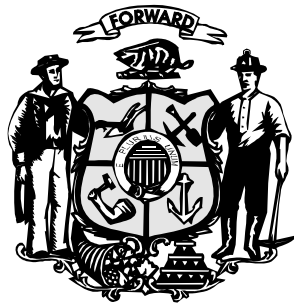


FY23

ANNUAL FISCAL REPORT

Budgetary Basis



State of Wisconsin
2023

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State of Wisconsin
2023 Annual Fiscal Report

(Budgetary Basis)

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STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary
Brian Pahnke, Administrator

October 16, 2023

The Honorable Tony Evers
The Honorable Members of the Legislature

This report presents statements of fund condition and operations on a budgetary basis for the State of Wisconsin as of and for the fiscal year ended June 30, 2023. This satisfies the requirements of sec. 16.40(3), Wisconsin Statutes. Displayed within the report are major sources of revenues and major categories of expenditures for the General Fund and other funds, including a comparison to the prior year.

The General Fund has an undesignated balance of \$7.073 billion as of the end of the fiscal year. General purpose revenue taxes were \$20.974 billion compared to \$20.548 billion in the prior year, an increase of \$426 million or 2.1 percent. General purpose revenue expenditures, excluding fund transfers, were \$18.864 billion. This is \$427 million more than the budgeted expenditure allocation of \$18.437 billion.

In fiscal year 2023, the State of Wisconsin continued to devote a major share of state tax collections to the assistance of local school districts, municipalities and counties. Local assistance accounted for 50.9 percent of total general purpose revenue expenditures. Aid payments to individuals and organizations represented 25.0 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 6.6 percent of total general purpose revenue expenditures and state operations expenditures for all other state agencies accounted for 17.5 percent of the total.

The State of Wisconsin expects to publish its Annual Comprehensive Financial Report (ACFR) in December of 2023. The ACFR report will be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Respectfully submitted,

Kathy K. Blumenfeld
Secretary of Administration

Angela C. Thomas, 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, 2023 totaled \$20,974.0 million, an increase of 2.1 percent from FY 2022 collections of \$20,548.4 million.

Total collections for FY 2023 were \$14.1 million, or 0.1 percent, below the estimate of \$20,988.1 million.

Table 1

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

Tax Source	FY23	% of Total	FY22	% of Total	\$ Change FY23-FY22	% Change
Individual Income	\$9,414.7	44.9%	\$9,214.4	44.8%	\$200.3	2.2%
General Sales & Use	7,456.1	35.6%	6,978.3	34.0%	477.8	6.8%
Corporation Franchise & Income	2,748.5	13.1%	2,960.0	14.4%	(211.5)	(7.1%)
Excise	617.8	2.9%	654.7	3.2%	(36.9)	(5.6%)
Public Utility	401.2	1.9%	383.6	1.9%	17.6	4.6%
Insurance Companies	223.1	1.1%	221.8	1.1%	1.3	0.6%
Miscellaneous	112.6	0.5%	135.6	0.6%	(23.0)	(17.0%)
TOTAL GPR	\$20,974.0	100.0%	\$20,548.4	100.0%	\$425.6	2.1%

Individual Income Tax

Individual income tax collections increased \$200.3 million (2.2 percent) from \$9,214.4 million in FY 2022 to \$9,414.7 million in FY 2023. This was \$35.3 million (0.4 percent) below the \$9,450.0 million estimate. The individual income tax share of total GPR taxes increased from 44.8 percent in FY 2022 to 44.9 percent in FY 2023.

The largest component of individual income tax collections is withholding from wages and salaries, which decreased 3.0 percent from \$9,234.7 million to \$8,961.5 million. Estimated payments decreased 18.1 percent from \$1,684.8 million to \$1,379.8 million, while refunds decreased 29.2 percent from \$2,955.5 million to \$2,092.4 million. Final payments, or payments with returns, decreased 5.6 percent to \$802.7 million.

General Sales and Use Tax

Collections from the 5 percent general sales and use tax increased \$477.8 million (6.8 percent) from \$6,978.3 million in FY 2022 to \$7,456.1 million in FY 2023. This was \$23.9 million (0.3 percent) below the \$7,480.0 million estimate. Sales tax collections as a percentage of total GPR taxes increased from 34.0 percent in FY 2022 to 35.6 percent in FY 2023.

Corporation Franchise and Income Tax

Corporate collections decreased 7.1 percent from \$2,960.0 million in FY 2022 to \$2,748.5 million in FY 2023. Corporate collections as a percentage of total GPR taxes decreased to 13.1 percent in FY 2023 from 14.4 percent in FY 2022. Corporate collections were \$33.5 million (1.2 percent) above the estimate of \$2,715.0 million.

The major source of corporate collections, estimated payments, decreased by 6.4 percent from \$2,488.1 million in FY 2022 to \$2,328.8 million in FY 2023.

Excise Taxes

Cigarette tax collections decreased 7.8 percent from \$482.4 million in FY 2022 to \$444.7 million in FY 2023. Collections in FY 2023 were above the estimate by \$7.7 million (1.8 percent).

Tobacco products tax collections decreased 6.5 percent from \$94.4 million in FY 2022 to \$88.3 million in FY 2023. Collections in FY 2023 were below the estimate by \$1.7 million (1.9 percent).

Vapor products tax collections increased from \$4.1 million in FY 2022 to \$7.1 million in FY 2023. Collections in FY 2023 were above the estimate by \$0.1 million (1.4 percent).

Liquor and wine tax collections increased 6.9 percent from \$64.9 million in FY 2022 to \$69.4 million in FY 2023. Collections in FY 2023 were above the estimate by \$1.4 million (2.1 percent).

Beer tax collections decreased 6.7 percent from \$8.9 million in FY 2022 to \$8.3 million in FY 2023. Collections in FY 2023 were above the estimate by \$0.2 million (2.5 percent).

Other Taxes

Public utility tax collections increased \$17.6 million from \$383.6 million in FY 2022 to \$401.2 million in FY 2023. Collections were \$10.2 million (2.6 percent) above the FY 2023 estimate.

Insurance company taxes (generally based on premiums) increased 0.6 percent from \$221.8 million in FY 2022 to \$223.1 million in FY 2023. Collections were \$3.9 million (1.7 percent) below the FY 2023 estimate.

Miscellaneous taxes decreased 17.0 percent from \$135.6 million in FY 2022 to \$112.6 million in FY 2023. This is \$2.4 million (2.1 percent) below the estimate for the fiscal year. The largest component of miscellaneous taxes, the real estate transfer fee, decreased 18.6 percent, from \$121.4 million in FY 2022 to \$98.8 million in FY 2023.

Expenditure Highlights

For the 14th consecutive year, state K-12 school aids and Medical Assistance were the top two GPR state expenditures in FY 2023, representing over half of all GPR spending last year. Of the ten largest programs noted in Table 3, nine had nominal GPR funding increases while one showed a decline compared to FY 2022.

The state began FY 2023 with a general fund GPR balance of \$4,298.9 million. By the close of FY 2023, this balance had increased to \$7,073.2 million. In addition to this general fund balance, the budget stabilization fund maintained a balance of \$1,800.0 million, its largest balance in state history. Under current law, while FY 2023 general fund tax revenues exceeded 2021 Wisconsin Act 58 estimates, no additional automatic transfers of excess revenues will be made until the balance is less than 5 percent of estimated GPR expenditures in the fiscal year.

Total GPR spending increased by 2.8 percent or \$507.7 million in FY 2023, as shown in Table 2. This compares to an \$80.5 million increase in FY 2022. The largest portion of GPR expenditures

in FY 2023 was directed to school districts and other local units of government, consistent with past years. Local assistance payments increased by 1.7 percent, and these expenditures were \$9,595.0 million or 50.9 percent of total GPR spending in FY 2023 compared to \$9,438.5 million or 51.4 percent of total spending in FY 2022. Aid payments to individuals and organizations increased by 5.8 percent, and these expenditures were \$4,711.8 million, which was 25.0 percent of total GPR spending in FY 2023, compared to \$4,453.0 million or 24.2 percent in FY 2022. State operations spending increased by 2.1 percent in FY 2023, with expenditures of \$4,557.6 million that accounted for 24.1 percent of total GPR spending, compared to \$4,465.2 million or 24.4 percent in FY 2022.

The GPR budget is shaped by its ten largest programs, as detailed in Table 3. These programs comprised 85.6 percent of total GPR expenditures in FY 2023, which was similar to the 85.7 percent in FY 2022. Immediately following this section is a brief explanation of each program.

