, 2011	June 30, 2010
<b>TAX REVENUES</b>			
<b>General Purpose Revenue</b>			
Income Taxes			
Individual.....	\$ 7,041,673	\$ 6,700,647	\$ 6,089,170
Corporation.....	906,575	852,863	834,479
Total Income Taxes.....	7,948,248	7,553,510	6,923,649
Sales and Excise Taxes			
General Sales and Use.....	4,288,739	4,109,019	3,944,187
Cigarette.....	587,751	604,831	644,269
Other Tobacco Products.....	65,524	60,885	59,887
Liquor and Wine.....	47,037	45,803	44,182
Malt Beverage (Beer).....	9,241	9,327	9,609
Total Sales and Excise Taxes.....	4,998,292	4,829,865	4,702,134
Public Utility Taxes			
Private Light, Heat and Power.....	231,580	227,318	208,617
Municipal Light, Heat and Power.....	3,029	3,190	2,925
Telephone.....	80,976	67,022	70,031
Pipeline.....	33,674	27,108	23,052
Electric Cooperative.....	11,164	11,554	10,395
Municipal Electric.....	5,171	4,863	4,146
Conservation and Regulation.....	312	288	211
Utility Tax (Refunds) Interest and Penalties.....	6	1	0
Total Public Utility Taxes.....	365,912	341,344	319,377
Inheritance and Estate Taxes			
Inheritance and Estate.....	323	(128)	871
Total Inheritance and Estate Taxes.....	323	(128)	871
Miscellaneous Taxes			
Insurance Companies (Premiums).....	148,082	139,951	130,718
Real Estate Transfer Fee.....	39,843	35,555	44,307
Lawsuits (Courts).....	13,832	11,670	10,492
Other.....	99	98	111
Total Miscellaneous Taxes.....	201,856	187,274	185,628
<b>TOTAL GPR TAX REVENUES.....</b>	<b>13,514,631</b>	<b>12,911,865</b>	<b>12,131,659</b>
<b>Program Tax Revenues</b>			
Fire Dues.....	17,676	16,550	16,167
Pari-mutuel Taxes.....	0	0	306
County Expo Tax Administration.....	672	632	97
Baseball Park Administration Fee.....	396	384	343

Exhibit B-1

State of Wisconsin  
 Analysis of Revenues-All Funds  
 Fiscal Years Ended June 30, 2012, 2011, and 2010  
 (In Thousands)

