

WCUTA October 21, 2016 BOARD MEETING MINUTES

PRESENT:

Supervisors John Tramburg, Larry Willkom, Linda Sinkula, Chuck Hoffman, William Goehring and Don Pazynski by phone; Bob Yeoman, Rock County, Robert Keeney, Grant County; Rick Gundrum Washington County, Nick Osbourne, Rock County, Kurt Gibbs ,Marathon County; Don Pazynski, Marinette County attempted by phone

EXCUSED: WCA staff

Staff: Alice O'Connor.

The meeting was called to order at 10:38 by Chairman Willkom. Alice apologized for difficulty with the call all in phone number and will correct this problem before the next meeting,

President's Report – Supervisor Larry Willkom

Supervisor Willkom said their will likely be some changes in the Wisconsin legislature next session so WCUTA will have to re-educate lawmakers about the importance of the utility tax to their individual counties. He also said when WCUTA board members appeared before the Assembly Utility Committee last year, it made a huge difference in the outcome. We defeated bad legislation for counties that would have reduced the county utility tax payment. He said Supervisors maybe called up on to do so again in 2017.

He said that members may be called upon to contact your own lawmakers or to make contacts in the capitol as well.

He also said at the next board meeting discussion about the compensation for the WCUTA executive director should be put on the agenda since her retainer has not been increased in 3 years.

MINUTES APPROVED The minutes of the August 19, 2016 WCUTA board meeting were approved on a motion by Supervisor Tramburg, seconded by Supervisor Hoffman.

2017 officers

Officers from 2016 will remain the same for 2017 based on an approved motion from Supervisor Rick Gundrum, seconded by Bob Yeomans.

Continuing in 2017 as officers are current officers:

Board chair: Supervisor Larry Willkom

Vice chair: Supervisor John Tramburg,

Secretary: Supervisor William Goehring

Treasurer: Supervisor Linda Sinkula

Officers approved.

The Audit committee

The Wisconsin Counties Utility Tax Audit Committee, consisting of Supervisor Linda Sinkula, John Tramburg and Bill Goehring reviewed the books from April 1, 2015 to September 30, 2016. The opening balance consists of the Association's Money Market Checking Account and one Certificate of Deposit. The Audit verified that since last year, dues generated regular income of \$26,841.24 and \$40,343.77 in the money market CD. The Association checking account as of September 30, 2016 with invoices paid through September 2016 is \$28,877.52.

A one year CD matured on July 31, 2015 and was rolled over with its next maturity date of January 2017. (Park Bank account number 737 9279). When it matured its last renewal value was \$40,343.77. This six month CD was previously \$40,192.58 and has continuously rolled over since the initial \$40,000 was invested October 13, 2011.)

The Association assets (checking and CDs) through September 2016 is \$65,369.61. This amount is similar to where the Association was last year at this time. (The balance was \$68,358.08 in 2015 and \$68,655.54 in 2014).

The Audit report was accepted on a motion from Supervisor Sinkula seconded by Supervisor Goehring.

Executive Director Report-Alice O'Connor

All Dues letters were mailed and then emailed based on the estimated payments from the Dept. of Revenue from October 2016. Dues is projected at a rate of .0015, the same it has been the last few years.

Revenue is flat with some counties getting a few more dollars, some getting a bit less. But no one county had a dramatic reception in their county utility tax dues.

Alice shared the recent 2016 state fiscal report and said the state collected an additional \$556 million in revenue than it expected showing a 3.8% growth rate for the state. Good news. But, despite the extra revenue, Governor Walker has repeatedly said he will not raise any taxes to make the DOT budget whole. This means other than the zoo project in Milwaukee, most transportation projects will be delayed. This is not sitting well with some GOP policymakers. A diverse coalition of about 65 groups is holding hearings around the state trying to draw attention to road and bridge projects that won't be completed if Governor Walker or the legislature do not raise the gas tax and find other sources of revenue. Without this, the DOT has no choice but to increase fees and look for other ways to increase revenue. It seems that purchasing vehicles could be more expensive.

Supervisor Sinkula said only 20 people showed up at the hearing in Kewaunee County. She said there weren't many fireworks.

After some discussion, it was decided Alice should talk to WCA to see if they would be supportive of some sort of sliding scale to have the state keep less than 83 percent of what it collects for the utility taxes that are returned to local government as a part of a shared revenue payment then ones the collect from the utility tax so there would be more revenue to counties. Anything greater than 17 percent up to 30 percent was suggested. Alice will report back at the next meeting .

Alice was asked to prepare a chart showing the money collected by the state over the last five years and what total amount was returned to counties. It would have suggested Alice share the Legislative Fiscal Bureau paper 18 that has figures through 2015 about the utility tax and how the formula works .

Speaker: Rep. Melissa Sargeant (dMadison, member of the Assembly Utility Committee)

Rep Sargeant provided background on herself personally and indicated that as a child she had benefited from the many services offered by government as well as the ability to get a college education. She is in her third term and served on the Assembly Utilities Committee last session.

She shared a report from the US Dept. of Transportation Highway Trust fund (attached) that ranks states based on the condition of their roads and bridges Wisconsin is second to the last with Wyoming being the only state lower than Wisconsin.

She said even though she is in the minority she passed five bills last session and hopes to have more collaboration with the GOP next session as well.

Treasurer's Report – Supervisor Linda Sinkula

The Treasurer's report was accepted as amended on a motion from Supervisor Bob Yeomans and seconded by Supervisor Hoffman.

The balance as of September 30, 2016 is \$28,877.52 in the checkbook with a CD in the amount of \$40,343.77 that matures next January 2017. The total is \$69,233.62. Expenses since August 1 in the amount of \$1910.00 leaves a corrected checkbook balance of \$65,369.61 plus \$1954.01 since the September expense check should not be counted in the balance.

NEXT MEETING DATE: The next meeting date was set for February 17 2017 at the WCUTA offices,

It was suggested as a speaker for our next meeting we have someone from the Dept. of Revenue come and explain how the state calculates the wind and solar revenue returned to counties. The formula is a mystery.

The meeting adjourned at 1:25 on a motion by Supervisor Goehring, seconded by Supervisor Hoffman.

Minutes Prepared by Alice O'Connor



Shared Revenue Program (County and Municipal Aid and Utility Aid)

Informational
Paper

18

Wisconsin Legislative Fiscal Bureau
January, 2005

Shared Revenue Program (County and Municipal Aid and Utility Aid)

Prepared by

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Shared Revenue Program (County and Municipal Aid and Utility Aid)

The state provides general, unrestricted aid to counties and municipalities through several programs. Unlike categorical aid, which must be used for a specific purpose, unrestricted state aid can be used for any activity approved by the local governing body. Typically, the aid is commingled with the local government's other revenues and is not directly tied to any specific function. As such, it supplants other types of revenues that would otherwise be raised to fund the local government's functions.

At times, the programs providing unrestricted aid have been collectively called shared revenue, perhaps because the shared revenue program has been the largest of the programs or because the programs were grouped under a single subchapter of the state statutes entitled shared revenue. Currently, these programs include shared revenue, county and municipal aid, expenditure restraint, and state aid for tax exempt property (computer aid). The latter two programs are described in the Legislative Fiscal Bureau's informational paper entitled, "Targeted Municipal Aid Programs."

This paper describes the county and municipal aid and shared revenue programs. Combined, they rank as the fifth largest state general fund program, behind general elementary and secondary school aids, medical assistance, the University of Wisconsin system, and correctional operations. The programs are fundamental elements of Wisconsin's local finance structure and the state's overall program of property tax relief.

This paper describes the county and municipal aid and shared revenue programs in detail and is

divided into six sections. They include the programs' funding level, payment schedule, the county and municipal aid distribution formula, the utility aid distribution formula, the shared revenue program prior to the suspension of its major components, and a historical overview.

Funding Level

Table 1 reports shared revenue and county and municipal aid funding levels between 1995 and 2005. Over that period, funding decreased by 5.9%. However, three periods distinguish the 11 years. Except for a \$600,000 increase in county mandate relief funding in 2000, the period from 1995 through 2001 is characterized by a constant funding level. This period was followed by two years where annual increases of 1% occurred. After 2003, the county and municipal aid program succeeded the shared revenue program as the state's largest unrestricted aid program for general purpose local governments.

The transition from shared revenue to county and municipal aid occurred in 2004 when total payments declined by 8.1%. In that year, counties experienced a larger reduction in percentage terms (-10.4%) than municipalities (-7.6%). However, the table does not reflect the loss of \$11.2 million to municipalities due to the sunset of the small municipalities shared revenue program. Including that amount in the 2003 municipal aid total would change the 2004 aid reduction for municipalities to -8.9%.

Table 1: Shared Revenue and County and Municipal Aid Payments, 1995 - 2005 (Amounts In Millions)

Year	Municipalities		Counties		State Totals	
	Amount	Change	Amount	Change	Amount	Change
1995	\$761.5		\$189.1		\$950.6	
1996	761.5	0.0%	189.1	0.0%	950.6	0.0%
1997	761.5	0.0	189.1	0.0	950.6	0.0
1998	761.5	0.0	189.1	0.0	950.6	0.0
1999	761.5	0.0	189.1	0.0	950.6	0.0
2000	761.5	0.0	189.7	0.3	951.2	0.1
2001	761.5	0.0	189.7	0.0	951.2	0.0
2002	769.1	1.0	191.6	1.0	960.7	1.0
2003	776.8	1.0	193.6	1.0	970.3	1.0
2004*	718.1	-7.6	173.5	-10.4	891.6	-8.1
2005**	719.5	0.2	174.7	0.7	894.2	0.3
1995 to 2005		-5.5%		-7.6%		-5.9%

*Consists of utility aid (shared revenue) and initial county and municipal aid payments. The aidable revenues, per capita, and minimum/maximum components of the shared revenue program were sunset after the 2003 distributions.

**Estimated by the Department of Revenue in September, 2004.

Table 2 provides additional detail on the 2005 state aid distribution by type of local government. Payments under the county and municipal aid program comprise over 96% of the total distribution. Utility aid comprises a more significant percentage of total payments to counties (10.0%) and towns (9.1%) than for villages (4.1%) and cities (1.4%), and these payments are particularly significant for local governments

where large power production plants are located. Over 80% of total payments are made to municipalities, and over 80% of the municipal share is paid to cities, which receive 65.2% of total payments.

Historically, the shared revenue program has been funded with revenues from the state's general fund. However, other funding sources have been used recently for the shared revenue and county and municipal aid programs. These include proceeds from tobacco securitization in 2002, federal funds under Public Law 108-27 in 2003, transportation fund revenues in 2003 and 2004, and revenues from the utility public benefits account in

2003 and 2004. Also, state aid payments to selected counties and municipalities have been reduced by \$10.0 million annually since 2003. These reductions have been offset by supplemental medical assistance payments to the same local governments receiving the aid reductions. The payments reflect reimbursement for emergency medical transportation services provided by these local governments.