Table 2

GPR EXPENDITURES BY BUDGETED PURPOSE

GPR Expenditures (\$ Millions)

	<u>FY23</u>	% of <u>Total</u>	<u>FY22</u>	% of <u>Total</u>	\$ Change <u>FY23-FY22</u>	% <u>Change</u>
Local Assistance	\$9,595.0	50.9%	\$9,438.5	51.4%	\$156.5	1.7%
Aids to Individuals	4,711.8	25.0%	4,453.0	24.2%	258.8	5.8%
State Operations:						
UW System	1,253.0	6.6%	1,204.8	6.6%	48.2	4.0%
All Other Agencies	<u>3,304.6</u>	<u>17.5%</u>	<u>3,260.4</u>	<u>17.8%</u>	<u>44.2</u>	<u>1.4%</u>
Total	<u>\$18,864.4</u>	<u>100.0%</u>	<u>\$18,356.7</u>	<u>100.0%</u>	<u>\$507.7</u>	<u>2.8%</u>
Transfers	<u>685.1</u>		<u>428.5</u>			
TOTAL GPR	<u>\$19,549.5</u>		<u>\$18,785.2</u>			

Table 3

TOP TEN PROGRAMS
GPR Expenditures
(\$ Millions)

	<u>FY23</u>	<u>% of Total</u>	<u>FY22</u>	<u>% of Total</u>	<u>\$ Change FY23-FY22</u>	<u>% Change</u>
1. School Aids	\$6,901.5	36.6%	\$6,735.5	36.7%	\$166.0	2.5%
2. Medical Assistance	3,070.6	16.3%	2,942.4	16.0%	128.2	4.4%
3. Correctional Services	1,394.2	7.4%	1,371.0	7.5%	23.2	1.7%
4. State Property Tax Relief	1,387.3	7.4%	1,374.9	7.5%	12.4	0.9%
5. UW System	1,253.0	6.6%	1,204.8	6.6%	48.2	4.0%
6. Shared Revenue	830.7	4.4%	829.5	4.5%	1.2	0.1%
7. WI Technical College System	578.7	3.1%	561.5	3.1%	17.2	3.0%
8. State Mental Health Institutions	306.7	1.6%	283.9	1.5%	22.8	8.0%
9. Community Aids	254.4	1.3%	253.4	1.4%	1.0	0.4%
10. Tax Relief to Individuals	168.1	0.9%	169.6	0.9%	-1.5	-0.9%
All Others	<u>2,719.2</u>	<u>14.4%</u>	<u>2,630.2</u>	<u>14.3%</u>	<u>89.0</u>	<u>3.4%</u>
Subtotal	\$18,864.4	<u>100.0%</u>	\$18,356.7	<u>100.0%</u>	<u>\$507.7</u>	<u>2.8%</u>
Transfers	<u>685.1</u>		<u>428.5</u>			
TOTAL	<u>\$19,549.5</u>		<u>\$18,785.2</u>			

School Aids: State GPR assistance to Wisconsin's 421 school districts increased by 2.5 percent or \$166.0 million in FY 2023. The state provided increased funding for general aid, special education aid and school mental health aids, among others.

Overall, through a combination of state aids and property tax credits, the state reimbursed an estimated 67.8 percent of school costs in FY 2023, which represents the first time in over 20 years that that the state provided support of more than two-thirds of school costs. The FY 2023 reimbursement percentage is an increase of 1.6 percentage point, from 66.2 percent in FY 2022.

Since the 1993-94 school year, school districts have been subject to statewide revenue limits. These limits control the allowable increase in each school district's revenues by limiting the total revenue a district can collect from the combined sources of property tax levies for nondebt purposes and state general aids. These controls, combined with continued robust funding levels for state school aids and property tax credits, have succeeded in holding the statewide net school property tax levy to an average annual growth of less than 1.5 percent since FY 2011.

There are two major types of direct school aid. Approximately 78 percent of direct school aids are general aids, distributed by a formula designed to equalize each school district's property tax base per student, and to support special transfer aid programs for pupils transferring between districts and schools with certain concentrations of minority and nonminority populations. The remaining 22 percent of direct aids are categorical aids, generally distributed based on local expenditures for specific activities or educational programs. Major categorical aid programs include per pupil aid, programs for addressing special education needs and maintaining small class sizes.

In addition to direct aid, in FY 2023, the state also provided an estimated \$225.4 million GPR for eligible children from the city of Milwaukee to attend private schools participating in the Milwaukee Parental Choice Program at no charge. For FY 2023, the Milwaukee Parental Choice Program was funded 93.6 percent with GPR and 6.4 percent by the Milwaukee Public School District through a reduction to its state general equalization aid. The state also provided an estimated \$4.5 million GPR for eligible children in private schools across the state participating in the Racine and Wisconsin Parental Choice Programs,

which are primarily funded through reductions in state school aids from affected school districts.

Medical Assistance: Wisconsin's state- and federally-funded Medical Assistance (MA) program pays for medical services to certain categories of low-income persons. These categories include people with disabilities, seniors, children, low-income adults and pregnant women, and other low-income individuals who have high medical expenses.

In FY 2023, total MA expenditures, including BadgerCare Plus, were \$14,002.8 million, of which \$3,070.6 million was GPR. On an all funds basis, MA expenditures increased by 8.0 percent from FY 2022. In FY 2023, GPR expenditures increased by \$128.2 million from FY 2022. The all funds expenditures increase was primarily driven by continued enrollment growth under the continuous coverage provision of the federal Families First Coronavirus Response Act. The GPR expenditures increase was driven by enrollment growth and the phasing down of the MA federal matching rate under the federal Consolidated Appropriations Act, 2023.

During FY 2023, average MA enrollment increased by 6.6 percent, the increase was driven by the continuous coverage provision of the federal Families First Coronavirus Response Act. Enrollment trends varied within eligibility groups, however. Average monthly enrollment of low-income families (children and parents) increased by 6.6 percent, while the average monthly enrollment of elderly and disabled individuals and childless adults increased by 2.0 percent and 11.9 percent, respectively. Notably, MA enrollment decreased in the final month of FY 2023 due to the end of the continuous coverage provision of the federal Families First Coronavirus Response Act.

The MA totals do not include expenditures for SeniorCare, Wisconsin's pharmacy assistance program for the elderly. In FY 2023, all funds expenditures totaled \$118.0 million. Of the all funds amounts, actual FY 2023 GPR expenditures totaled \$15.2 million, increasing by 11.2 percent from FY 2022. Average monthly enrollment in SeniorCare increased by 6.3 percent in FY 2023.

Correctional Services: Total GPR expenditures for the state corrections program increased by \$23.2 million, or 1.7 percent, over the prior year, reaching \$1,394.2 million in FY 2023. The number of incarcerated felons under the supervision of the

state adult corrections program increased 4.2 percent from an average daily population of 20,137 in FY 2022 to 20,991 in FY 2023. This reverses the decrease in population of FY 2022, which saw the incarcerated average daily population decline by 1.9 percent from FY 2021. The decline in population was almost exclusively attributable to the COVID-19 pandemic, which limited intake facilities in the Department of Corrections for much of FY 2021 and FY 2022. The end of the pandemic has allowed the Department of Corrections to return populations to near pre-pandemic levels.

In addition to the increased incarcerated average daily population, the increase in spending is also attributable to an increase in general program operations costs for salary, inmate healthcare and staffing new correctional units.

In January 2016, distribution of community-based juvenile delinquent-related services and youth aids was transferred from the Department of Corrections to the Department of Children and Families. The classification of this program may change as the Department of Children and Families reviews the program and how to best integrate these services with the other services to children and families that the department administers. For now, the program and its associated costs continue to be identified as Correctional Services.

State Property Tax Relief: 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 2023 was \$940.0 million GPR, unchanged from FY 2022. The credit offset 7.7 percent of 2021 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 \$147.2 million in FY 2023, helps provide greater tax relief to lower-value property by offsetting property taxes on the first \$8,500 of property value for eligible parcels.

Beginning with FY 2018, this category has been modified to better reflect state payments that provide property tax relief by offsetting property taxes. State aid for tax exempt property provides payments to local units of government to compensate for computer-related personal property value that the state exempted from the property tax beginning with FY 2000. By providing this aid, the state ensures that local units of government do not

shift property tax burdens to other property taxpayers. In FY 2023, aid payments under the program were \$98.0 million GPR, flat with FY 2022.

Beginning with FY 2019, the state has also provided a payment to local units of government to compensate for the exemption of machinery, tools and patterns from personal property taxation for nonmanufacturing property. These payments are equal to what local units of government raised in property taxes on such property based on 2017 assessments. In FY 2023, these payments totaled \$75.6 million.

In FY 2018, the state eliminated the forestry mill tax, which had previously been levied at a rate of \$0.1697 per \$1,000 on all taxable property across the state. To compensate for the revenue loss to the forestry account in the conservation fund, the state provides a GPR payment equal to what the fund would have received under the prior law tax. In FY 2023, this payment was \$126.5 million, an increase of approximately \$15.4 million from FY 2022 due to a significant rise in total statewide property values.

University of Wisconsin System: Total GPR expenditures for the University of Wisconsin (UW) System increased by \$48.2 million, or 4.0 percent, in FY 2023. The UW System's general program operations appropriation was changed from annual to biennial in FY 2016, permitting the UW System to move expenditures between fiscal years within a biennium.

In the 2022-23 academic year, resident undergraduate tuition remained frozen at 2012-13 academic year levels. The UW System Board of Regents continued the freeze even though the statutory prohibition on adjusting tuition levels lapsed, resulting in an historic 10-year freeze. Compared to the annualized increase of 8.1 percent per year in the ten years prior to the freeze, the average student saves an estimated \$6,311 over a four-year college career as a result of the freeze.

In addition to relatively low basic tuition, access to college for lower income families was protected by maintaining support for the Wisconsin Grant Program, formerly known as the Wisconsin Higher Education Grant (WHEG) and Tuition Grant programs for UW students.

Shared Revenue: State shared revenue provides unrestricted aid to municipal and county governments. In FY 2023, the shared revenue formulas distributed a total of \$886.6 million, consisting of \$830.7 million GPR and \$55.8 million SEG. The GPR portion of this amount consisted of county and municipal aids of \$686.4 million, utility aids of \$85.0 million, and expenditure restraint payments of \$59.3 million. The Expenditure Restraint Program provides aid to municipalities with tax rates over five mills that restrained their spending increases. Statewide, shared revenue payments provided municipalities with about 9.9 percent and counties with about 2.6 percent of their general revenues.

Wisconsin Technical College System: The Wisconsin Technical College System Board and 16 local technical college districts provide vocational, technical and continuing education across the state. In 2022, 23,542 individuals received a degree from a Wisconsin technical college. The technical colleges also provide customized skills training for businesses, occupational training opportunities for high school students and apprenticeship instruction.

Since FY 2015, when funding was increased by \$406 million GPR annually, state aid has been the largest source of revenue for technical college districts.