	June 30, 2012	June 30, 2011	June 30, 2010
<b>Program Tax Revenues, Cont.</b>			
Business Trust Regulation Fee.....	\$ 2,024	\$ 1,795	\$ 2,055
Other.....	6,443	5,984	6,213
<b>TOTAL PROGRAM TAX REVENUES.....</b>	<b>27,211</b>	<b>25,345</b>	<b>25,181</b>
<b>TOTAL-GENERAL FUND TAX REVENUES.....</b>	<b>13,541,842</b>	<b>12,937,210</b>	<b>12,156,840</b>
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	983,859	988,265	971,786
Air-Carrier Tax.....	5,986	6,259	4,505
Railroad Tax.....	28,087	24,880	24,056
Aviation Fuel Tax.....	1,141	1,278	1,188
Other Taxes.....	8,234	8,229	7,146
Conservation Fund			
2/10 Mill Forestry Mill Tax.....	82,655	84,235	86,896
Forest Crop Taxes.....	5,013	5,631	5,004
Motor Fuel Tax.....	1	2	3
Mediation Fund.....	2	2	2
Petroleum Inspection Tax.....	66,123	67,583	60,957
Economic Development Fund			
Temporary Service Charges.....	27,527	25,865	20,610
<b>TOTAL STATE TAX REVENUES.....</b>	<b>14,750,470</b>	<b>14,149,439</b>	<b>13,338,993</b>
Intergovernmental Revenue.....	11,161,047	12,552,481	11,521,558
Licenses and Permits.....	1,731,183	1,729,135	1,662,803
Charges for Goods and Services.....	3,811,937	3,601,172	3,426,455
Contributions.....	3,288,711	3,312,172	2,980,810
Interest and Investment Income.....	836,370	15,965,453	8,624,470
Gifts and Donations.....	567,650	569,986	555,577
Proceeds from Sale of Bonds.....	1,379,104	1,515,997	1,233,951
Other Revenues.....	2,101,309	2,009,216	1,921,317
Other Transactions.....	151,741	271,451	211,030
<b>TOTAL DEPARTMENTAL REVENUES.....</b>	<b>25,029,052</b>	<b>41,527,063</b>	<b>32,137,971</b>
<b>TRANSFERS.....</b>	<b>737,888</b>	<b>824,559</b>	<b>761,716</b>
<b>TOTAL REVENUES.....</b>	<b>\$ 40,517,410</b>	<b>\$ 56,501,061</b>	<b>\$ 46,238,680</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, 2012  
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
<b>State Operations</b>							
255	318	3f	Interstate Compact on Educational Opportunity for Military Children.....	1	0	0	1
370	116	1fe	Endangered Resources General Fund.....	500	0	500	0
410	104	1c	Reimbursement Claims of Counties Containing State Prisons.....	70	10	77	3
455	102	1b	Special Counsel.....	612	1,334	1,946	0
455	202	2am	Officer Training Reimbursement.....	63	0	39	24
455	504	5d	Reimbursement for Forensic Examinations.....	200	122	322	0
465	103	1c	Public Emergencies.....	60	0	49	11
505	405	4d	Claims Awards.....	168	0	40	128
505	801	8am	Interest on Racing & Bingo Moneys.....	0	0	0	0
511	103	1be	Investigations.....	131	0	46	85
515	103	1c	Contingencies.....	0	0	0	0
515	104	1c	Contingencies.....	0	0	0	0
525	101	1a	Governor's Office Administration.....	4,003	0	3,405	598
525	102	1b	Contingent Fund.....	20	0	5	15
525	103	1c	Membership In National Associations.....	118	0	118	0
525	105	1a	Governor's Office Administration.....	0	0	0	0
525	201	2a	Executive Residence.....	271	0	216	55
625	101	1a	Circuit Courts.....	71,672	2,887	69,350	5,209
660	101	1a	Court Of Appeals.....	10,477	230	9,987	720
680	101	1a	Supreme Court.....	5,236	112	4,874	474
765	101	1a	Assembly.....	25,911	0	22,830	3,081
765	103	1b	Senate.....	18,590	0	15,534	3,056
765	104	1d	Legislative Documents.....	4,084	0	2,474	1,610
765	308	3fa	Membership In National Associations.....	200	0	200	0
855	101	1a	Obligation on Operating Notes.....	1,600	0	1,427	173
855	102	1b	Operating Note Expenses.....	100	73	173	0
855	108	1bm	Payment of Cancelled Drafts Fund 100 - All except UW.....	1,175	0	1,130	45
855	108	1bm	Payment of Cancelled Drafts Fund 100 - UW.....	0	200	56	144
855	110	1dm	Interest Payments to Segregated Funds.....	2,800	0	0	2,800
855	401	4a	Interest on Overpayment of Taxes.....	6,000	0	5,325	675
855	403	4c	Minnesota Income Tax Reciprocity.....	59,901	0	59,901	0
855	405	4e	Transfer to Conservation Fund - Land Acquisition.....	17	0	17	0
855	409	4fm	Transfer to Transportation Fund - Hub Facility Exemption.....	381	0	381	0
855	413	4cm	Illinois Income Tax Reciprocity.....	50,403	0	50,403	0
865	101	1a	Judgements and Legal Expenses Benefits.....	0	0	0	0
<i>Total State Operations.....</i>			<b>264,764</b>	<b>4,968</b>	<b>250,825</b>	<b>18,907</b>	
<b>Aids and Local Assistance</b>							
235	104	1e	MN-WI Student Reciprocity.....	12,100	0	11,934	166
235	106	1fe	Wisconsin Higher Education Grants.....	58,345	0	58,321	24
235	109	1fy	Academic Excellence Higher Education Scholarship Program.....	3,309	0	3,068	241
255	218	2fm	Charter Schools.....	54,648	0	54,399	249
255	221	2ep	Second Chance Partnership.....	133	229	362	0
255	224	2fr	Parental Choice Program for Eligible School Districts.....	1,546	64	1,610	0
255	235	2fu	Milwaukee Parental Choice Program.....	144,301	0	142,011	2,290
255	306	3c	Grants for National Teacher Certification or Master Educator Licensure.....	2,232	0	2,181	51
370	503	5da	Aids In Lieu Of Taxes General Fund.....	8,117	0	7,842	275
435	403	4ed	State Supplement to Federal Supplemental Security Income Program.....	143,007	1,209	144,216	0
435	574	5da	Reimburse Local Units of Government.....	347	0	347	0
435	774	7da	Reimburse Local Units of Government.....	53	0	0	53
445	102	1aa	Special Death Benefit.....	525	0	168	357
445	119	1fw	Unemployment Insurance Claimant Training Stipends.....	56	0	0	56
465	201	2a	Tuition Grants.....	3,500	1,300	4,796	4
465	305	3e	Disaster Recovery Aids Public Health Emergency Quarantine Costs.....	2,500	0	2,142	358
505	412	4er	Service Award Program.....	1,884	6	1,877	13
515	101	1a	Annuity Supplements And Payments.....	539	0	533	6
566	210	2b	Valuation Error Loans.....	737	0	737	0
835	101	1c	Expenditure Restraint Program Account.....	58,146	0	58,146	0
835	105	1db	County and Municipal Aids Account.....	772,939	0	770,495	2,444
835	109	1e	State Aid; Tax Exempt Property.....	81,990	0	81,987	3
835	110	1d	Public Utility Distribution Account.....	63,178	0	63,178	0
835	202	2b	Claim of Right Credit.....	266	0	192	74
835	203	2c	Homestead Tax Credit.....	133,500	183	133,683	0
835	205	2dm	Farmland Preservation Credit.....	800	2,900	3,518	182
835	209	2ep	Cigarette and Tobacco Product Tax Refunds.....	39,000	0	37,805	1,195
835	211	2co	Enterprise Zone Jobs Credit.....	34,100	0	26,187	7,913