Table 2: Distribution of Estimated 2005 County and Municipal Aid and Utility Aid (Shared Revenue) Payments (In Millions)*

Type of Government	County and Municipal Aid	Utility Aid	Total	Percent of Total
Towns	\$57.9	\$5.8	\$63.7	7.1%
Villages	70.0	3.0	73.0	8.2
Cities	<u>574.6</u>	<u>8.2</u>	<u>582.8</u>	<u>65.2</u>
Municipalities	\$702.5	\$17.0	\$719.5	80.5%
Counties	<u>157.2</u>	<u>17.5</u>	<u>174.7</u>	<u>19.5</u>
TOTAL	\$859.7	\$34.5	\$894.2	100.0%

*Based on the Department of Revenue's September, 2004, estimates of 2005 payments.

Payment Schedule

Payments for both the county and municipal aid and shared revenue programs are made on the fourth Monday in July (15% of the total) and the third Monday in November (85% of the total). The Department of Revenue notifies local governments on or before September 15 of their estimated payment for the following calendar year.

County and Municipal Aid -- Distribution Formula

The distribution under the county and municipal aid program equals \$859.7 million annually. Payments to each municipality and county are set at the same amount that was received in 2004.

The county and municipal aid program replaced the shared revenue program as the largest local assistance program for municipalities and counties in 2004. For 2003, \$981.6 million in aid payments to municipalities and counties were made under the shared revenue (\$949.2 million), county mandate relief (\$21.2 million), and small municipalities shared revenue (\$11.2 million) programs. Except for the utility aid component of the shared revenue program, payments under the three programs were suspended after 2003, although the language authorizing these programs remains in the state statutes.

Largely in response to budgetary considerations, funding for the new program was reduced relative to that for the three programs in the preceding year. The reductions were applied against base payments that consisted of each municipality's or county's combined payments in 2003 under the shared revenue (except for utility aid), county mandate relief, and small municipalities shared revenue programs. The reductions were allocated among local governments through a two-step procedure. First, reductions totaling \$40.0 million were allocated among individual municipalities and counties on a per capita basis. Based on 2003 populations, these reductions equaled \$3.64 per person. Second, reductions totaling \$50.0 million were allocated among the state's 1,851 municipalities, but not among the state's 72 counties. These reductions also were allocated on a per capita basis, except that the reductions could not exceed 15.7% of a

municipality's payment subsequent to the initial (\$3.64 per person) reduction. These reductions equaled \$12.78 per person for those municipalities subject to the full per capita reduction.

Finally, a technical adjustment was made to the payments of municipalities. Under the transition from shared revenue to county and municipal aid, two municipalities did not receive compensating aid for public utility construction that occurred within their boundaries in 2001 and 2002. Payments to these municipalities were increased by \$282,843, and payments to the remaining 1,849 municipalities were reduced proportionately by 0.04% to offset the increase.

Utility Aid Component of Shared Revenue -- Distribution Formula

Prior to 2004, the shared revenue program consisted of four components: (1) utility aid; (2) aidable revenues; (3) per capita; and (4) minimum guarantee/maximum growth. Payments under the latter three components have been suspended, although the statutory language authorizing the components has not been repealed. Since 2004, utility aid has been the only shared revenue component that has remained operational.

The utility aid component compensates local governments for costs they incur in providing services to public utilities. These costs cannot be directly recouped through property taxation since utilities are exempt from local taxation and, instead, are taxed by the state. Aid is limited to three types of qualifying utility properties owned by light, heat, and power companies. These companies include investor-owned and municipally-owned electric and gas utilities, qualified wholesale electric companies, transmission companies, and electric cooperatives. Qualifying utility property includes electric

substations, general structures, such as office buildings, and power production plants. Production plants are the major type of qualifying property, and aid calculations on these plants depend on when the plants became operational.

Aid on production plants that became operational before 2004 is calculated the same as for substations and general structures. The aid for a particular unit of local government is computed by applying a mill rate to the net book value of the qualifying utility property. The value used cannot be less than the value used in 1990, unless property has been taken out of service.

Payments to cities and villages are computed at a rate of six mills (\$6 per \$1,000 of net book value), while payments to towns are computed at a rate of three mills. Payments to counties are computed at three mills if the property is located in a city or village or at six mills if the property is located in a town. Therefore, a total rate of nine mills is applied to the value of all qualifying utility property. The value of utility property at a specific site is limited to \$125 million. Each municipality and county is guaranteed \$75,000 if a utility plant with a capacity of 200 megawatts or greater is located within its borders.

Beginning in 2005, a formula based on the production plant's generating capacity will be used to distribute utility aid to local governments containing production plants that are newly constructed or repowered and begin operation after December 31, 2003. Payments for municipalities and counties containing the qualifying production plants are calculated at the combined rate of \$2,000 per megawatt of the plant's name-plate capacity. If the production plant is located in a city or village, the municipality receives two-thirds of the resulting payment, and if the plant is located in a town, the municipality receives one-third of the resulting payment. The county receives either one-third of the resulting payment if the production plant is located in a city

or village or two-thirds of the resulting payment if the production plant is located in a town. Combined payments under the capacity-based distribution and under the nine-mill formula cannot exceed a maximum of \$300 per capita for municipalities or \$100 per capita for counties.

Also beginning in 2005, incentive aid payments will be made to municipalities and counties that contain qualifying production plants that are newly-constructed or repowered and begin operating after December 31, 2003. Incentive aid payments can be made under four separate provisions.

First, municipalities and counties each receive aid equal to \$600 per megawatt of name-plate capacity if they contain a production plant that is not nuclear-powered and has a name-plate capacity of at least one megawatt, provided that the production plant is built: (a) on the site of, or on a site adjacent to, an existing or decommissioned production plant; (b) on a site purchased by a public utility before January 1, 1980, that was identified in an advance plan as a proposed site for a production plant; or (c) on a brownfield or a site adjacent to a brownfield.

Second, municipalities and counties each receive aid equal to \$600 per megawatt of name-plate capacity if the production plant has a name-plate capacity of at least 50 megawatts and is a baseload generating facility. A baseload generating facility is defined as an electric generating facility that has a capacity factor that is greater than 60%, as determined by the Public Service Commission. Capacity factor is defined as the anticipated actual annual output of an electric generating facility expressed as a percentage of the facility's potential output. The Public Service Commission is granted the authority to review the capacity factor of a facility at any time.

Third, municipalities and counties each receive aid equal to \$1,000 per megawatt of name-plate

capacity if the production plant has a name-plate capacity of at least one megawatt and derives energy from an alternative energy resource. If a production plant fires an alternative energy resource together with another fuel, the number of megawatts eligible for a payment is determined by multiplying the number of megawatts that represents the plant's capacity by a percentage equal to the energy content of the alternative energy resource divided by the total energy content of the alternative energy resource and the other fuel, all as determined in the year prior to the payment. Alternative energy resource is defined as a renewable resource or garbage, both as previously defined under state law, or as nonvegetation-based industrial, commercial, or household waste.

Finally, municipalities and counties each receive aid equal to \$1,000 per megawatt of name-plate capacity if the production plant has a name-plate capacity of at least one megawatt and the facility is a cogeneration production plant, defined as an electric generating facility that produces electricity and another form of thermal energy, including heat or steam, that is used for industrial, commercial, heating, or cooling purposes. Municipalities and counties receiving a payment for a cogeneration plant cannot also receive a payment for a facility that derives energy from an alternative energy resource.

Incentive payments are excluded from the per capita payment limits.

Beginning in 2005, payments are extended to municipalities and counties containing production plants that were previously exempt from general property taxes and are decommissioned. Municipal and county payments equal a percentage of the aid that was paid for the plant in the last year the plant was exempt from general property taxes less the amount of property taxes paid on the plant for municipal or county purposes in the current year. The percentages decline from 100% in the first year

the plant is taxable, to 80% in the second year the plant is taxable, to 60% in the third year the plant is taxable, to 40% in the fourth year the plant is taxable, and to 20% in the fifth year the plant is taxable.

Each municipality and county where spent nuclear fuel is stored receives an annual payment of \$50,000. Currently, the state contains three storage sites located at current or former production plants, in the Town of Carlton (Kewaunee County), the Town of Two Creeks (Manitowoc County), and the Village of Genoa (Vernon County). Therefore, payments to counties under this distribution total \$150,000 annually. Municipal payments are shared with other municipalities within one mile of the storage facility. Under this provision, the Town of Genoa receives \$10,000 annually and the Village of Genoa, where the storage site is located, receives \$40,000 annually.

For 2004, utility aid payments under the nine-mill and nuclear storage formulas totaled \$33.8 million, including payments of \$16.7 million to municipalities and \$17.1 million to counties. The Department of Revenue has estimated that those payments will decrease to \$32.4 million in 2005. However, capacity aid payments of \$1.3 million and incentive aid payments of \$0.8 million are estimated. Estimated 2005 utility aid payments total \$34.5 million under the combined distributions, including \$17.0 million for municipalities and \$17.5 million for counties.

Utility aid is funded from two sum sufficient appropriations from the general fund. Payments under the nine-mill and nuclear storage formulas are funded from the shared revenue appropriation that previously also funded payments under the aidable revenues, per capita, and minimum guarantee/maximum growth components. A separate appropriation has been created to fund the capacity and incentive aid payments for newly constructed or repowered production plants.

Shared Revenue Program Prior to Suspension

The following material provides a general description of the aidable revenues, per capita, and minimum guarantee/maximum growth components of the shared revenue program prior to their suspension. Since payments under the county and municipal aid program are based, in part, on 2003 shared revenue payments, the distributional effect of these suspended formulas still is present in the current aid payments.

Aidable Revenues Component

Historically, aidable revenues was the dominant component of the shared revenue program. It was based on the principle of tax base equalization and allocated state aid to counties and municipalities to offset variances in taxable property wealth. Entitlements were calculated using two factors: (1) net local revenue effort; and (2) per capita property wealth. The higher a local government's net revenue effort and the lower its per capita property wealth, the greater was the local government's aidable revenues entitlement.

A local government's net revenue effort was measured by its level of "aidable revenues." This equaled 100% of the three-year average of "local purpose revenue" for municipalities and 85% of this average for counties. Local purpose revenue was defined to include the local property tax (exclusive of school and other levies) and other local revenues that were substitutable for the property tax. Per capita property wealth equaled the local government's adjusted property value (total taxable value minus manufacturing real estate value plus exempt computer value) divided by its population.

Aidable revenues entitlements were determined by first comparing each local government's per capita adjusted property value to

a standard valuation. The proportion of the standard valuation that a local government lacked determined the percentage of aidable revenues to be reimbursed to the local government.

A local government with a per capita adjusted value equal to 67% of the "standard" and lacking 33% would generate an entitlement equal to 33% of its aidable revenues. Similarly, a local government with a per capita adjusted value equal to 91% of the standard and lacking 9% would generate an entitlement equal to 9% of its aidable revenues. Local governments with per capita adjusted values in excess of the standard were not eligible for aidable revenues entitlements.

The standard valuation was not fixed, but "floated" each year to a level that generated aidable revenues entitlements equal to the total amount of available funds.