State Mental Health Institutions: The Department of Health Services operates four facilities that provide mental health services and are funded with GPR: The Mendota Mental Health Institute and the Winnebago Mental Health Institute provide psychiatric services to adults, adolescents and children who either are civilly committed or are forensic patients committed as a result of a criminal proceeding; the Wisconsin Resource Center provides treatment to inmates referred by the Department of Corrections who have severe impairments in daily living due to mental health, behavioral issues or substance use disorders; and the Sand Ridge Secure Treatment Center, which houses Wisconsin's Sexually Violent Persons program.

The Department of Health Services also operates three residential facilities for the care of persons with developmental disabilities, which are funded with program revenues: Northern Wisconsin Center in Chippewa Falls; Central Wisconsin Center in Madison; and Southern Wisconsin Center in Union Grove. These facilities provide short-term

and residential services to assist people living with intellectual disabilities in acquiring the personal skills needed to reach their highest potential.

In FY 2023, total GPR expenditures in the state mental health institutions totaled \$306.7 million. In FY 2023, GPR expenditures increased by \$22.8 million over FY 2022. The all funds expenditures for all of the Department of Health Services' institutions, inclusive of the state centers for persons with developmental disabilities, was \$576.2 million in FY 2023. In FY 2023, expenditures increased by \$63.5 million over FY 2022. There were 6,430 individuals served by the Department of Health Services' institutions in FY 2023, down by 675 in FY 2022.

Community Aids and Children and Family

Aids: Community Aids and Children and Family Aids are state and federal funds distributed to counties to fund human services programs serving primarily low-income persons, children in need of protection, the elderly and the disabled. Beginning in FY 2009, these funds are administered and distributed by both the Department of Health Services and Department of Children and Families, with total GPR expenditures reaching approximately \$254.4 million in FY 2023. Between FY 2022 and FY 2023, the Community Aids funding distributed by the departments increased by just over \$1.0 million.

Tax Relief to Individuals: Wisconsin paid out \$168.1 million GPR in tax relief to individuals through a variety of refundable tax credit programs during FY 2023, a decrease of \$1.5 million from FY 2022.

The Earned Income Credit program reduces income taxes or supplements income for about 194,000 low-income working families with children. In FY 2023, this program paid a total of \$80.6 million in all funds to these households, an increase of approximately \$3.1 million from FY 2022.

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. In FY 2023, the

credit provided \$48.8 million of tax relief, compared with \$52.8 million in FY 2022. Over 98,600 low-income homeowners and renters – around 33 percent of them elderly – benefitted from the program in FY 2023.

The Veterans and Surviving Spouses Property Tax Credit reduced income taxes for or provided a refund check to approximately 13,810 veterans and surviving spouses by providing a credit for taxes paid on a principal dwelling. Tax credit expenditures were \$50.4 million in FY 2023, an increase of over \$4 million over FY 2022.

Wisconsin's Farmland Preservation Credit program provides credits to about 10,400 farmers who qualify through exclusive agricultural or farmland preservation zoning or individual farmland preservation agreements. The credit is based on qualifying acres and certain other criteria. Expenditures under the Farmland Preservation Credit program totaled \$16.2 million in FY 2023, a decrease of \$0.2 million relative to FY 2022.

Comparative Condition of the General Fund
 FY23 Actual vs. Budget
 (in Thousands)

	<u>FY23 Actual</u>	<u>Budget</u>	<u>Variance</u>
OPENING BALANCES			
Unreserved, Undesignated Opening Balance	\$ 4,298,919	\$ 4,298,919	\$ 0 ¹
Prior Year Designation of Continuing Balances	677,779	0	677,779 ²
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>
Unreserved Opening Balance	<u>4,976,698</u>	<u>4,298,919</u>	<u>677,779</u>
REVENUES			
Taxes	20,973,997	20,988,100	(14,103) ³
Departmental Revenues	<u>753,689</u>	<u>712,036</u>	<u>41,653</u> ⁴
Total Revenues	<u>21,727,686</u>	<u>21,700,136</u>	<u>27,550</u>
Total Available Resources	<u>26,704,384</u>	<u>25,999,055</u>	<u>705,329</u>
APPROPRIATIONS			
Gross Appropriations	20,464,177	19,768,132	(696,045) ⁵
Compensation Reserves	55,104	105,952	50,848 ⁶
Transfers	685,073	685,073	0 ⁷
Less: Lapses	<u>(1,573,210)</u>	<u>(1,437,060)</u>	<u>136,150</u> ⁸
Net Appropriations	<u>19,631,144</u>	<u>19,122,097</u>	<u>(509,047)</u>
UNDESIGNATED UNRESERVED BALANCE	<u>\$ 7,073,240</u>	<u>\$ 6,876,958</u>	<u>\$ 196,282</u>

Notes:

1. UNDESIGNATED, UNRESERVED OPENING BALANCE. The fund condition for fiscal year 2023 is included in the Legislative Fiscal Bureau May 15, 2023 fund condition statement. The opening balance for fiscal year 2023 was based on actual revenues, appropriations and opening balance from the preceding year.
 2. PRIOR YEAR DESIGNATION FOR CONTINUING BALANCE. A portion of the previous year's gross ending balance had been designated, or set aside, to cover left over continuing budget authority that could legally be carried forward and spent in the next year. This continuing authority is generated in biennial appropriations in the first year, or even numbered year, of the biennium and in continuing appropriations each year. The fund condition summary does not include an estimate for the amount of continuing authority carried forward, and therefore, the designated amount for continuing balances is always a variance with the budget estimate.
 3. TAXES. Actual tax collections were lower than the estimated tax collections contained in the May 15, 2023 revenue estimates provided by the Legislative Fiscal Bureau.
 4. DEPARTMENTAL REVENUES. Departmental revenues are revenues received by individual state agencies and deposited in the general fund. Departmental revenues include tribal gaming revenue.
 5. GROSS APPROPRIATIONS. Final gross appropriations varied from estimated gross appropriations as follows:

Gross Appropriations Per the fund condition summary	\$ 19,768,132
Add: continuing appropriation authority brought forward	677,779
Add: increases to sum sufficient appropriations above Chapter 20	27,046
Less: biennial adjustments*	<u>- 8,780</u>
FINAL GROSS APPROPRIATIONS	<u>\$ 20,464,177</u>
- *Biennial adjustments represent appropriation authority in the second year of the biennium that was used in the first year of the biennium. The amount shown above differs from the amount presented in the fiscal year 2022 Annual Fiscal Report due to a change in the presentation of the MA Biennial Adjustment.
6. COMPENSATION RESERVES. Compensation reserves are budgetary set-asides for employee wage and benefit increases for the fiscal year.
 7. TRANSFERS. Transfers were equal to the amount in the fund condition statement.
 8. LAPSES. A lapse is the automatic termination of an appropriation. It represents the amount of unexpended, unencumbered balance of the appropriation at the end of the fiscal year. Actual lapses may differ from budgeted lapses due to the manner in which the legislature treats certain required appropriation reductions.

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Statements of Fund Condition and Operations

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

(In Millions of Dollars)