Exhibit B-2

General Fund Sum Sufficient Appropriations  
For the Fiscal Year Ended June 30, 2012  
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
<b>Aids and Local Assistance (Continued)</b>							
835	212	2f	Earned Income Tax Credit.....	64,036	0	59,590	4,446
835	213	2bm	Film Production Services Credit.....	400	0	230	170
835	215	2em	Veterans & Surviving Spouse Property Tax Credit.....	19,000	1,000	19,940	60
835	217	2br	Interest Payments on Overassessments of Manufacturing Property.....	10	0	0	10
835	219	2bd	Meat Processing Facility Investment Credit.....	700	0	648	52
835	223	2en	Beginning Farmer and Farm Asset Owner Tax Credit.....	100	0	11	89
835	226	2bl	Film Production Company Investment Credit.....	100	0	38	62
835	228	2be	Food Processing Plant and Food Warehouse Investment Credit.....	1,500	0	1,440	60
835	229	2bc	Woody Biomass Harvesting and Processing Credit.....	225	0	0	225
835	302	3b	School Levy Tax Credit and First Dollar Credit.....	880,183	15	880,198	0
855	404	4bm	Oil Pipeline Terminal Tax Distribution.....	1,094	0	1,094	0
<i>Total Aids and Local Assistance.....</i>				<b>2,589,146</b>	<b>6,906</b>	<b>2,574,924</b>	<b>21,128</b>

**Principal Repayment and Lease Rental**

115	205	2d	Principal Repayment and Interest.....	3	0	3	0
115	702	7b	Principal Repayment and Interest.....	333	0	333	0
190	101	1c	Principal Repayment and Interest.....	306	0	306	0
190	102	1d	Principal Repayment and Interest.....	762	0	762	0
225	103	1c	Principal Repayment and Interest.....	885	0	885	0
245	106	1e	Principal Repayment and Interest.....	649	0	649	0
250	103	1c	Principal Repayment and Interest.....	867	0	867	0
250	105	1e	Principal Repayment and Interest.....	59	0	59	0
255	104	1d	Principal Repayment and Interest.....	253	0	253	0
285	110	1d	Principal Repayment and Interest.....	57,522	0	57,522	0
320	103	1c	Principal Repayment and Interest.....	12,579	0	12,540	39
320	282	2c	Principal Repayment and Interest.....	1,560	0	1,560	0
370	701	7aa	Principal Repayment and Interest.....	13,767	0	13,767	0
370	706	7cb	Principal Repayment and Interest.....	0	1	1	0
370	707	7cc	Principal Repayment and Interest.....	1,123	0	1,123	0
370	708	7ea	Principal Repayment and Interest.....	80	0	80	0
370	709	7cd	Principal Repayment and Interest.....	276	0	276	0
395	664	6af	Principal Repayment and Interest.....	25,711	0	25,711	0
410	107	1e	Principal Repayment and Interest.....	22,417	0	22,417	0
410	307	3e	Principal Repayment and Interest.....	1,550	0	1,550	0
435	207	2ee	Principal Repayment and Interest.....	5,861	0	5,854	7
465	104	1d	Principal Repayment and Interest.....	1,712	0	1,712	0
485	106	1f	Principal Repayment and Interest.....	432	0	432	0
505	413	4et	Principal Repayment and Interest.....	1	0	0	1
505	414	4es	Principal Repayment and Interest.....	503	0	0	503
505	503	5c	Principal Repayment and Interest.....	54	0	54	0
855	801	8a	Principal Repayment and Interest.....	653	0	653	0
867	102	1b	Principal Repayment and Interest.....	3,499	0	3,499	0
867	301	3a	Principal Repayment and Interest.....	1,247	0	1,247	0
867	302	3b	Principal Repayment and Interest.....	441	0	441	0
867	306	3br	Principal Repayment and Interest.....	36	0	36	0
867	308	3bb	Principal Repayment and Interest.....	6	0	6	0
867	309	3bm	Principal Repayment and Interest.....	51	0	51	0
867	310	3bc	Principal Repayment and Interest.....	0	0	0	0
867	311	3bq	Principal Repayment and Interest.....	336	0	336	0
867	312	3bn	Principal Repayment and Interest.....	12	0	12	0
867	313	3bu	Principal Repayment and Interest.....	27	0	27	0
867	316	3be	Principal Repayment and Interest.....	48	0	48	0
867	317	3bf	Principal Repayment and Interest.....	15	0	15	0
867	318	3bg	Principal Repayment and Interest.....	5	0	5	0
<i>Total Principal Repayment and Lease Rental.....</i>				<b>155,641</b>	<b>1</b>	<b>155,092</b>	<b>550</b>

**Pay Plan & Supplement**

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

TOTAL GENERAL FUND SUM SUFFICIENTS \$ 3,009,551 11,875 2,980,841 40,585

(1) See Note K

(1)