Per Capita Component

The per capita component provided a more broad-based aid distribution than aidable revenues. Rather than providing aid to jurisdictions with specific characteristics, the per capita component distributed aid on a universal basis. Without any adjustment for property wealth, expenditure needs, tax rate, or other factors, each city, town, and village received the same municipal per capita payment. Counties were not always eligible to receive per capita payments. However, between 1994 and 2003, payments were distributed to counties on a per capita basis through the county mandate relief program. These payments were funded through a separate appropriation, rather than through the shared revenue appropriation.

Minimum Guarantee and Maximum Growth Components

The minimum guarantee and maximum growth components served to prevent large decreases or increases in payments from occurring in a short

period of time. The calculations for the minimum and maximum components excluded the distributions under the utility aid and county per capita (mandate relief) components.

The minimum guarantee ensured that a local government received a shared revenue payment that was equal to at least 95% of the prior year's payment. Thus, payments did not decline by more than 5% a year.

Minimum guarantee payments were internally funded by a floating maximum growth limit. Entitlement amounts for a local government in excess of the maximum limit were "skimmed off" to provide revenues for minimum guarantee payments. Each year, the maximum growth limit was set at a level that generated the exact amount needed for minimum guarantee payments. As under the minimum guarantee, the base for comparison was the prior year shared revenue amount, exclusive of the utility aid and county mandate relief components.

elimination of the property tax on intangible personal property, household goods, and farm equipment. To compensate local governments for the reduction in tax base, 90% of the income tax collections were distributed to the counties (20%) and municipalities (70%) in which the tax was assessed. As the state's services became more diverse, the percentage of taxes retained by the state increased, and the local percentages decreased. In addition, the state's revenue sources were expanded, and local revenue sharing provisions sometimes accompanied the expansion. For example, a motor vehicle registration fee increase was enacted in 1931. Simultaneously, motor vehicles were exempted from the property tax, and a portion of the state's registration revenues was allocated to municipalities based, in part, on the property tax revenues collected on motor vehicles in a prior year. By 1971, tax sharing provisions had been extended to the state's tax on railroads and utilities, the liquor tax, the inheritance tax, and the tax on fire insurance premiums.

Shared Taxes, 1972 - 1975

In 1971, the return-to-origin based distribution was repealed. Varying percentages of several state tax collections continued to be dedicated for local government sharing, but the amounts were deposited in a municipal and county shared taxes account and distributed to local governments under a "needs-based" allocation, beginning in 1972. Allocations to individual local governments were based on four components: utilities; per capita; percentage of excess levies; and minimum guarantee.

Under the per capita component, combined payments of \$35 per person were made to each municipality and county based on the municipality's estimated population. Of this total, five-sixths was distributed to the municipality, and the overlying county received one-sixth. Under the utility component, municipalities and counties

Historical Overview

Wisconsin's practice of sharing state taxes with local governments dates back to 1911 when a share of the new state income tax was earmarked for local governments to compensate them for property tax exemptions that were enacted at the same time. Initially, the state employed a "return to origin" shared tax system. Through a number of law changes in the early 1970s, the shared revenue program evolved in place of that system.

Return to Origin, 1911 - 1971

Prior to 1972, state aid was distributed to counties and municipalities on a "return to origin" basis. Enactment of the individual and corporate income tax in 1911 was accompanied by the

received payments based on a statutory mill rate multiplied by the estimated value, less depreciation, of production plants and general structures owned or leased by light, heat, and power companies and electric cooperatives and of all pipeline property used by a pipeline company. (Pipeline property was removed from the utility aid distribution after 1975.) Under the percentage of excess levies component, municipalities with average property tax rates for all purposes that exceeded 17 mills over the three preceding years were eligible for payments. Payments for these municipalities were based on their average rates in excess of 17 mills multiplied by their equalized value, prorated to distribute all of the remaining funding after the per capita and utility allocations. Each eligible municipality's allocation was reduced by 16.25%, with the amount of the reduction being distributed to the overlying county. Under the minimum component, a municipality received a payment if its combined shared revenue and property tax credit payments were less than 90% of the combined payments in the prior year. The minimum payment was set equal to the deficiency, but the combined shared revenue and tax credit payments were limited to no more than \$600 per capita.

Shared Revenue, 1976 - 2003

The 1971 distribution system was short-lived and succeeded by another four-component distribution that took effect in 1976. The per capita, utility, and minimum components were retained but modified, and the percentage of excess levies component was replaced by the aidable revenues component. In 1977, the program was renamed "shared revenue" from "shared taxes" to reflect that the dedication of specified percentages of various state taxes had been eliminated. Instead, a shared revenue appropriation was created and changes in the appropriation's funding level were tied to changes in state general fund tax collections.

The aidable revenues component utilized a

distribution formula based on the principle of tax base equalization and allocated state aid to municipalities and counties to offset variances in taxable wealth. Entitlements were calculated using two factors: (1) per capita property values; and (2) net local revenue effort. The lower a local government's per capita property value and the higher its net revenue effort, the greater was the local government's aidable revenues entitlement. The objective of this policy was to allow all counties and municipalities to finance minimum levels of public services, regardless of their ability to finance those services through their property tax base.

Under the 1972-1975 distributions, the per capita component allocated more than half of the total distribution. Soon after the formula changes that took effect in 1976 (Chapter 39, Laws of 1975), aidable revenues became the program's dominant component. By 1979, aidable revenues comprised more than half of the total shared revenue distribution, and by 1980, the aidable revenues share had risen to 80%.

Two factors were largely responsible for this shift. First, the 1975 law change provided for automatic increases in total shared revenue funding, but "froze" the per capita distribution at \$185 million (counties were excluded from the per capita distribution beginning in 1982, with the municipal per capita distribution being set at \$142.7 million thereafter). This resulted in most of the funding growth being distributed under the aidable revenues component.

Second, funding for two separate state aid programs was incorporated into the shared revenue appropriation in 1981 and 1982. Manufacturers' machinery and equipment (M&E) was exempted from the property tax in 1974, and the taxation of farmers' livestock, merchants' stock-in-trade, and manufacturers' materials and finished products (the "three stocks") was phased out between 1977 and 1981. For both types of property,

the Legislature created compensating aid programs for counties and municipalities. Separate aid payments were provided for M&E from 1975 until 1981 and for the three stocks from 1978 to 1980. During these periods, the aidable revenues formula was used to distribute a portion of the M&E aid and all of the three stocks aid. When funding from the two programs was incorporated into the shared revenue program in 1981 and 1982, the additional funding was distributed under the aidable revenues component. The incorporation of these aid programs into the shared revenue program is also noteworthy because it demonstrates that the shared revenue program continued to be used for the same purpose as the original shared tax program -- compensating local governments for tax base lost through legislative action.

As noted above, the 1972 formula changes included a minimum guarantee equal to 90% of each local government's prior year payment, which was intended to ease the transition to the new distribution. The guarantee was retained in 1976 when the aidable revenues component replaced the percentage of excess levies distribution, but the guarantee was scheduled to expire after the 1981 payments. However, the Legislature retained the 90% minimum guarantee effective with 1982 payments and funded those payments by limiting payment increases to those counties and municipalities that were scheduled to receive the largest percentage gains. The maximum percentage increase changed each year so that it "skimmed" payment increases by an amount that equaled the total amount of minimum payments. Subsequently, 1985 Act 29 increased the minimum guarantee from 90% to 95%, effective with payments in 1986. At the 90% level, local governments were more likely to receive minimum payments on a temporary basis. However, the 95% guarantee resulted in many local governments receiving minimum payments on an ongoing basis. Because minimum payments were funded by limiting payment increases to other local governments, the shared revenue program's ability

to redistribute funds to the "neediest" local governments was impaired. This ran counter to the primary policy objective of the shared revenue program -- tax base equalization.

For 1972 to 1977, state aids for counties and municipalities were funded from the shared tax account, in which various percentages of certain enumerated state tax collections were deposited. This mechanism connected those state aid distributions with the original shared tax distributions where local property tax revenues were supplanted with state tax revenues. Legislation in 1977 replaced the shared tax account with the shared revenue account. While this legislation appropriated specific amounts for distribution in 1977 and 1978, the legislation specified that the amounts available for distribution in future years were to increase at the same rate as the percentage increase in state "general fund tax revenue," but no more than 12% and no less than 5%. This mechanism maintained the connection to the original shared tax account. However, the 1977 funding mechanism was never actually employed. Between 1979 and 1986, shared revenue distribution amounts were legislated, although in some years the distribution amounts were set at the funding level that would have resulted in the absence of certain law changes. For example, the distribution levels for 1979 and 1980 were set so as to offset the effects of the state tax reductions legislated in 1979-80. The automatic shared revenue funding mechanism was eliminated by 1985 Wisconsin Act 120, and since 1987, state aid funding levels for counties and municipalities have been legislated.

County and Municipal Aid, 2004 and Thereafter

Provisions in 2001 Wisconsin Act 109 suspended distributions under the shared revenue program's aidable revenues, per capita, and minimum guarantee/maximum growth components, effective after payments in 2003. Distributions under the county mandate relief and small

municipalities shared revenue programs were suspended at the same time. As a result, shared revenue payments are now made only under the program's utility aid component, and funding from the program's sum sufficient appropriation is based entirely on amounts calculated under the utility aid formula.

Utility aid payments are now supplemented with payments under a new program named county and municipal aid, which was created by 2001 Wisconsin Act 109 and modified by 2003 Wisconsin Act 33. Beginning in 2004, the acts authorize payments to counties and municipalities funded from a newly created appropriation entitled the "county and municipal aid account." Each county and municipality received a payment in 2004 based on the sum of its payments in 2003 under the shared revenue (except for utility aid), county mandate relief, and small municipalities shared revenue programs. Payments equaled the 2003 amounts, reduced on a per capita basis, so that the sum of all reductions equaled \$40 million. Based on the state's 2003 population, a per capita reduction rate of \$3.64 was calculated. Payments to municipalities were subject to a second per capita based reduction, such that the sum of all reductions equaled \$50 million. However, those reductions cannot exceed 15.7% of the amounts remaining after the \$3.64 per capita reduction. The \$50 million reduction resulted in a reduction rate of \$12.78 per person. Total reductions of \$90.0 million occurred, as combined payments under the shared revenue, mandate relief, and small municipalities shared revenue programs decreased from \$981.6 million in 2003 to \$891.6 million in 2004 under the shared revenue (utility aid) and county and municipal aid programs.

Related Events, 1987 - 2003

Shared revenue was distributed to all counties and municipalities, so funding increases benefited a wide range of local governments. During the 1990's, three targeted aid programs were created

that benefited a smaller number of governments.

The tax rate disparity program was created by 1989 Wisconsin Act 336, and the program's first payments were made in 1991. The program was renamed expenditure restraint in 1994. Although the eligibility criteria changed somewhat in the transition, the program's distribution has been based on the excess levies concept, where qualifying municipalities' local purpose tax rates in excess of a "standard" tax rate are used to calculate payments. To qualify for payments, municipalities must have a local purpose tax rate above the standard rate and must limit the year-to-year increase in their spending to a percentage determined by a statutory formula. Of the state's 1,850 municipalities, the number of payment recipients has ranged from 155 in 1991 to 315 in 1997. The majority of the payment amounts have been distributed to large cities.