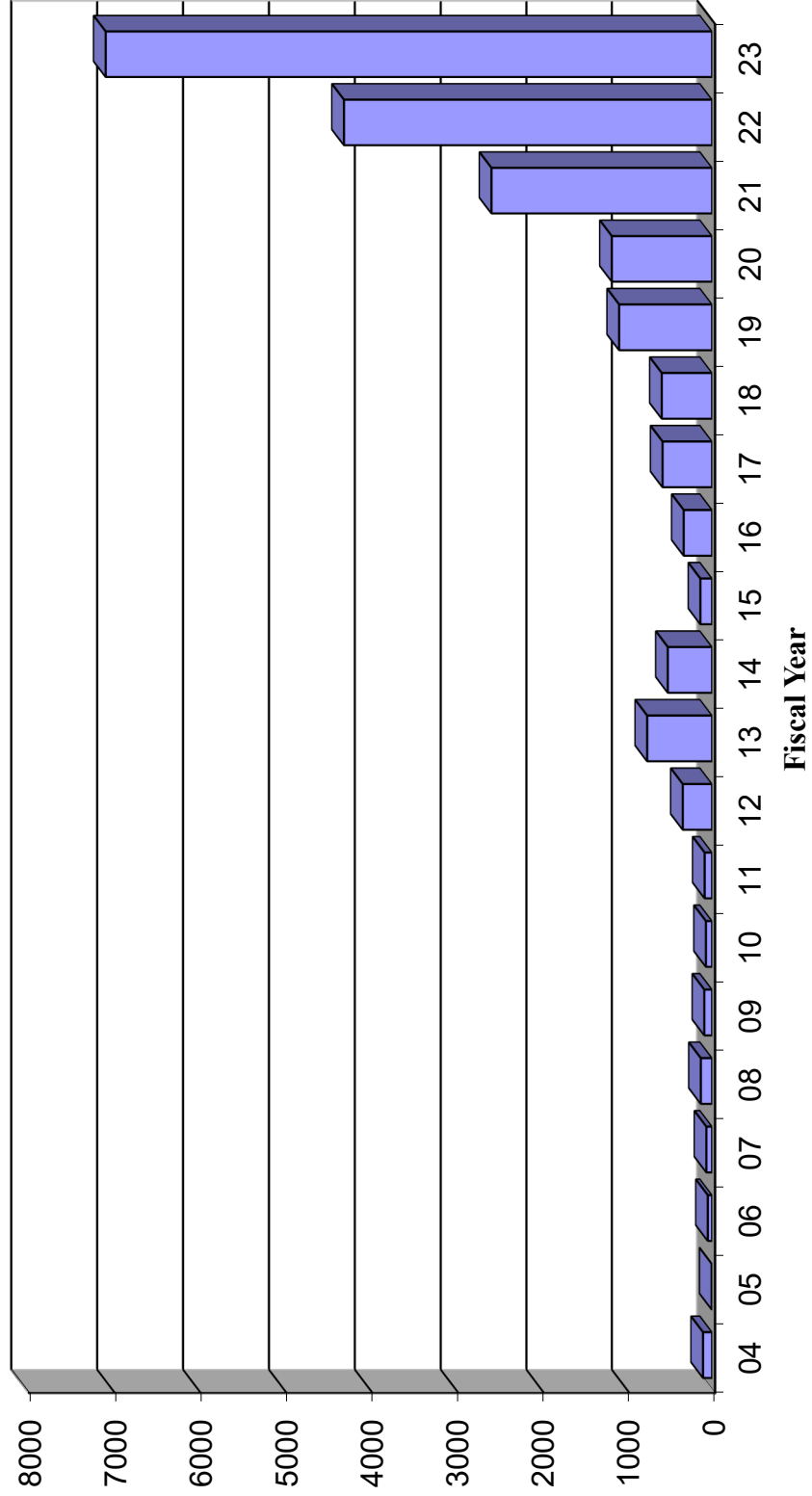


Exhibit A-1

State of Wisconsin
 Statement of Recorded Revenues, Expenditures, and Fund Balance
 Budget vs. Actual-General Purpose Revenues-Statutory Basis
 For the Fiscal Year Ended June 30, 2023
 (In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved					
Undesignated Balance.....	\$ 4,298,919	\$	\$ 4,298,919	\$ 4,298,919	\$ 0
Beginning Unreserved					
Designated Balance.....		677,779	677,779	677,779	0
Total.....	4,298,919	677,779	4,976,698	4,976,698	0
REVENUES					
Taxes:					
Individual.....	9,450,000		9,450,000	9,414,724	(35,276)
Corporation.....	2,715,000		2,715,000	2,748,521	33,521
Sales & Use.....	7,480,000		7,480,000	7,456,088	(23,912)
Excise.....	610,100		610,100	617,771	7,671
Inheritance & Gift.....	0		0	42	42
Public Utility.....	391,000		391,000	401,200	10,200
Insurance.....	227,000		227,000	223,119	(3,881)
Miscellaneous.....	115,000		115,000	112,532	(2,468)
Total Taxes.....	20,988,100		20,988,100	20,973,997	(14,103)
Departmental Revenue:					
Indian Gaming Revenue.....	0		0	19,675	19,675
Other.....	712,036		712,036	593,102	(118,934)
Total Department Revenues.....	712,036		712,036	612,777 (2)	(99,259)
Total Revenues.....	21,700,136		21,700,136	21,586,774	(113,362)
TOTAL AVAILABLE	25,999,055	677,779	26,676,834	26,563,472	(113,362)
EXPENDITURES					
LAPSE					
Commerce.....	33,052	1,080	34,132	34,046	86
Education.....	9,187,762	62,488	9,250,250	8,968,652	281,598
Environmental Resources.....	193,999	3,121	197,120	195,572	1,548
Human Relations & Resources.....	6,493,953	555,904	7,049,857	6,069,502	980,355
General Executive.....	640,273	17,035	657,308	616,544	40,764
Judicial.....	142,505	615	143,120	140,709	2,411
Legislative.....	86,270	5,010	91,280	79,861	11,419
General (Incl. Shared Revenue).....	2,990,318	24,236	3,014,554	2,759,525	255,029
Transfer (Gen Fund Cond).....	685,073	0	685,073	685,073 (3)	0
Compensation Reserves.....	105,952	(55,104)	50,848	0	50,848
Less: Estimated Lapse.....	(1,437,060)	0	(1,437,060)	0	(1,437,060)
TOTAL EXPENDITURES	19,122,097	614,385	19,736,482	19,549,484	186,998
Transfers - General Fund.....	0	0	0	140,912 (2)	140,912
UNRESERVED BALANCE	6,876,958	63,394	6,940,352	7,154,900	214,548
Designation for continuing balances.....	0	(81,660)	(81,660)	(81,660)	0
UNRESERVED					
Undesignated Balance.....	\$ 6,876,958	\$ (18,266)	\$ 6,858,692	\$ 7,073,240	\$ 214,548

(1)

The accompanying notes are an integral part of this statement.

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

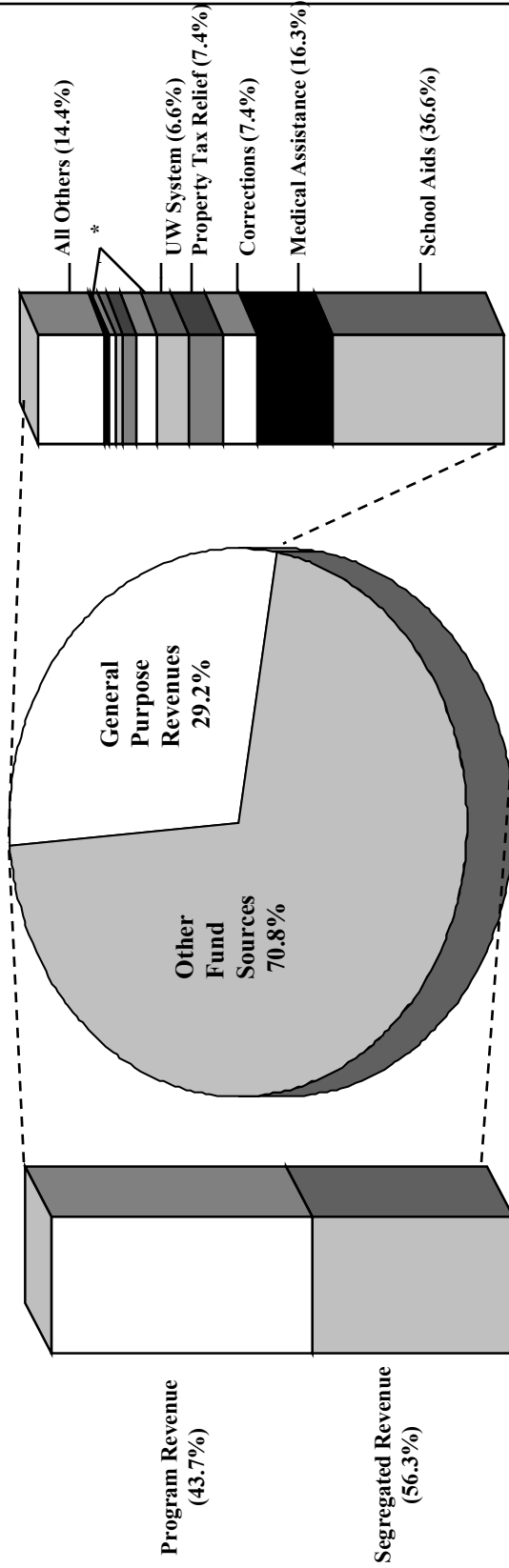
Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2023

Other Expenditures
\$45.8 Billion

General Purpose Revenue Expenditures
\$18.9 Billion

Total Expenditures
\$64.7 Billion



* Tax Relief to Individuals (0.9%)
Community Aids (1.3%)
State Mental Health Institutions (1.6%)
WI Technical College System (3.1%)
Shared Revenue (4.4%)

Exhibit A-2

State of Wisconsin
 Statement of Recorded Revenues, Expenditures, and Change in Fund Balances
 All Funds - Statutory Basis
 For the Fiscal Year Ended June 30, 2023
 (In Thousands)

	General Fund			Major Special Revenue Funds			As of June 30, 2023
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation	Other	
REVENUES							
Taxes.....	\$ 20,973,997	\$ 33,232	\$ 21,007,229	\$ 1,158,599	\$ 53	\$ 84,017	\$ 22,249,898
Intergovernmental Revenue.....	31,365	17,185,050	17,216,415	1,415,733	62,669	124,156	18,818,973
Licenses.....	62,954	319,872	382,826	759,479	124,024	810,981	2,077,310
Charges for Goods and Services.....	647	4,033,435	4,034,082	43,587	27,046	1,047,402	5,152,117
Contributions.....	0	0	0	0	0	4,244,642	4,244,642
Interest & Investment Income.....	203,465	203,192	406,657	38,473	8,980	9,481,726	9,935,836
Gifts & Donations.....	0	858,856	858,856	0	1,361	20,678	880,895
Other Revenue.....	208,126	2,159,487	2,367,613	77,976	7,534	1,098,218	3,551,341
Transfers.....	9,408	3,724	13,132	6,723	151,038	1,179,036	1,349,929
Other Transactions.....	96,812	810,053	906,865	378	121	99,518	1,006,882
Proceeds from Bonds & Notes.....	0	0	0	87,102	0	1,443,071	1,530,173
TOTAL REVENUES	21,586,774	25,606,901	47,193,675	3,588,050	382,826	19,633,445	70,797,996
EXPENDITURES							
Commerce.....	34,046	447,318	481,364	0	1,806	127,291	610,461
Education.....	8,968,652	7,576,923	16,545,575	0	214	561,841	17,107,630
Environmental Resources.....	195,572	126,318	321,890	3,729,393	366,991	371,889	4,790,163
Human Relations & Resources.....	6,069,502	15,745,309	21,814,811	0	0	2,239,181	24,053,992
General Executive.....	616,544	1,836,543	2,453,087	1,899	0	10,340,398	12,795,384
Judicial.....	140,709	19,148	159,857	0	0	174	160,031
Legislative.....	79,861	2,048	81,909	0	0	0	81,909
General (Incl. Shared Revenue) (2).....	2,759,525	54,991	2,814,516	24,053	86	2,227,001	5,065,656
TOTAL EXPENDITURES	18,864,411	25,808,598	44,673,009	3,755,345	369,097	15,867,775	64,665,226
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES.....	2,722,363	(201,697)	2,520,666	(167,295)	13,729	3,765,670	6,132,770
BEGINNING FUND BALANCE							
Prior Period Adjustment.....	0	0	0	0	0	0	0
DESIGNATED.....	677,779	0	677,779	0	0	0	677,779
UNDESIGNATED.....	4,298,919	1,624,639	5,923,558	(1,103,985)	191,518	128,893,961	133,905,052
TOTAL	4,976,698	1,624,639	6,601,337	(1,103,985)	191,518	128,893,961	134,582,831
INTERFUND							
TRANSFERS (3).....	(544,161)	(153,840)	(698,001)	111,871	0	526,130	(60,000)
ENDING FUND BALANCE	7,154,900	1,269,102	8,424,002	(1,159,409)	205,247	133,185,761	140,655,601
DESIGNATED.....	(81,660)	0	(81,660)	0	0	0	(81,660)
UNDESIGNATED.....	\$ 7,073,240	\$ 1,269,102	\$ 8,342,342	\$ (1,159,409)	\$ 205,247	\$ 133,185,761	\$ 140,573,941

(1)

The accompanying notes are an integral part of this statement.