The small municipalities shared revenue program was created by 1991 Wisconsin Act 39, but did not receive funding until 1994. Aid was distributed to small municipalities with a local purpose tax rate of at least one mill, and payments were based on a per capita distribution that employed a tax base measure that had some equalizing properties. The number of recipients ranged from 1,142 in 1994 to 773 in 2003. By definition, the aid was targeted to small municipalities with populations of 5,000 or less and a full value of \$40 million or less.

The county mandate relief program was created in 1993, and the program's first payments were made in 1994. Aid was distributed on a per capita basis to each of the state's 72 counties. Previously, counties had received a per capita allocation under the shared revenue program until 1982. Although named mandate relief, the program was not tied to any specific state mandate.

Between 1991 and 2003, these targeted state aid payments increased from \$25.0 million to \$90.5

million, or by 262%. Over the same period, the shared revenue appropriation increased from \$869.0 million to \$949.2 million, or by 9%. From 1995 until 2001, funding for the shared revenue appropriation remained unchanged at \$930.5 million.

This period is also noteworthy for its succession of shared revenue studies. While these studies were numerous, few of their proposed changes became law. Responding to a charge from the Governor, the Department of Revenue convened a fifteen-member task force in 1991-92 to make recommendations on "redesigning the shared revenue formula." The recommendations of the task force included separating the county and municipal distribution amounts, excluding 25% of commercial property values from the tax capacity measure, and expanding the definition of local revenue effort. Also included was a recommendation to further study the distribution of state aid with a particular emphasis on the measurement of local fiscal burdens. In response to this recommendation, 1991 Wisconsin Act 269 appropriated \$50,000 for the Department of Revenue to commission a study.

The DOR study was conducted by Richard Green and Andrew Reschovsky of the University of Wisconsin-Madison and was completed in 1993. The study concluded that the aidable revenues formula had not been successful at meeting its policy objectives and suggested modifying the formula to reflect differential costs of providing public services. The study noted that concentrations of poverty and commuters led some municipalities to experience higher public service costs. The study noted that these costs could be reflected either by implementing a cost-based distribution formula or by modifying the current aidable revenues formula.

A second shared revenue task force was created by 1997 Wisconsin Act 27 and charged with recommending legislation to replace the shared revenue formula. The task force recommended indexing funding based on the inflation rate and linking eligibility for the per capita and aidable revenues reimbursements to the budget test used in the expenditure restraint program.

In April, 2000, Governor Thompson assembled the Commission on State/Local Partnerships for the Twenty-First Century (Executive Order No. 389), which was chaired by Donald Kettl of the University of Wisconsin-Madison. The Commission issued its report in January, 2001. While the Commission's charge was broader than shared revenue, it made a number of recommendations relative to the program. Although the Commission was supportive of the "equalizing and tax-rate-disparity-reducing" elements of shared revenue, the Commission recommended a distribution formula focusing on municipalities' ability to provide a basic package of services. The Commission coined the term "Badger Basics" to describe these services. Also, the Commission recommended replacing the per capita component with a program that groups municipalities into regions and rewards them for fostering economic growth.

Finally, the Wisconsin Task Force on State and Local Government was created by executive order in 2002 and issued its report in January, 2003. Recommendations included linking shared revenue funding to a fixed percentage of the state budget, correcting the shared revenue distribution formulas to support basic service equity, and using shared revenue to reward service sharing and penalize inefficiencies.

FY16

ANNUAL FISCAL REPORT

Budgetary Basis



State of Wisconsin
2016

**State of Wisconsin
2016 Annual Fiscal Report**

(Budgetary Basis)

Table of Contents

Table of Contents	1
Transmittal Letter	3

Economic Section

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

Statements of Fund Condition and Operations

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

Supplemental Data

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



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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October 15, 2016

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, 2016. 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 \$313.8 million as of the end of the fiscal year. General-purpose revenue taxes were \$15.097 billion compared to \$14.541 billion in the prior year, an increase of \$556 million or 3.8 percent.

General-purpose revenue expenditures, excluding fund transfers, were \$15.323 billion. This is \$103 million less than the budgeted expenditure allocation of \$15.426 billion.

In fiscal year 2016, the State of Wisconsin continued to devote the major share of state tax collections to assistance to local school districts, municipalities and counties. Local assistance accounted for 51.0 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 25.8 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 6.5 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 16.7 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in early 2017. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,

Scott A. Neitzel
Secretary of Administration

Jeffery C. Anderson, CPA
State Controller

Economic Section

The Year In Summary

Revenue Highlights

General purpose revenue (GPR) taxes for the fiscal year (FY) ending June 30, 2016 totaled \$15,097.5 million, an increase of 3.8 percent from FY 2015 collections of \$14,541.2 million.

Total collections for FY 2016 were \$77.9 million, or 0.5 percent, below the estimate of \$15,175.4 million.

Table 1

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

Tax Source	FY16	% of Total	FY15	% of Total	\$ Change FY16-FY15	% Change
Individual Income	\$7,740.8	51.3%	\$7,325.8	50.4%	\$415.0	5.7%
General Sales & Use	5,065.8	33.5%	4,892.1	33.7%	173.7	3.6%
Corporation Franchise & Income	963.0	6.4%	1,004.9	6.9%	-41.9	-4.2%
Excise	708.5	4.7%	699.1	4.8%	9.4	1.3%
Public Utility	360.6	2.4%	381.8	2.6%	-21.2	-5.6%
Insurance Companies	177.3	1.2%	165.5	1.1%	11.8	7.1%
Miscellaneous	81.5	0.5%	72.0	0.5%	9.5	13.2%
TOTAL GPR	\$15,097.5	100.0%	\$14,541.2	100.0%	\$556.3	3.8%

Individual Income Tax

Individual income tax collections increased \$415.0 million (5.7 percent) from \$7,325.8 million in FY 2015 to \$7,740.8 million in FY 2016. This was \$69.2 million (0.9 percent) below the \$7,810.0 million estimate. The individual income tax share of total GPR taxes increased from 50.4 percent in FY 2015 to 51.3 percent in FY 2016.

The largest component of individual income tax collections is withholding from wages and salaries, which increased 4.3 percent from \$6,874.0 million to \$7,171.8 million. Estimated payments increased 2.0 percent from \$1,248.5 million to \$1,273.6 million, while refunds decreased 3.6 percent from \$1,758.3 million to \$1,695.4 million. Final payments, or payments with returns, increased 4.4 percent to \$629.0 million.

General Sales and Use Tax

Collections from the 5 percent general sales and use tax increased 3.6 percent from \$4,892.1 million to \$5,065.8 million. This was \$15.1 million (0.3 percent) above the \$5,050.7 million estimate. Sales tax collections as a percentage of total GPR taxes held effectively steady at 33.5 percent.

Corporation Franchise and Income Tax

Corporate collections decreased 4.2 percent from \$1,004.9 million in FY 2015 to \$963.0 million in FY 2016. Corporate collections as a percentage of total GPR taxes declined to 6.4 percent in FY 2016 from 6.9 percent in FY 2015. Corporate collections were \$27.0 million (2.7 percent) below the estimate of \$990.0 million.

The major source of corporate collections, estimated payments, decreased by 3.9 percent from \$904.3 million in FY 2015 to \$868.7 million in FY 2016.

Excise Tax

Cigarette tax collections increased 0.7 percent from \$569.5 million in FY 2015 to \$573.4 million in FY 2016. Collections in FY 2016 were above the estimate by \$2.4 million (0.4 percent).

Tobacco products tax collections increased 5.9 percent from \$71.9 million in FY 2015 to \$76.1 million in FY 2016. Collections in FY 2016 were below the estimate by \$0.3 million (0.4 percent).

Liquor and wine tax collections increased 2.5 percent from \$48.8 million in FY 2015 to \$50.0 million in FY 2016. Collections in FY 2016 were almost exactly equal to the estimate, finishing just \$9,000 below the January forecast.

Beer tax collections increased 1.7 percent from \$8.8 million in FY 2015 to \$9.0 million in FY 2016. Collections in FY 2016 were nearly equal to the estimate, finishing the year 0.2 percent below.

Other Taxes

Public utility tax collections decreased \$21.2 million (5.6 percent) from \$381.8 million in FY 2015 to \$360.6 million in FY 2016. Collections were \$10.2 million (2.8 percent) below the FY 2016 estimate.

Insurance company taxes (generally based on premiums) increased 7.1 percent from \$165.5 million in FY 2015 to \$177.3 million in FY 2016. Collections were \$9.3 million (5.6 percent) above the FY 2016 estimate.

Miscellaneous taxes increased 13.2 percent from \$72.0 million in FY 2015 to \$81.5 million in FY 2016. This is \$1.9 million (2.4 percent) above the estimate for the fiscal year. The largest component of miscellaneous taxes, the real estate transfer fee, increased 12.7 percent to \$65.1 million in FY 2016.

Expenditure Highlights

Aid for K-12 education continues to be the top GPR expenditure for the state. Along with significant aid going to local school districts, the Governor and Legislature were able to maintain property and income tax relief in FY 2016. State property tax relief aid kept property taxes lower in 2015(16) than they were in 2010(11) for the median value home. Income tax relief for the median income family was \$244 in tax year 2015 and will total an estimated \$916 from tax year 2013 to 2016.

The state began FY 2016 with a general fund GPR balance of \$135.6 million. By the close of FY 2016, this balance has grown to over \$300 million, which is larger than previously estimated at the time of the 2015-17 Biennial Budget enactment. This general fund balance is in addition to maintaining the largest budget stabilization ("rainy day") fund balance in state history at \$281 million.

Total GPR spending decreased 0.1 percent or \$11.0 million in FY 2016, as shown in Table 2. This compares to a 4.8 percent increase in FY 2015. The largest portion of GPR expenditures in

FY 2016 was directed to school districts and other local units of government, consistent with past years. Local Assistance payments decreased by 2.3 percent, and these expenditures were \$7,809.0 million or 51.0 percent of total GPR spending in FY 2016 compared to \$7,989.0 million or 52.1 percent of total spending in FY 2015. Aid payments to individuals and organizations increased by 6.4 percent, and these expenditures were \$3,961.7 million, which was 25.8 percent of total GPR spending in FY 2016, compared to \$3,723.1 million or 24.3 percent in FY 2015. State operations spending decreased 1.9 percent in FY 2016, with expenditures of \$3,552.2 million that accounted for 23.2 percent of total GPR spending, compared to \$3,621.8 million or 23.6 percent in FY 2015.

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 2016, which is the same as in FY 2015. Immediately following this section is a brief explanation of each program.