- (1) See Note I
- (2) See Note K
- (3) See Note M

Exhibit A-3

State of Wisconsin
 Summary of Recorded Revenues and Expenditures-All Other Funds
 Statutory Basis (Including Interfund Transfers)
 For the Fiscal Year Ended June 30, 2023
 (In Thousands)

Funds By Category	Undesignated Fund Balance as of June 30, 2022	Revenues	Expenditures	Interfund Transfers	Undesignated Fund Balance as of June 30, 2023
<u>OTHER GOVERNMENTAL FUNDS</u>					
<u>Other Special Revenue</u>					
213 Heritage State Parks & Forests.....	\$ 1,230	\$ 82	\$ 55	\$ 0	\$ 1,257
214 Unemployment Interest Payment.....	60	17	0	0	77
217 Waste Management.....	7,982	309	19	0	8,272
219 Investment and Local Impact.....	81	3	0	0	84
220 Election Administration.....	7,518	1,414	1,424	0	7,508
222 Industrial Building Construction.....	0	0	0	0	0
224 Self-Insured Employer Liability.....	499	528	414	0	613
225 Medical Assistance Trust.....	239,650	97,867	899,866	883,216	320,867
226 Work Injury Benefits.....	37,685	8,754	5,448	0	40,991
227 Workers Compensation.....	2,407	13,789	14,805	0	1,391
228 Unemployment Program Integrity.....	23,557	8,077	177	0	31,457
229 Uninsured Employers.....	36,984	9,937	2,414	0	44,507
234 Hospital Assessment Fund.....	36,268	428,283	220,751	(207,533)	36,267
235 Utility Public Benefits.....	22,118	123,821	94,179	0	51,760
237 Critical Access Hospital Assessment.....	1,073	5,977	4,131	(1,878)	1,041
238 Mediation.....	69	194	174	0	89
239 Police and Fire Protection.....	(6,547)	55,818	63,998	0	(14,727)
241 Working Lands.....	101	61	12	0	150
248 Economic Development.....	81	45,957	45,652	0	386
249 Read To Lead Development.....	27	1	0	0	28
250 State Capitol Restoration.....	196	7	0	0	203
257 Agricultural Chemical Cleanup.....	3,359	143	906	0	2,596
258 Farms For The Future.....	0	0	0	0	0
259 Agrichemical Management.....	12,787	8,381	8,146	0	13,022
261 Agricultural Producer Security.....	12,265	1,881	967	0	13,179
264 Historical Legacy Trust.....	77	3	0	0	80
266 Historical Preservation Partnership Trust.....	2,284	4,166	5,500	0	950
272 Petroleum Inspection.....	2,027	39,094	24,583	(14,582)	1,956
274 Environmental.....	60,595	86,569	86,457	0	60,707
277 Dry Cleaner Environmental Responsibility.....	(6,227)	568	566	0	(6,225)
280 Information Technology Investment.....	(2,489)	25	0	0	(2,464)
281 Military Family Relief.....	590	119	28	0	681
285 Universal Service.....	19,213	50,799	38,693	0	31,319
286 Budget Stabilization.....	1,733,754	66,295	0	0	1,800,049
289 Land Information.....	3,308	5,672	7,956	0	1,024
291 Permanent Endowment.....	0	133,093	0	(133,093)	0
723 Children's Trust.....	15	1	5	0	11
Total Other Special Revenue.....	<u>2,252,597</u>	<u>1,197,705</u>	<u>1,527,326</u>	<u>526,130</u>	<u>2,449,106</u>
<u>Debt Service</u>					
315 Bond Security and Redemption.....	3,093	1,774,342	1,774,819	0	2,616

Exhibit A-3

State of Wisconsin
 Summary of Recorded Revenues and Expenditures-All Other Funds
 Statutory Basis (Including Interfund Transfers)
 For the Fiscal Year Ended June 30, 2023
 (In Thousands)

Funds By Category	Undesignated Fund Balance as of June 30, 2022	Revenues	Expenditures	Interfund Transfers	Undesignated Fund Balance as of June 30, 2023
Capital Projects					
490 State Building Trust.....	301,578	136,063	157,828	0	279,813
495 Capital Improvement.....	185,504	549,569	631,826	0	103,247
Total Capital Projects.....	<u>487,082</u>	<u>685,632</u>	<u>789,654</u>	<u>0</u>	<u>383,060</u>
Permanent					
743 Agriculture College.....	307	0	0	0	307
744 Common School Principal.....	1,298,156	69,779	0	0	1,367,935
745 Normal School.....	32,503	3,815	1,083	0	35,235
746 University.....	234	0	0	0	234
760 Historical Society Trust.....	21,371	3,008	735	0	23,644
763 Common School Income.....	30,045	60,001	52,000	0	38,046
767 Benevolent.....	15	1	0	0	16
875 University Trust Principal.....	197,719	54,452	0	0	252,171
876 University Trust Income.....	149,248	41,969	33,860	0	157,357
Total Permanent.....	<u>1,729,598</u>	<u>233,025</u>	<u>87,678</u>	<u>0</u>	<u>1,874,945</u>
TOTAL OTHER GOVERNMENTAL FUNDS	<u>4,472,370</u>	<u>3,890,704</u>	<u>4,179,477</u>	<u>526,130</u>	<u>4,709,727</u>
FIDUCIARY AND OTHER					
Pension (and Other Employee Benefit)					
262 Public Employee Trust.....	1,545,293	103,641	103,177	0	1,545,757
747 Core Retirement Investment Trust.....	112,464,529	11,942,869	8,802,853	0	115,604,545
751 Variable Retirement Investment.....	8,527,529	1,547,761	665,004	0	9,410,286
Total Pension (and Other Employee Benefit).....	<u>122,537,351</u>	<u>13,594,271</u>	<u>9,571,034</u>	<u>0</u>	<u>126,560,588</u>
Private Purposes					
570 Tuition Trust.....	1,003	47	0	0	1,050
769 College Savings Program Trust.....	20,853	1,961	537	0	22,277
Total Private Purposes.....	<u>21,856</u>	<u>2,008</u>	<u>537</u>	<u>0</u>	<u>23,327</u>
Agency					
788 Support Collections Trust.....	20,441	896,397	894,539	0	22,299
Other (Business-type funds)					
521 Lottery.....	(4,527)	991,216	972,534	0	14,155
531 Local Govt Property Insurance.....	0	0	0	0	0
532 State Life Insurance.....	110,181	(119)	4,911	0	105,151
533 Injured Patients & Families Compensation.....	1,486,655	43,342	28,193	0	1,501,804
573 Environmental Improvement.....	249,124	196,500	198,768	0	246,856
582 Veterans Trust.....	(279)	18,867	17,782	0	806
583 Veterans Mortgage Loan Repayment.....	0	0	0	0	0
587 Transportation Infrastructure Loan.....	789	259	0	0	1,048
Total Other (Business-type funds).....	<u>1,841,943</u>	<u>1,250,065</u>	<u>1,222,188</u>	<u>0</u>	<u>1,869,820</u>
TOTAL FIDUCIARY AND OTHER	<u>124,421,591</u>	<u>15,742,741</u>	<u>11,688,298</u>	<u>0</u>	<u>128,476,034</u>
TOTAL - ALL FUNDS	<u>\$ 128,893,961</u>	<u>\$ 19,633,445</u>	<u>\$ 15,867,775</u>	<u>\$ 526,130</u>	<u>\$ 133,185,761</u>

The accompanying notes are an integral part of this statement.

Exhibit A-4

State of Wisconsin
 Comparative General Fund Statement of Assets, Liabilities and Fund Balance
 Fiscal Years Ended June 30, 2023, 2022, and 2021
 (In Thousands)

	June 30, 2023	June 30, 2022	June 30, 2021
<u>ASSETS</u>			
Cash	\$ 8,446,421	\$ 7,453,027	\$ 6,513,819
Contingent Fund Advances.....	8,227	6,064	5,697
Investments.....	535,000	385,000	0
Accounts Receivable.....	2,014,319	1,725,291	1,690,179
Due from Other Funds.....	861,282	462,221	518,925
Inventory.....	0	0	0
Prepayments.....	10,172	1,986	4,705
Other Assets.....	0	172,378	166,691
TOTAL ASSETS.....	11,875,421	10,205,967	8,900,016
<u>LIABILITIES</u>			
Accounts Payable.....	530,064	880,714	2,043,041
Operating Notes Payable.....	0	0	0
Due to Other Funds.....	123,810	70,547	1,204,996
Tax and Other Deposits.....	98,009	110,748	125,999
Deferred Revenue.....	247,987	241,884	217,222
TOTAL LIABILITIES.....	999,870	1,303,893	3,591,258
<u>FUND BALANCE</u>			
<u>Reserved Balances</u>			
GPR Encumbrances.....	218,232	279,610	271,978
PR Encumbrances.....	2,233,317	2,021,127	900,418
Total Reserved Balances.....	2,451,549	2,300,737	1,172,396
<u>Unreserved Designated Balances</u>			
GPR Designation for Continuing Balances.....	81,660	677,779	62,777
<u>Unreserved Balances</u>			
GPR Unreserved Balance.....	7,073,240	4,298,919	2,581,053
PR Unreserved Balance.....	1,269,102	1,624,639	1,492,532
Total Unreserved Balances.....	8,342,342	5,923,558	4,073,585
TOTAL FUND BALANCE.....	10,875,551	8,902,074	5,308,758
TOTAL LIABILITIES AND FUND BALANCE.....	\$ 11,875,421	\$ 10,205,967	\$ 8,900,016