Table 2

GPR BUDGET BY PURPOSE GPR Expenditures (\$ Millions)

	<u>FY16</u>	<u>% of Total</u>	<u>FY15</u>	<u>% of Total</u>	<u>\$ Change FY16-FY15</u>	<u>% Change</u>
Local Assistance	\$7,809.0	51.0%	\$7,989.0	52.1%	-\$180.0	-2.3%
Aids to Individuals	3,961.7	25.8%	3,723.1	24.3%	238.6	6.4%
State Operations:						
UW System	993.5	6.5%	1,086.0	7.1%	-92.5	-8.5%
All Other Agencies	2,558.7	16.7%	2,535.8	16.5%	22.9	0.9%
Total	\$15,322.9	100.0%	\$15,333.9	100.0%	-\$11.0	-0.1%
Transfers	<u>38.0</u>		<u>169.6</u>			
TOTAL GPR	<u>\$15,360.9</u>		<u>\$15,503.5</u>			

Table 3

TOP TEN PROGRAMS
GPR Expenditures
(\$ Millions)

	<u>FY16</u>	<u>% of Total</u>	<u>FY15</u>	<u>% of Total</u>	<u>\$ Change FY16-FY15</u>	<u>% Change</u>
1. School Aids	\$5,223.6	34.1%	\$5,336.8	34.8%	-\$113.2	-2.1%
2. Medical Assistance	2,700.8	17.6%	2,520.0	16.4%	180.8	7.2%
3. Correctional Services	1,159.5	7.6%	1,145.1	7.5%	14.4	1.3%
4. UW System	993.5	6.5%	1,086.0	7.1%	-92.5	-8.5%
5. State Property Tax Credits	895.4	5.8%	894.1	5.8%	1.3	0.1%
6. Shared Revenue	827.4	5.4%	824.0	5.4%	3.4	0.4%
7. WI Technical College System	516.1	3.4%	511.1	3.3%	5.0	1.0%
8. Individual Tax Relief	216.9	1.4%	226.2	1.5%	-9.3	-4.1%
9. Community Aids	200.6	1.3%	197.2	1.3%	3.4	1.7%
10. State Supplement to SSI	154.8	1.0%	153.5	1.0%	1.3	0.8%
All Others	<u>2,434.3</u>	<u>15.9%</u>	<u>2,439.9</u>	<u>15.9%</u>	<u>-5.6</u>	<u>-0.2%</u>
Subtotal	\$15,322.9	<u>100.0%</u>	\$15,333.9	<u>100.0%</u>	<u>-\$11.0</u>	<u>-0.1%</u>
Transfers	<u>38.0</u>		<u>169.6</u>			
TOTAL	<u>\$15,360.9</u>		<u>\$15,503.5</u>			

School Aids: State GPR assistance to Wisconsin's 424 school districts decreased by 2.1 percent or \$113.2 million in FY 2016. However, in the overlapping 2015-16 school year, school districts were able to spend \$126.8 million in per pupil aid not reflected in the above table. This amount is budgeted in FY 2017 but specified as aid for FY 2016. Overall, through a combination of state aids and property tax credits, the state reimbursed approximately 62.7 percent of school costs in FY 2016, up from 62.3 percent in FY 2015.

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 0.8 percent since FY 2011.

There are two major types of direct school aid. Approximately 82.4 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 the Milwaukee Public Schools special transfer aid program for pupils transferring between schools with certain concentrations of minority and nonminority populations. The remaining 17.6 percent of direct aids are categorical aids, generally distributed based on local expenditures for specific activities or educational programs. Major categorical aid programs include programs for addressing special education needs and maintaining small class sizes. In addition, during FY 2016, school districts were provided a \$150 adjustment for each pupil through the per pupil categorical program.

In addition to direct aid, in FY 2016 the state also provided \$197.3 million GPR for children from low-income families in the city of Milwaukee and certain eligible school districts statewide to attend private schools at no charge. For FY 2016, the Milwaukee Parental Choice Program was funded 71.2 percent with GPR and 28.8 percent by the Milwaukee Public School District through an adjustment to its general equalization aid calculation. The state also provided \$33.5 million for choice programs in Racine and across the state.

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 2016, total MA expenditures, including BadgerCare Plus, were approximately \$8,438.5 million, of which \$2,700.8 million was GPR. On an all funds basis, MA expenditures decreased by 3.5 percent from FY 2015.

During FY 2016, MA enrollment remained relatively flat, increasing by 0.19 percent. Enrollment trends varied within eligibility groups, however. Average monthly enrollment of low-income adults and children in the BadgerCare Plus program decreased by 0.35 percent, while the average monthly enrollment of elderly individuals and people with disabilities increased by 1.75 percent.

The MA totals do not include expenditures for SeniorCare, Wisconsin's pharmacy assistance program for the elderly. In FY 2016, all funds expenditures were budgeted at \$101.5 million. Of the all funds amounts, actual FY 2016 GPR expenditures totaled \$18.2 million, a \$1.9 million increase from FY 2015. Average monthly enrollment in SeniorCare increased by 2.5 percent in FY 2016, and any increases in expenditures can be attributed to higher drug utilization and benefits paid to individuals.

Correctional Services: Total GPR expenditures for the state corrections program increased \$14.4 million, or 1.3 percent, over the prior year, reaching \$1,159.5 million in FY 2016. The number of incarcerated felons under the supervision of the state adult corrections program increased 1.7 percent from an average daily population of 22,461 in FY 2015 to 22,842 in FY 2016. The increase in spending is mainly attributed to an increase in general program operations costs for salary and inmate healthcare, as well as corrections contracts and agreements, which were slightly offset by decreases to energy costs and debt repayments.

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. In this transition year, the program and its associated costs continue to be identified as Correctional Services.

University of Wisconsin System: Total GPR expenditures for the University of Wisconsin (UW) System decreased by \$92.5 million, or 8.5 percent in FY 2016. This occurred at the same time the UW System's total operating budget for FY 2016 rose to the highest level ever. In addition, unrestricted fund balances were \$883.3 million at the close of FY 2016.

In the 2015-16 academic year, resident undergraduate tuition remained frozen at 2012-13 academic year levels and continues to be a relative bargain in higher education. Tuition will remain frozen in the 2016-17 academic year for a historic four-year freeze. Compared to the annualized increase of 8.1 percent per year in the ten years prior to the freeze, this is saving the average student \$6,311 over four years.

In addition to low basic tuition, access to college for lower income families was further protected through steady support for the Wisconsin Grant Program, formerly known as the Wisconsin Higher Education Grant (WHEG) and Tuition Grant programs for UW students. Since FY 2003, support for WHEG grants has increased by 183 percent.

State Property Tax Credits: The School Levy and First Dollar Tax Credits help to directly reduce property tax bills of residences and businesses. Funding for the School Levy Tax Credit in FY 2016 was \$747.4 million GPR. The credit offset 7.2 percent of 2014 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 \$148.0 million in FY 2016, helps to give greater tax relief to lower-value property by offsetting property taxes on the first \$6,500 of property value for eligible parcels.

Shared Revenue: State shared revenue provides unrestricted aid to municipal and county governments. In FY 2016, the shared revenue formula distributed a total of \$878.4 million, consisting of \$827.4 million GPR and \$51.0 million SEG. The GPR portion of this amount consisted of

county and municipal aids of \$696.4 million, utility aids of \$72.8 million, and expenditure restraint payments of \$58.1 million. The Expenditure Restraint Program provides aids to municipalities with tax rates over five mills that restrained their spending increases. The GPR portion of shared revenue payments increased by 0.2 percent over FY 2015, reflecting a 3.0 percent increase in GPR public utility payments and a \$2.0 million decrease in SEG funding. Statewide, shared revenue payments provided municipalities with about 12.6 percent and counties with about 3.0 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 2015, 25,988 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.

Until FY 2015, local technical college districts relied on property taxes for over 50 percent of their funding. In FY 2015, the state invested \$406 million GPR annually to effectuate a corresponding decrease in property taxes levied by the technical college districts. As a result, state aid is now the largest source of revenue for technical college districts.

Tax Relief to Individuals: Wisconsin paid out \$216.9 million GPR in tax relief to individuals through a variety of refundable tax credit programs during FY 2016.

The Earned Income Credit program reduces income taxes or supplements income for about 255,400 low-income working families with children. In FY 2016, this program paid a total of \$101.8 million in all funds to these households, an increase of about \$1.0 million over FY 2015.

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 2016, the credit provided \$99.9 million of tax relief, compared with \$106.3 million in FY 2015. Over 191,400 low-income homeowners and renters – around 30 percent of them elderly – benefit from the program each year.

The Veterans and Surviving Spouses Property Tax Credit reduced income taxes for or provided a refund check to approximately 8,900 veterans and surviving spouses by providing a credit for taxes paid on a principal dwelling. Tax credit expenditures were \$28.5 million in FY 2016, an increase of \$2.5 million over FY 2015.

Wisconsin's Farmland Preservation Credit programs provide credits to about 13,400 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 2016 – one based on income and the other based on the number of qualifying acres and other criteria. Combined expenditures under Farmland Preservation Credit programs totaled \$19.5 million in FY 2016, an increase of \$0.4 million relative to FY 2015.

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 \$200.6 million in FY 2016. Between FY 2015 and FY 2016, the Community Aids funding distributed by the departments increased by \$3.4 million GPR, a 1.7 percent change. The increase is, in part, due to distribution changes enacted in 2015 Wisconsin Act 55, which consolidated existing community mental health services into Community Aids.

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 2016, a total of \$154.8 million was expended in SSI payments. The expenditure increase of \$1.3 million GPR over FY 2015 is due to an increase in caseload.

Comparative Condition of the General Fund
FY16 Actual vs. Budget
(in Thousands)

	<u>FY16 Actual</u>	<u>Budget</u>	<u>Variance</u>
OPENING BALANCES			
Unreserved, Undesignated Opening Balance	\$ 135,555	\$ 135,555	\$ 0 ¹
Prior Year Designation of Continuing Balances	91,276	0	91,276 ²
Prior Period Adjustment	0	0	0
Unreserved Opening Balance	<u>226,831</u>	<u>135,555</u>	<u>91,276</u>
REVENUES			
Taxes	15,097,489	15,175,355	(77,866) ³
Departmental Revenues	<u>505,629</u>	<u>543,649</u>	<u>(38,020)</u> ⁴
Total Revenues	<u>15,603,118</u>	<u>15,719,004</u>	<u>(115,886)</u>
Total Available Resources	<u>15,829,949</u>	<u>15,854,559</u>	<u>(24,610)</u>
APPROPRIATIONS			
Gross Appropriations	15,853,332	15,749,242	(104,090) ⁵
Compensation Reserves	953	10,693	9,740 ⁶
Transfers	38,010	38,010	0 ⁷
Less: Lapses	<u>(376,166)</u>	<u>(334,072)</u>	<u>42,094</u> ⁸
Net Appropriations	<u>15,516,130</u>	<u>15,463,873</u>	<u>(52,256)</u>
UNDESIGNATED UNRESERVED BALANCE	<u>\$ 313,819</u>	<u>\$ 390,685</u>	<u>\$ (76,866)</u>

Notes:

- UNDESIGNATED, UNRESERVED OPENING BALANCE. The fund condition for the fiscal year 2016 is included in the Final Chapter 20 fund condition statement. The opening balance for fiscal year 2016 was based on actual revenues, appropriations and opening balance from the preceding year.
- 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.
- TAXES. Actual tax collections were lower than the estimated tax collections contained in the Final Chapter 20 revenue estimates provided by the Legislative Fiscal Bureau.
- 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 lapses and transfers from state agencies would be allocated to departmental revenues. However, some of those reductions actually occurred as lapses from GPR appropriations.
- GROSS APPROPRIATIONS. Final gross appropriations varied from estimated gross appropriations as follows:

Gross Appropriations Per the fund condition summary	\$ 15,749,242
Add: continuing appropriation authority brought forward	91,276
Add: increases to sum sufficient appropriations above Chapter 20	4,749
Add: new legislation	3,669
Add: biennial adjustments	<u>4,666</u>
FINAL GROSS APPROPRIATIONS	<u>\$ 15,853,332</u>
- COMPENSATION RESERVES. Compensation reserves are budgetary set-asides for employee wage and benefit increases for the fiscal year.
- TRANSFERS. Transfers were equal to the amount in the fund condition statement.
- 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.