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, 2023
 (In Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget ¹	Budget Adjustments	Final Budget	Expenditures ²	
Commerce	\$ 533,405	\$ 148,938	\$ 682,343	\$ 593,823	\$ 88,520
Education	15,537,456	2,543,773	18,081,229	16,660,619	1,420,610
Environmental Resources	3,842,336	1,838,069	5,680,405	4,411,168	1,269,237
Human Relations and Resources	18,901,583	4,987,067	23,888,650	20,658,250	3,230,400
General Executive	1,402,535	1,653,994	3,056,529	2,578,065	478,464
Judicial	158,729	5,398	164,127	160,031	4,096
Legislative	88,697	5,003	93,700	81,909	11,791
General Appropriations	3,405,358	98,224	3,503,582	3,230,066	273,516
Total Chapter 20	<u>\$ 43,870,099</u>	<u>\$ 11,280,466</u>	<u>\$ 55,150,565</u>	<u>\$ 48,373,931</u>	<u>\$ 6,776,634</u>
Retirement Annuities			9,467,434	9,467,434	0
Support Collection Trust Payments			1,004,000	894,522	109,478
Insurance Premiums			49,530	49,530	0
Debt Service Payments			1,774,819	1,774,819	0
Capital Projects Expenditures			786,283	786,283	0
Lottery Prizes			622,371	608,174	14,197
Other Segregated Revenue			676,217	291,745	384,472
Program Revenue Appropriations			3,038,186	2,429,261	608,925
Clearing and Custody Accounts			299,787	(15,275)	315,062
Total Non Chapter 20 Expenditures			<u>\$ 17,718,627</u>	<u>\$ 16,286,493</u>	<u>\$ 1,432,134</u>
Total State Expenditures Excluding Transfers			<u>\$ 72,869,192</u>	<u>\$ 64,660,424</u>	<u>\$ 8,208,768</u>

The accompanying notes are an integral part of this statement.

(1) The fund condition for fiscal year 2023 is included in the Legislative Fiscal Bureau May 15, 2023 revenue estimates.

(2) Expenditures exclude non-budgetary transfers and expenses.

Notes To Fund Statements

Note A Statutory Basis of Accounting

The State of Wisconsin Annual Fiscal Report (AFR) is a report of financial results recognized on the statutory basis of accounting (also referred to as budgetary basis), 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 Annual Comprehensive Financial Report (ACFR), which is prepared in accordance with GAAP, is issued under a separate cover at the end of the calendar year.

Except for specific exceptions, statutes generally require that revenues and expenditures be recognized in the fiscal year in which they are received or disbursed. 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 the amounts presented on the statements are receivables and payables between funds which are presented 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 disbursements and encumbrance balances less the prior year encumbrance balances.

Life insurance premiums are paid one month in advance of the actual coverage month. The life insurance costs for the last month of the fiscal year are recorded as expenditures in the following fiscal year.

Health insurance premiums are paid in the actual coverage month.

Revenues and expenditures are recognized on a statutory basis with the exception of investments owned by the state retirement funds because these 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 are 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 General Purpose Revenue (GPR) or Program Revenue (PR). 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 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 prescribed by governmental accounting standards.

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 fiscal year 2023, the May 15, 2023 Legislative Fiscal Report revenue estimates included a compensation reserve for employee salary and fringe benefit increases. The total amount reserved (appropriated) was \$105,951,600 and the amount allotted was \$55,103,718 leaving a lapse amount of \$50,847,882.

Note E Published Budget

The published budget amounts used in Exhibit A-1 are based on the fund condition statement for the May 15, 2023 Legislative Fiscal Bureau revenue estimates.

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

The State of Wisconsin utilizes a budgetary procedure within the General Fund which treats most federal grant revenues, licenses and fees, and revenues for proprietary activities as dedicated for the activities to which they relate. As such, variable budgeting techniques are used and the official state budget includes them only as estimates. These accounts, referred to as Program Revenue (PR) Appropriations, are not included in Exhibit A-1. Only those appropriations made from nondedicated General Purpose Revenues (GPR) are included.

Note F Total Departmental Revenues

For budget comparison purposes, interfund transfers are added to other revenues to arrive at total departmental revenues. Exhibit A-1 displays departmental revenues of \$612.8 million and net transfers in of \$140.9 million. The fund condition captured these funds more generically as revenue. In order to properly compare actual revenues to budgeted revenues, actual revenues and transfers should be added together in order to compare against the departmental revenues in the fund condition statement, totaling \$753.7 million.

Note G Projected-to-Actual General Fund Condition

The variance between the published budgeted ending balance and actual undesignated balance at the end of fiscal year 2023 is explained as follows:

	(thousands)
ENDING FUND BALANCE	
(UNDESIGNATED) PER FUND	
CONDITION STATEMENT	\$ 6,876,958
OPENING BALANCE ADJUSTMENTS	
Prior year designation for continuing	
balances	<u>677,779</u>
Total opening balance adjustments	<u>677,779</u>
REVENUE ADJUSTMENTS	
Taxes received below estimate	(14,103)
Departmental revenues less than	
estimate	<u>(99,259)</u>
Total revenue below estimate	<u>(113,362)</u>
APPROPRIATION ADJUSTMENTS	
Sum Sufficient Changes	
Reestimates	(27,046)
Biennial Adjustments	8,780
Budget brought forward from previous	
year	(677,779)
Budget carried to next year for	
continuing appropriations	<u>81,660</u>
Total Appropriation Adjustments	<u>(614,385)</u>
LAPSES MORE THAN BUDGETED	186,998
INTERFUND TRANSFERS	140,912
DESIGNATION FOR CONTINUING	
BALANCES	<u>(81,660)</u>
UNDESIGNATED FUND BALANCE	<u>\$ 7,073,240</u>

Note H General Fund Cash Flow

Due to the timing of receipts and disbursements, the General Fund experiences lower cash balances during the first half of each fiscal year. In some years, the State has issued Operating Notes to mitigate this imbalance. However, an Operating Note was not required for fiscal year 2023.

Note I Negative Transportation Fund Balances

The negative ending fund balance in the Transportation Fund, as displayed in Exhibit A-2, 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 Sum Sufficient Increases

Exhibit B-2 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.

(thousands)	
Exhibit B-2 Sum Sufficient Increases	\$ 27,046
Less: Supplements (included in total above)	0
Actual Sum Sufficient Increases	\$ 27,046

Note K General Fund Transfer to Budget Stabilization Fund

The General Fund Transfer pursuant to 20.875(1)(a), Wis. Stats., is displayed as an expenditure in Exhibit B-2.

The General Fund Transfer pursuant to 20.875(1)(a), Wis. Stats., is displayed as a transfer on the Comparative Condition of the General Fund, Expenditure Highlights, Exhibit A-1, and Exhibit A-2 in order to be consistent with the presentation of the Legislative Fiscal Bureau’s fund condition statement.

However, a General Fund Transfer to the Budget Stabilization Fund was not required in fiscal year 2023 pursuant to 16.518(3)(b), Wis. Stats.

Note L General Fund Sum Sufficient Estimate

General Obligation Debt Service Estimates, displayed in Exhibit B-2, included a negative budget amount for appropriation s. 20.867(3)(a), Wis. Stats. This appropriation accounts for the debt service for multi-agency appropriations. The negative budget and expenditures are reflective of previous fiscal year payments that were reallocated in fiscal year 2023.