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

(In Millions of Dollars)

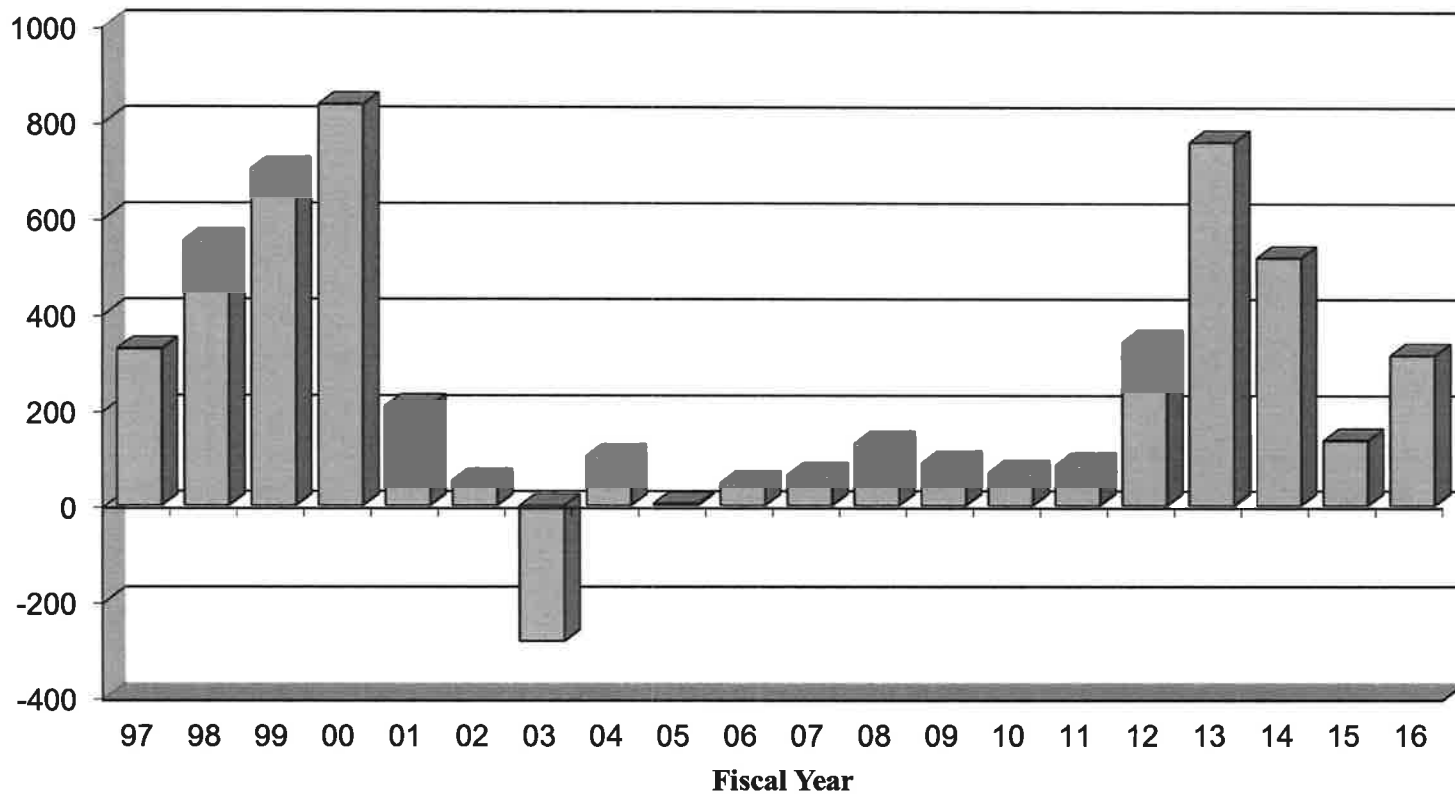


Exhibit A-1

State of Wisconsin
Statement of Recorded Revenues, Expenditures and Fund Balance-Budget vs.
Actual-General Purpose Revenues-Statutory Basis ¹
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budget			Actual	Variance
	Published Budget	Appropriation Adjustments	Final Budget		
Beginning Unreserved					
Undesignated Balance.....	\$ 135,555	\$	\$ 135,555	\$ 135,555	\$ 0
Beginning Unreserved					
Designated Balance.....		91,276	91,276	91,276	0
Total.....	135,555	91,276	226,831	226,831	0
REVENUES					
Taxes:					
Individual.....	7,810,000		7,810,000	7,740,825	(69,175)
Corporation.....	990,000		990,000	963,027	(26,973)
Sales & Use.....	5,050,655		5,050,655	5,065,762	15,107
Excise.....	706,400		706,400	708,509	2,109
Inheritance & Gift.....	0		0	1,745	1,745
Public Utility.....	370,800		370,800	360,597	(10,203)
Insurance.....	168,000		168,000	177,326	9,326
Miscellaneous.....	79,500		79,500	79,698	198
Total Taxes.....	15,175,355		15,175,355	15,097,489	(77,866)
Departmental Revenue:					
Indian Gaming Revenue.....	25,605		25,605	25,847	242
Other.....	518,043		518,043	263,360	(254,683)
Total Department Revenues.....	543,648		543,648	289,207 (3)	(254,441)
Total Revenues.....	15,719,003		15,719,003	15,386,696	(332,307)
TOTAL AVAILABLE.....	15,854,558	91,276	15,945,834	15,613,527	(332,307)
EXPENDITURES					
					LAPSE
Commerce.....	36,870	312	37,182	36,824	358
Education.....	7,111,299	(2,953)	7,108,346	6,954,636	153,710
Environmental Resources.....	226,543	1,364	227,907	222,820	5,087
Human Relations & Resources.....	5,312,169	(67,172)	5,244,997	5,225,859	19,138
General Executive.....	617,581	694	618,275	468,725	149,550
Judicial.....	124,041	(1,081)	122,960	117,895	5,065
Legislative.....	74,040	(2,556)	71,484	64,739	6,745
General (Incl. Shared Revenue).....	2,246,699	21,263	2,267,962	2,231,449	36,513
Transfer (Gen Fund Cond).....	38,010	0	38,010	38,010	0
Compensation Reserves.....	10,693	(953)	9,740	0	9,740
Less: Estimated Lapse.....	(334,072)	0	(334,072)	0	(334,072)
TOTAL EXPENDITURES.....	15,463,873	(51,082)	15,412,791	15,360,957	51,834
Transfers - General Fund.....	0	0	0	216,421 (3)	216,421
UNRESERVED BALANCE	390,685	142,358	533,043	468,991	(64,052)
Designation for continuing balances.....	0	(155,172)	(155,172)	(155,172)	0
UNRESERVED					
Undesignated Balance.....	\$ 390,685	\$ (12,814)	\$ 377,871	\$ 313,819	\$ (64,052)

(2)

The accompanying notes are an integral part of this statement.

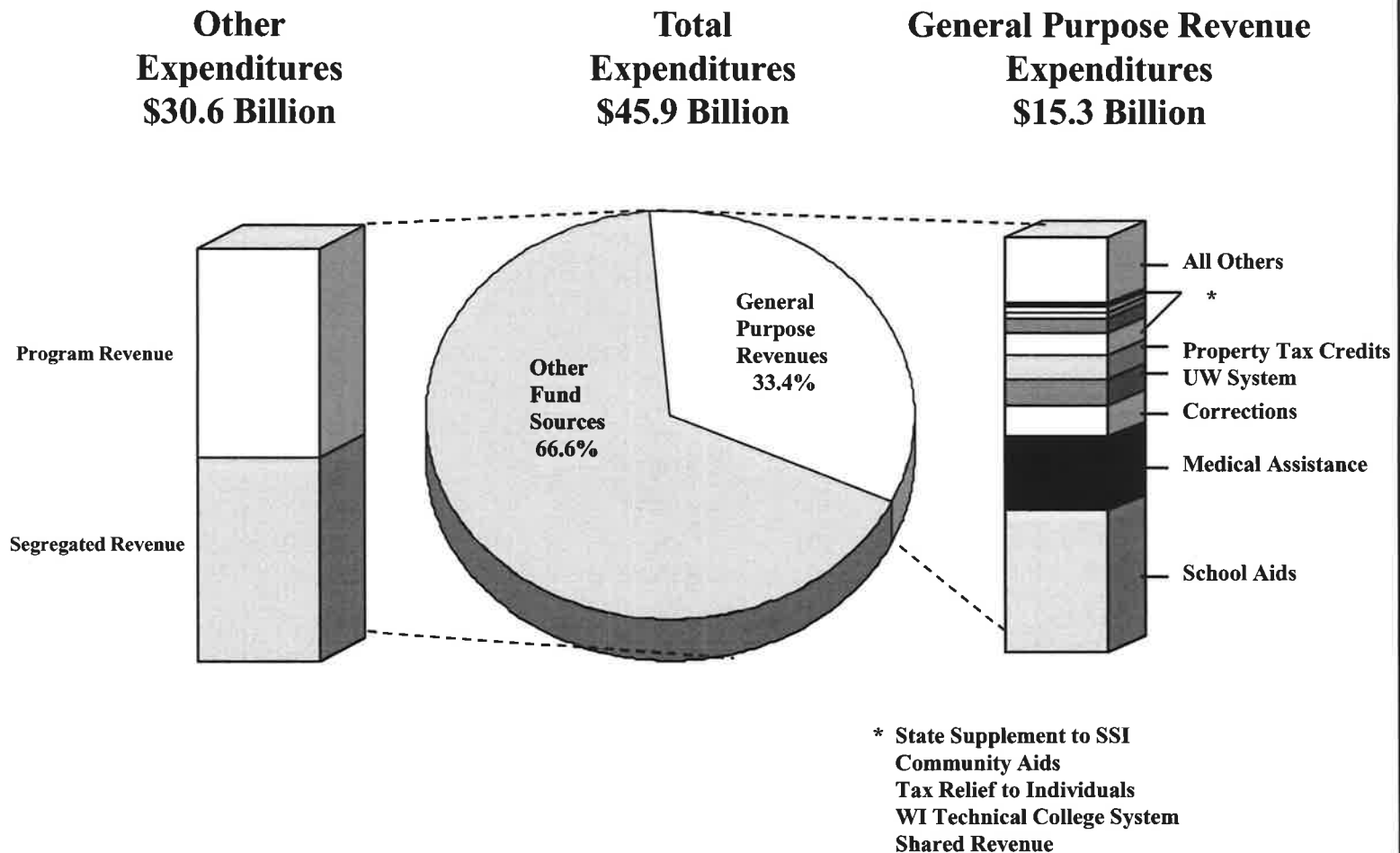
(1) See Note M

(2) See Note E

(3) See Note F

Total Expenditures by Fund Source, State of Wisconsin

For the Fiscal Year Ended June 30, 2016



For more detail on expenditures, see Schedule A-2

Exhibit A-2

State of Wisconsin
Statement of Recorded Revenues, Expenditures, and Changes in Fund Balance ¹