Note M Unemployment Reserve Fund Transfer

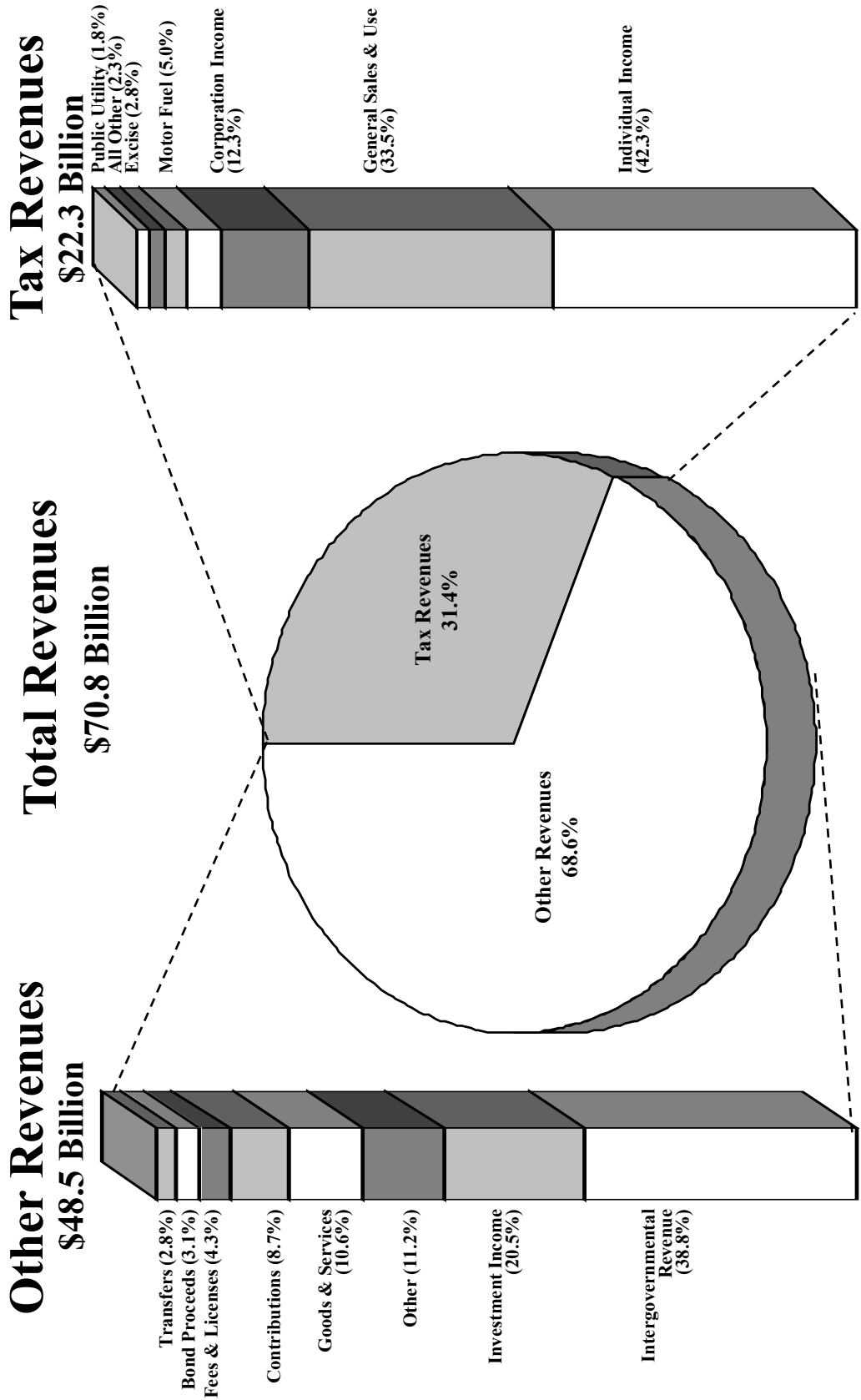
The Unemployment Reserve Fund Transfer of \$60 million pursuant to 2021 Wisconsin Act 58, Section 9250(1)(a) is displayed as an Interfund Transfer out of the General Fund. A corresponding Interfund Transfer into the Unemployment Reserve Fund is not displayed in the Annual Fiscal Report.

Supplemental Data

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Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2023



For more detail on revenues, see Exhibit A-2

Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds
 Fiscal Years Ended June 30, 2023, 2022, and 2021
 (In Thousands)

	June 30, 2023	June 30, 2022	June 30, 2021
TAX REVENUES			
General Purpose Revenue			
Income Taxes			
Individual.....	\$ 9,414,724	\$ 9,214,407	\$ 9,283,388
Corporation.....	2,748,521	2,960,022	2,560,148
Total Income Taxes.....	12,163,245	12,174,429	11,843,536
Sales and Excise Taxes			
General Sales and Use.....	7,456,088	6,978,336	6,373,483
Cigarette.....	444,735	482,440	509,793
Other Tobacco Products.....	88,333	94,383	92,746
Vapor.....	7,062	4,126	1,558
Liquor and Wine.....	69,379	64,898	64,590
Malt Beverage (Beer).....	8,262	8,870	9,188
Total Sales and Excise Taxes.....	8,073,859	7,633,053	7,051,358
Public Utility Taxes			
Private Light, Heat and Power.....	282,128	248,803	225,671
Municipal Light, Heat and Power.....	3,237	2,969	2,764
Telephone.....	50,067	68,200	62,868
Pipeline.....	46,543	44,838	47,244
Electric Cooperative.....	14,925	14,013	12,940
Municipal Electric.....	3,697	4,084	4,265
Conservation and Regulation.....	603	649	504
Other.....	0	41	0
Total Public Utility Taxes.....	401,200	383,597	356,256
Inheritance and Estate Taxes			
Inheritance and Estate.....	42	3	0
Total Inheritance and Estate Taxes.....	42	3	0
Miscellaneous Taxes			
Insurance Companies (Premiums).....	223,119	221,800	202,066
Real Estate Transfer Fee.....	98,757	121,382	106,098
Lawsuits (Courts).....	13,738	14,132	13,392
Other.....	37	29	85
Total Miscellaneous Taxes.....	335,651	357,343	321,641
TOTAL GPR TAX REVENUES.....	20,973,997	20,548,425	19,572,791
Program Tax Revenues			
Fire Dues.....	28,796	25,375	24,465
Pari-mutuel Taxes.....	0	0	0
County Expo Tax Administration.....	1,135	982	525
Baseball Park Administration Fee.....	0	0	0

Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds
 Fiscal Years Ended June 30, 2023, 2022, and 2021
 (In Thousands)

	June 30, 2023	June 30, 2022	June 30, 2021
Program Tax Revenues, Cont.			
Business Trust Regulation Fee.....	\$ 2,415	\$ 2,405	\$ 1,825
Other.....	886	1,051	1,266
TOTAL PROGRAM TAX REVENUES.....	33,232	29,813	28,081
TOTAL-GENERAL FUND TAX REVENUES.....	21,007,229	20,578,238	19,600,872
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	1,102,013	1,111,070	959,411
Air-Carrier Tax.....	4,854	3,517	7,772
Railroad Tax.....	38,189	33,030	36,258
Aviation Fuel Tax.....	1,509	1,555	1,193
Other Taxes.....	12,034	11,239	6,351
Conservation Fund			
2/10 Mill Forestry Mill Tax	(14)	(20)	(16)
Forest Crop Taxes	67	1,232	519
Dry Cleaner Fund.....	551	369	250
Mediation Fund.....	1	1	1
Petroleum Inspection Tax.....	37,801	39,972	35,362
Historical Preservation Partnership Trust.....	0	0	0
Economic Development Fund			
Temporary Service Charges.....	45,664	38,706	35,367
TOTAL STATE TAX REVENUES.....	22,249,898	21,818,909	20,683,340
Intergovernmental Revenue	18,818,973	19,817,036	16,830,533
Licenses and Permits.....	2,077,310	2,030,047	2,058,298
Charges for Goods and Services.....	5,152,117	4,811,538	4,463,989
Contributions.....	4,244,642	4,094,824	3,994,094
Interest and Investment Income.....	9,935,836	(10,657,868)	32,175,734
Gifts and Donations.....	880,895	739,948	805,156
Proceeds from Sale of Bonds.....	1,530,173	614,288	1,102,142
Other Revenues.....	3,551,341	3,311,214	3,261,835
Other Transactions.....	1,006,882	1,806,159	915,445
TOTAL DEPARTMENTAL REVENUES.....	47,198,169	26,567,186	65,607,226
TRANSFERS.....	1,349,929	1,509,280	1,514,632
TOTAL REVENUES.....	\$ 70,797,996	\$ 49,895,375	\$ 87,805,198