All Funds - Statutory Basis
For the Fiscal Year Ended June 30, 2016

(In Thousands)

	General Fund			Major Special Revenue Funds			As of
	General Purpose	Program Revenue	Subtotal	Transportation	Conservation	Other	June 30, 2016
REVENUES							
Taxes.....	\$ 15,097,489	\$ 41,841	\$ 15,139,330	\$ 1,089,245	\$ 93,869	\$ 69,820	\$ 16,392,264
Intergovernmental Revenue.....	10,196	10,069,362	10,079,558	905,386	41,778	86,237	11,112,959
Licenses.....	60,533	288,143	348,676	512,417	116,737	830,895	1,808,725
Charges for Goods and Services.....	472	3,463,520	3,463,992	36,602	31,835	651,797	4,184,226
Contributions.....	0	0	0	0	0	3,411,872	3,411,872
Interest & Investment Income.....	208	86,187	86,395	1,327	21	990,010	1,077,753
Gifts & Donations.....	6	579,160	579,166	11	991	16,359	596,527
Other Revenue.....	142,177	1,281,488	1,423,665	35,649	2,809	1,282,021	2,744,144
Transfers.....	10,605	(6,749)	3,856	7,106	23,081	1,367,696	1,401,739
Other Transactions.....	65,010	74,827	139,837	4,456	25	44,103	188,421
Proceeds from Bonds & Notes.....	0	0	0	176,566	0	805,006	981,572
TOTAL REVENUES	15,386,696	15,877,779	31,264,475	2,768,765	311,146	9,555,816	43,900,202
EXPENDITURES							
Commerce.....	36,824	162,374	199,198	0	1,633	100,682	301,513
Education.....	6,954,636	5,840,944	12,795,580	0	398	372,319	13,168,297
Environmental Resources.....	222,820	83,728	306,548	2,622,187	293,576	726,422	3,948,733
Human Relations & Resources.....	5,225,859	8,816,871	14,042,730	0	0	1,825,015	15,867,745
General Executive.....	468,725	536,990	1,005,715	1,701	0	7,848,142	8,855,558
Judicial.....	117,895	13,042	130,937	0	0	216	131,153
Legislative.....	64,739	2,216	66,955	0	0	0	66,955
General (Incl. Shared Revenue).....	2,231,449	67,881	2,299,330	22,888	36	1,222,450	3,544,704
TOTAL EXPENDITURES	15,322,947	15,524,046	30,846,993	2,646,776	295,643	12,095,246	45,884,658
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES.....	63,749	353,733	417,482	121,989	15,503	(2,539,430)	(1,984,456)
BEGINNING FUND BALANCE							
DESIGNATED.....	91,276	0	91,276	0	0	0	91,276
UNDESIGNATED.....	135,555	1,223,601	1,359,156	(1,137,702)	42,686	98,416,270	98,680,410
TOTAL	226,831	1,223,601	1,450,432	(1,137,702)	42,686	98,416,270	98,771,686
INTER-FUND							
TRANSFERS.....	178,411	(160,845)	17,566	59,010	0	(76,576)	0
ENDING FUND BALANCE	468,991	1,416,489	1,885,480	(956,703)	58,189	95,800,264	96,787,230
DESIGNATED.....	(155,172)	0	(155,172)	0	0	0	(155,172)
UNDESIGNATED.....	\$ 313,819	\$ 1,416,489	\$ 1,730,308	\$ (956,703)	\$ 58,189	\$ 95,800,264	\$ 96,632,058

(2)

The accompanying notes are an integral part of this statement.

(1) See Note M

(2) See Note I

Exhibit A-3

State of Wisconsin
 Summary of Recorded Revenues and Expenditures-All Other Funds-
 Statutory Basis (Including Inter-Fund Transfers) ¹
 For the Fiscal Year Ended June 30, 2016
 (In Thousands)

Funds By Category		Undesignated Fund Balance as of June 30, 2015	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2016
<u>OTHER GOVERNMENTAL FUNDS</u>						
<u>Other Special Revenue</u>						
213	Heritage State Parks & Forests	\$ 1,216	\$ 86	\$ 57	\$ 0	\$ 1,245
214	Unemployment Interest Payment	11,294	(1,912)	0	0	9,382
217	Waste Management	7,444	62	33	0	7,473
219	Investment and Local Impact	281	0	204	0	77
220	Election Administration	7,209	291	2,584	0	4,916
222	Industrial Building Construction	0	0	0	0	0
224	Self-Insured Employer Liability	184	33	0	0	217
225	Medical Assistance Trust	10,159	286,862	330,590	62,987	29,418
226	Work Injury Benefits	8,053	6,267	2,036	0	12,284
227	Workers Compensation	1,989	13,680	13,188	0	2,481
228	Unemployment Program Integrity	1,124	347	79	0	1,392
229	Uninsured Employers	12,529	6,037	3,074	0	15,492
234	Hospital Assessment Fund	146	417,258	416,536	0	868
235	Utility Public Benefits	9,189	110,577	102,273	0	17,493
237	Critical Access Hospital Assessment	(257)	8,310	5,509	(1,698)	846
238	Mediation	89	187	216	0	60
239	Police and Fire Protection	216	53,314	51,013	0	2,517
241	Working Lands	145	4	8	0	141
248	Economic Development (2)	6,930	23,871	21,977	0	8,824
249	Read To Lead Development	139	1	11	0	129
250	State Capitol Restoration	85	5	0	0	90
257	Agricultural Chemical Cleanup	5,375	2,021	828	(1,000)	5,568
258	Farms For The Future	0	0	0	0	0
259	Agrichemical Management	6,756	8,302	6,979	0	8,079
261	Agricultural Producer Security	6,414	1,616	1,011	0	7,019
264	Historical Legacy Trust	73	0	0	0	73
266	Historical Preservation Partnership Trust	248	3,807	3,465	0	590
268	Wireless 911	32	0	0	0	32
272	Petroleum Inspection	21,639	46,342	25,748	(21,000)	21,233
274	Environmental	24,169	68,554	89,377	1,000	4,346
277	Dry Cleaner Environmental Responsibility	(5,872)	748	833	0	(5,957)
279	Recycling and Renewable Energy (2)	0	0	0	0	0
280	Information Technology Investment	(2,664)	25	0	0	(2,639)
281	Military Family Relief	407	1	83	0	325
285	Universal Service	8,501	47,783	41,690	0	14,594
286	Budget Stabilization	280,280	899	0	0	281,179
289	Land Information	256	6,577	6,152	0	681
291	Permanent Endowment	0	133,265	0	(133,265)	0
723	Children's Trust	35	26	0	0	61
	Total Other Special Revenue	423,813	1,245,246	1,125,554	(92,976)	450,529
<u>Debt Service</u>						
315	Bond Security and Redemption	6,872	955,189	955,486	0	6,575

Exhibit A-3

State of Wisconsin
 Summary of Recorded Revenues and Expenditures-All Other Funds-
 Statutory Basis (Including Inter-Fund Transfers) ¹
 For the Fiscal Year Ended June 30, 2016
 (In Thousands)

Funds By Category		Undesignated Fund Balance as of June 30, 2015	Revenues	Expenditures	Inter-Fund Transfers	Undesignated Fund Balance as of June 30, 2016
<u>Capital Projects</u>						
490	State Building Trust	65,056	141,911	99,921	0	107,046
495	Capital Improvement	96,125	735,540	811,512	0	20,153
	Total Capital Projects	161,181	877,451	911,433	0	127,199
<u>Permanent</u>						
743	Agriculture College	305	0	0	0	305
744	Common School Principal	975,716	49,719	0	0	1,025,435
745	Normal School	26,613	2,982	274	0	29,321
746	University	234	0	0	0	234
760	Historical Society Trust	14,623	769	532	0	14,860
763	Common School Income	9,336	35,545	37,693	0	7,188
767	Benevolent	14	0	0	0	14
875	University Trust Principal	198,563	9,725	0	0	208,288
876	University Trust Income	49,072	28,264	22,120	0	55,216
	Total Permanent	1,274,476	127,004	60,619	0	1,340,861
TOTAL OTHER GOVERNMENTAL FUNDS		1,866,342	3,204,890	3,053,092	(92,976)	1,925,164
<u>FIDUCIARY AND OTHER</u>						
<u>Pension (and Other Employee Benefit)</u>						
262	Public Employee Trust	1,591,819	93,261	151,354	0	1,533,726
747	Core Retirement Investment Trust	86,097,573	4,238,829	6,497,024	0	83,839,378
751	Variable Retirement Investment	7,076,234	209,336	588,433	0	6,697,137
	Total Pension (and Other Employee Benefit)	94,765,626	4,541,426	7,236,811	0	92,070,241
<u>Private Purposes</u>						
570	Tuition Trust	5,122	51	710	0	4,463
769	College Savings Program Trust	11,696	1,660	315	0	13,041
	Total Private Purposes.....	16,818	1,711	1,025	0	17,504
<u>Agency</u>						
788	Support Collections Trust	15,536	962,044	961,611	0	15,969
<u>Other (Business-type funds)</u>						
521	Lottery	18,745	627,658	613,670	0	32,733
531	Local Govt Property Insurance	1,626	4,227	22,218	16,400	35
532	State Life Insurance	118,048	8,174	4,639	0	121,583
533	Injured Patients & Families Compensation	1,220,673	77,319	10,504	0	1,287,488
573	Environmental Improvement	379,035	96,893	162,317	0	313,611
582	Veterans Trust	4,501	14,609	14,238	0	4,872
583	Veterans Mortgage Loan Repayment	8,959	16,174	14,634	0	10,499
587	Transportation Infrastructure Loan	361	691	486	0	566
	Total Other (Business-type funds).....	1,751,948	845,745	842,706	16,400	1,771,387
TOTAL FIDUCIARY AND OTHER.....		96,549,928	6,350,926	9,042,153	16,400	93,875,101
TOTAL - ALL FUNDS.....		\$ 98,416,270	\$ 9,555,816	\$ 12,095,245	\$ (76,576)	\$ 95,800,265

The accompanying notes are an integral part of this statement

(1) See Note M

(2) See Note L

Exhibit A-4

State of Wisconsin
Comparative General Fund Statement of Assets, Liabilities and Fund Balance ¹
Fiscal Years Ended June 30, 2016, 2015, and 2014
(In Thousands)