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, 2023
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
State Operations							
14500	50200	5B	Reinsurance plan; state subsidy	0	0	0	0
19200	10100	1A	Operations And Programs	0	0	0	0
25500	31800	3F	Interstate Compact On Educational Opportunity For Military Children	1	0	1	0
37000	11600	1FE	Endangered Resources -- General Fund	500	0	500	0
37000	91300	9JB	Off-Highway Motorcycle Administration	0	0	(42)	42
41000	10400	1C	Reimbursement Claims Of Counties Containing State Prisons	41	0	39	2
41000	30800	3C	Reimbursement Claims Of Counties Containing Juvenile Correctional Facilities	75	2	77	0
46500	10300	1C	Public Emergencies	750	0	408	342
46500	30200	3AM	Worker's Compensation For Local Unit Of Government Volunteers	35	0	25	10
50500	10400	1D	Special Counsel	612	273	885	0
50500	40500	4D	Claims Awards	25	0	0	25
50500	80100	8AM	Interest On Racing And Bingo Moneys	0	0	0	0
51100	10300	1BE	Investigations	0	0	0	0
52500	10100	1A	General Program Operations	3,772	431	4,203	0
52500	10200	1B	Contingent Fund	20	0	20	0
52500	10300	1C	Membership In National Associations	141	0	141	0
52500	10500	1A	Transition Team	0	0	0	0
52500	20100	2A	General Program Operations	304	38	342	0
62500	10100	1A	Circuit Courts	84,272	0	82,513	1,759
66000	10100	1A	General Program Operations - Appeals	12,015	0	11,737	278
68000	10100	1A	General Program Operations - Supreme Court	6,211	0	5,961	250
76500	10100	1A	General Program Operations--Assembly	31,155	0	29,754	1,401
76500	10300	1B	General Program Operations--Senate	22,731	0	21,500	1,231
76500	10400	1D	Legislative Documents	3,919	0	3,694	225
76500	30800	3FA	Membership In National Associations	295	0	291	4
83500	30300	3EF	Transfer To Conservation Fund; Forestry	126,454	0	126,454	0
85500	10800	1BM	Payment Of Canceled Drafts	4,700	0	3,451	1,249
85500	11100	1DM	Interest Reimbursements To Federal Government	0	0	0	0
85500	11300	1F	Payment Of Fees To Financial Institutions	0	0	0	0
85500	40100	4A	Interest On Overpayment Of Taxes	1,000	0	518	482
85500	40500	4E	Transfer To Conservation Fund; Land Acquisition Reimbursement	0	0	0	0
85500	40600	4FR	Transfer To Transportation Fund; Disaster Damage Aids	0	0	0	0
85500	41300	4CM	Illinois Income Tax Reciprocity	139,442	0	139,442	0
85500	48500	4BV	General Fund Supplement to Veterans Trust Fund	15,276	0	15,276	0
85500	48600	4EM	Transfer To The Conservation Fund; Off-Highway Motorcycle Fees	135	0	102	33
87500	10100	1A	General Fund Transfer (2)	0	0	0	0
Total State Operations.....				453,881	744	447,292	7,333
Aids and Local Assistance							
11500	20200	2B	Animal Disease Indemnities	0	0	0	0
23500	10400	1E	Minnesota-Wisconsin Student Reciprocity Agreement	6,500	0	4,693	1,807
23500	10800	1FM	Wisconsin Covenant Scholars Grants	0	0	0	0
23500	10900	1FY	Academic Excellence Higher Education Scholarships	3,022	0	2,954	68
23500	11900	1FW	Technical Excellence Higher Education Scholarships	1,100	0	855	245
25500	21800	2FM	Charter Schools	86,835	0	85,947	888
25500	22400	2FR	Parental Choice Program For Eligible School Districts And Other School Districts	174,524	0	172,976	1,548
25500	23500	2FU	Milwaukee Parental Choice Program	242,120	0	238,930	3,190
25500	25000	2AZ	Special Needs Scholarship Program	27,913	0	27,760	153
25500	27900	2AQ	Per Pupil Aid	593,838	70	593,908	0
25500	28200	2FQ	Charter Schools; Office Of Educational Opportunity Recovery Charter Schools	0	0	0	0
25500	28900	2FP	Charter Schools, Office Of Educational Opportunity	14,155	0	13,431	724
25500	30600	3C	Grants For National Teacher Certification Or Master Educator Licensure	2,001	867	2,868	0
29200	16200	1DP	Property Tax Relief Aid	449,000	0	449,000	0
37000	50300	5DA	Aids In Lieu Of Taxes - General Fund	10,732	0	9,872	860
41000	31700	3FM	Secured Residential Care Centers For Children And Youth	41	0	40	1
43500	10500	1C	Public Health Emergency Quarantine Costs	0	0	0	0
43500	17500	1BN	Workplace Wellness Program Grants	0	0	0	0
43500	40300	4ED	State Supplement To Federal Supplemental Security Income Program	160,398	0	160,398	0
43500	57400	5DA	Reimbursements To Local Units Of Government	1,000	0	730	270
44500	10200	1AA	Special Death Benefit	300	0	0	300
44500	11300	1C	Career and Technical Education Completion Awards	72	7	79	0
45500	20200	2AM	Officer Training Reimbursement	150	0	150	0
45500	50400	5D	Reimbursement For Forensic Examinations	1,280	0	1,063	217
46500	20100	2A	Tuition Grants	5,800	0	5,252	548
46500	30500	3E	Disaster Recovery Aid; Public Health Emergency Quarantine Costs	6,300	0	2,206	4,094
50500	41200	4ER	Service Award Program; State Matching Awards	2,804	0	2,730	74
51500	10100	1A	Annuity Supplements And Payments	34	4	32	6
83500	10100	1C	Expenditure Restraint Program Account	59,277	0	59,277	0
83500	10500	1DB	County And Municipal Aid Account	705,078	0	686,473	18,605
83500	10900	1E	State Aid; Tax Exempt Property	98,047	0	98,047	0
83500	11000	1DM	Public Utility Distribution Account	84,997	2	84,999	0
83500	11100	1F	State Aid; Personal Property Tax Exemption	75,531	90	75,621	0
83500	20200	2B	Claim Of Right Credit	120	24	144	0
83500	20300	2C	Homestead Tax Credit	47,300	2,921	48,809	1,412
83500	20500	2DM	Farmland Preservation Credit	240	0	0	240
83500	20700	2BG	Business Development Credit	12,700	3,634	16,124	210
83500	20900	2EP	Cigarette And Tobacco Product Tax Refunds	29,000	0	27,241	1,759
83500	21100	2CO	Enterprise Zone Jobs Credit	77,500	4,372	79,931	1,941

General Fund Sum Sufficient Appropriations

For the Fiscal Year Ended June 30, 2023

(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse	
<u>Aids and Local Assistance Continued.</u>							
83500	21200	2F	Earned Income Tax Credit	25,500	0	25,500	0
83500	21500	2EM	Veterans And Surviving Spouses Property Tax Credit	50,000	2,753	50,426	2,327
83500	21700	2BR	Interest Payments On Overassessments Of Manufacturing Property	10	0	0	10
83500	21800	2DO	Farmland Preservation Credit, 2010 And Beyond	16,100	63	16,163	0
83500	21900	2BD	Meat Processing Facility Investment Credit	0	0	0	0
83500	22000	2BP	Dairy Manufacturing Facility Investment Credit; Dairy Cooperatives	0	0	0	0
83500	22500	2BB	Jobs Tax Credit	2,100	0	1,685	415
83500	23000	2D	Research Credit	19,300	0	18,487	813
83500	23100	2CP	Electronics And Information Technology Manufacturing Zone Credit	37,385	0	37,385	0
83500	23200	2CC	Qualified Child Sales And Use Tax Rebate For 2018	0	0	0	0
83500	30200	3B	School Levy Tax Credit And First Dollar Credit	1,088,500	0	1,087,202	1,298
85500	40400	4BM	Oil Pipeline Terminal Tax Distribution	8,970	0	8,970	0
Total Aids and Local Assistance.....			4,227,574	14,807	4,198,358	44,023	
<u>Principal Repayment and Lease Rental</u>							
11500	20500	2D	Principal Repayment And Interest	1	0	1	0
11500	70200	7B	Principal Repayment And Interest	745	9	754	0
19000	10100	1C	Principal Repayment And Interest	163	1	164	0
19000	10200	1D	Principal Repayment And Interest	2,233	22	2,255	0
22500	10300	1C	Principal Repayment And Interest	2,876	24	2,893	7
24500	10600	1E	Principal Repayment And Interest	5,735	58	5,784	9
25000	10300	1C	Principal Repayment And Interest	2,875	0	2,872	3
25000	10500	1E	Principal Repayment And Interest	470	0	470	0
25500	10400	1D	Principal Repayment And Interest	1,000	10	1,010	0
28500	11000	1D	Principal Repayment And Interest	225,415	9,056	226,523	7,948
32000	10300	1C	Principal Repayment And Interest	2,753	0	2,745	8
32000	28200	2C	Principal Repayment And Interest	3,735	0	3,732	3
37000	70100	7AA	Principal Repayment And Interest	53,033	237	53,202	68
37000	70600	7CB	Principal Repayment And Interest	0	0	0	0
37000	70700	7CC	Principal Repayment And Interest	278	0	278	0
37000	70800	7CD	Principal Repayment And Interest	2	0	2	0
37000	70900	7EA	Principal Repayment And Interest	178	1	179	0
39500	60500	6AD	Principal Repayment And Interest	15,844	14	15,858	0
39500	66400	6AF	Principal Repayment And Interest	57,624	0	57,491	133
39500	66500	6AE	Principal Repayment And Interest	13,232	0	13,232	0
41000	10700	1E	Principal Repayment And Interest	41,585	255	41,840	0
41000	30700	3E	Principal Repayment And Interest	3,030	15	3,045	0
43500	20700	2EE	Principal Repayment And Interest	24,508	625	25,002	131
46500	10400	1D	Principal Repayment And Interest	7,456	54	7,510	0
48500	10600	1F	Principal Repayment And Interest	1,486	12	1,497	1
50500	41300	4ET	Principal Repayment And Interest	4	0	0	4
50500	41400	4ES	Principal Repayment And Interest	326	0	0	326
50500	50300	5C	Principal Repayment And Interest	197	0	197	0
85500	80100	8A	Principal Repayment And Interest	906	0	906	0
86700	10200	1B	Principal Repayment And Interest	3,397	17	3,414	0
86700	30100	3A	Principal Repayment And Interest (3)	(3,953)	0	(4,042)	89
86700	30200	3B	Principal Repayment And Interest	1,340	0	716	624
86700	30300	3BL	Principal Repayment And Interest	655	0	655	0
86700	30600	3BR	Principal Repayment And Interest	15	0	15	0
86700	30800	3BB	Principal Repayment And Interest	11	0	11	0
86700	30900	3BM	Principal Repayment And Interest	94	0	94	0
86700	31000	3BC	Principal Repayment And Interest	44	0	44	0
86700	31100	3BQ	Principal Repayment And Interest	844	0	844	0
86700	31200	3BN	Principal Repayment And Interest	20	0	20	0
86700	31300	3BU	Principal Repayment And Interest	981	0	30	951
86700	31400	3BV	Principal Repayment And Interest	62	0	62	0
86700	31500	3BD	Principal Repayment And Interest	37	0	36	1
86700	31600	3BE	Principal Repayment And Interest	534	0	507	27
86700	31700	3BF	Principal Repayment And Interest	30	0	30	0
86700	31800	3BG	Principal Repayment And Interest	9	0	9	0
86700	31900	3BH	Principal Repayment And Interest	42	0	42	0
86700	32000	3BJ	Principal Repayment And Interest	16	0	16	0
86700	32200	3CB	Principal Repayment And Interest	34	0	34	0
86700	32300	3CD	Principal Repayment And Interest	113	0	113	0
86700	32400	3CF	Principal Repayment And Interest	575	0	575	0
86700	32500	3CH	Principal Repayment And Interest	337	26	363	0
86700	32700	3BT	Principal Repayment And Interest	316	0	316	0
86700	32800	3BW	Principal Repayment And Interest	0	952	952	0
86700	32900	3BX	Principal Repayment And Interest	157	0	157	0
86700	35000	3CQ	Principal Repayment And Interest	328	0	328	0
86700	35100	3CR	Principal Repayment And Interest	338	0	338	0
86700	35200	3CS	Principal Repayment And Interest	322	0	322	0
86700	38300	3CW	Principal Repayment And Interest	56	23	79	0
86700	38400	3CX	Principal Repayment And Interest	109	45	154	0
86700	38700	3CV	Principal Repayment And Interest	36	39	75	0
Total Principal Repayment and Lease Rental.....			474,589	11,495	475,751	10,333	
TOTAL GENERAL FUND SUM SUFFICIENTS			\$ 5,156,044	\$ 27,046	5,121,401	\$ 61,689	

(1)

The accompanying notes are an integral part of this statement

(1) See Note J

(2) See Note K

(3) See Note L