	June 30, 2016	June 30, 2015	June 30, 2014
<u>ASSETS</u>			
Cash.....	\$ 1,236,220	\$ 1,375,275	\$ 1,505,307
Contingent Fund Advances.....	2,774	2,909	2,931
Investments.....	0	0	0
Accounts Receivable.....	1,753,176	1,418,149	1,410,134
Due from Other Funds.....	85,276	160,950	206,976
Inventory.....	0	588	364
Prepayments.....	3,304	72,749	69,120
Other Assets.....	128,547	127,622	115,065
TOTAL ASSETS.....	3,209,297	3,158,242	3,309,897
<u>LIABILITIES</u>			
Accounts Payable.....	522,610	591,323	536,002
Operating Notes Payable.....	0	0	0
Due to Other Funds.....	63,874	337,782	194,579
Tax and Other Deposits.....	40,672	28,271	20,476
Deferred Revenue.....	197,133	185,747	175,201
TOTAL LIABILITIES.....	824,289	1,143,123	926,258
<u>FUND BALANCE</u>			
<u>Reserved Balances</u>			
GPR Encumbrances.....	152,251	145,639	119,124
PR Encumbrances.....	347,277	419,048	472,871
Total Reserved Balances.....	499,528	564,687	591,995
<u>Unreserved Designated Balances</u>			
GPR Designation for Continuing Balances.....	155,172	91,276	122,411
<u>Unreserved Balances</u>			
GPR Unreserved Balance.....	313,819	135,555	516,891
PR Unreserved Balance.....	1,416,489	1,223,601	1,152,342
Total Unreserved Balances.....	1,730,308	1,359,156	1,669,233
TOTAL FUND BALANCE.....	2,385,008	2,015,119	2,383,639
TOTAL LIABILITIES AND FUND BALANCE..... \$	3,209,297 \$	3,158,242 \$	3,309,897

The accompanying notes are an integral part of this statement

(1) See Note M

Exhibit A-5
 Budget vs Actual Expenditures ¹
 All Funds Statutory Basis
 For the Fiscal Year Ended June 30, 2016
 (In Thousands)

Function/Expenditure Description	Budget			Actual	Lapses and Balances
	Published Budget ²	Budget Adjustments	Final Budget	Expenditures ³	
Commerce	\$ 355,477	\$ 25,014	\$ 380,491	\$ 291,386	\$ 89,105
Education	13,083,793	350,124	13,433,917	12,873,066	560,851
Environmental Resources	3,490,416	434,583	3,924,999	3,317,785	607,213
Human Relations and Resources	14,559,082	1,208,532	15,767,614	13,630,803	2,136,810
General Executive	1,355,985	230,023	1,586,008	1,241,112	344,896
Judicial	138,257	1,129	139,386	131,151	8,236
Legislative	76,208	-	76,208	66,695	9,514
General Appropriations	2,552,145	82,414	2,634,559	2,551,324	83,235
Total Chapter 20	<u>\$ 35,611,363</u>	<u>\$ 2,331,819</u>	<u>\$ 37,943,182</u>	<u>\$ 34,103,322</u>	<u>\$ 3,839,860</u>
Retirement Annuities			7,086,145	7,086,145	-
Support Collection Trust Payments			975,000	961,571	13,429
Insurance Premiums			85,679	85,679	-
Debt Service Payments			955,486	955,486	-
Capital Projects Expenditures			908,036	908,036	-
Lottery Prizes			386,736	372,560	14,176
Other Segregated Revenue			509,062	163,771	345,291
Program Revenue Appropriations			1,253,609	974,323	279,287
Clearing and Custody Accounts			59,168	59,168	-
Total Non Chapter 20 Expenditures			<u>\$ 12,218,922</u>	<u>\$ 11,566,738</u>	<u>\$ 652,183</u>
Total State Expenditures Excluding Transfers			<u>\$ 50,162,104</u>	<u>\$ 45,670,060</u>	<u>\$ 4,492,043</u>

The accompanying notes are an integral part of this statement.

(1) See Note M

(2) The fund condition for the fiscal year 2016 is the fund condition approved by Legislative Joint Finance Committee at its June 13, 2016 (13.10 Wisconsin Statutes) meeting.

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

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 and is expected to be published in early 2017.

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.

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.

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 2016, Chapter 20 included a compensation reserve for employee salary and fringe benefit increases. The total amount reserved (appropriated) was \$10,692,500 and the amount allotted was \$952,500 leaving a lapse amount of \$9,740,000.

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 June 13, 2016 meeting of the Legislative Joint Finance Committee.

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

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

Note F Total Departmental Revenues

For budget comparison purposes, inter-fund transfers are added to other revenues to arrive at total departmental revenues. Exhibit A-1 displays departmental revenues of \$289.2 million and net transfers in of \$216.4 million. The fund condition captured these funds more generically as revenue. In order to properly compare actual revenues to budgeted revenues, actual revenues and transfers should be added together in order to compare to the departmental revenues in the fund condition statement, totaling \$505.6 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 2016 is explained as follows:

	(thousands)
ENDING FUND BALANCE (UNDESIGNATED) PER FUND CONDITION STATEMENT	\$ 390,685
OPENING BALANCE	
ADJUSTMENTS:	
Prior year designation for continuing balances	91,276
Total opening balance adjustments	91,276
REVENUE ADJUSTMENTS	
Taxes received less than estimate	(77,866)
Departmental revenues less than estimate	(254,441)
Total revenue below estimate	(332,307)
APPROPRIATION ADJUSTMENTS	
Sum Sufficient Changes	
Reestimates	(4,749)
Subsequent Legislation	(3,669)
Budget brought forward from previous year	(91,276)
Budget carried to next year for continuing appropriations	155,172
Biennial Adjustments	(4,666)
Total Appropriation Adjustments	51,082
LAPSES MORE THAN BUDGETED	51,834
INTER-FUND TRANSFERS	216,421
DESIGNATION FOR CONTINUING BALANCES	(155,172)
UNDESIGNATED FUND BALANCE	\$ 313,819

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 the 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 2016.

Note I Negative Transportation Fund Balances

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

Note J Unappropriated Activities

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

	Safety & Professional Services
Revenues	\$943,441
Expenditures	\$943,441
Balance	\$0

Note K Sum Sufficient Increases

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

B-2 Sum Sufficient Increases	\$4,749
Less Supplements (included in total above)	\$0
Actual Sum Sufficient Increases	\$4,749

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.

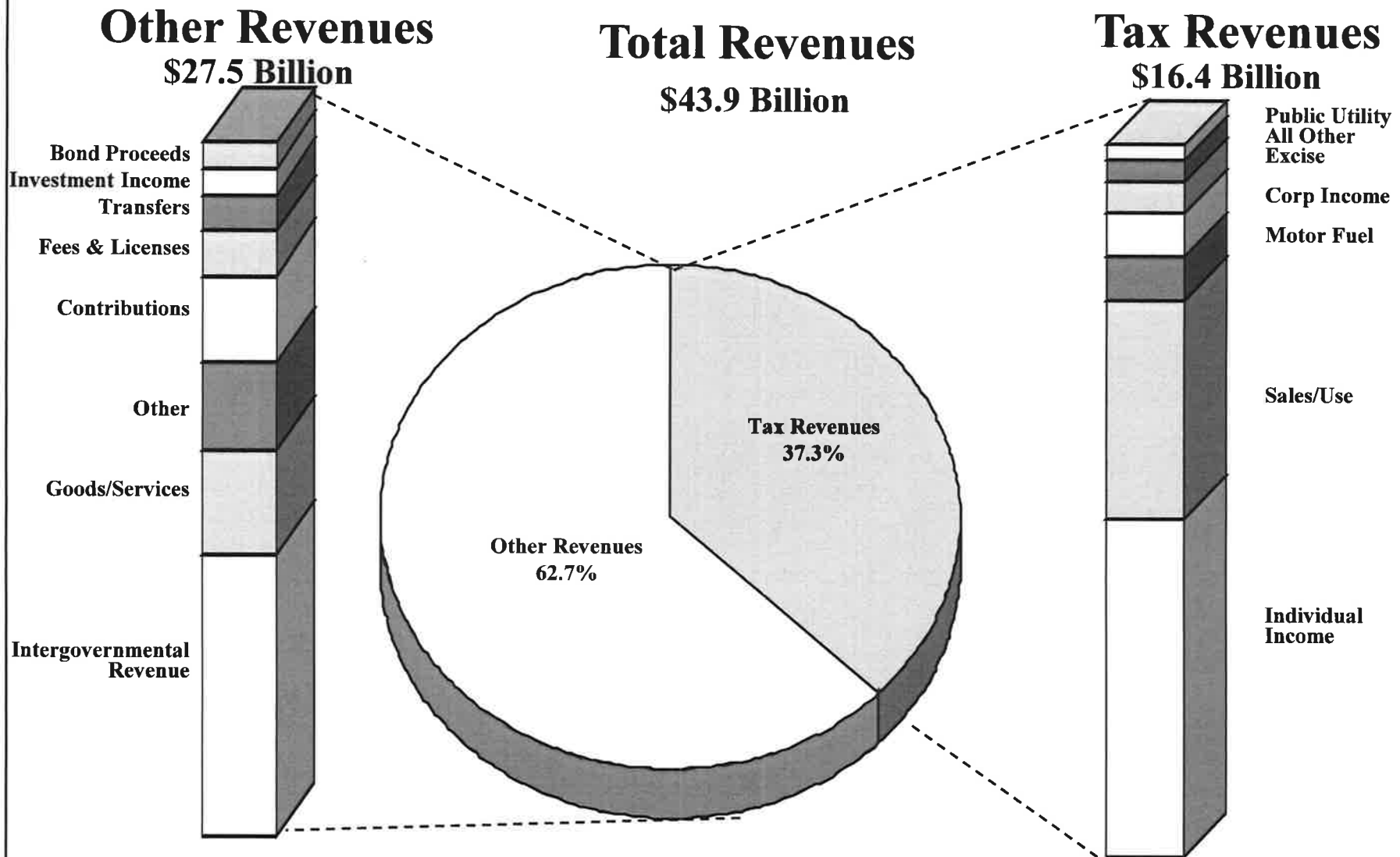
Note M Subsequent Adjustments

Agencies continue to work on final allocations of appropriation revenues and expenditures. Therefore, final adjustments to this report may become necessary.

Supplemental Data

Total Revenues, State of Wisconsin

For the Fiscal Year Ended June 30, 2016



For more detail on revenues, see Schedule A-2

Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds ¹
 Fiscal Years Ended June 30, 2016, 2015, and 2014
 (In Thousands)

	June 30, 2016	June 30, 2015	June 30, 2014
TAX REVENUES			
General Purpose Revenue			
Income Taxes			
Individual.....	\$ 7,740,825	\$ 7,325,817	\$ 7,061,390
Corporation.....	963,027	1,004,926	967,184
Total Income Taxes.....	8,703,852	8,330,743	8,028,574
Sales and Excise Taxes			
General Sales and Use.....	5,065,762	4,892,126	4,628,338
Cigarette.....	573,412	569,547	573,036
Other Tobacco Products.....	76,127	71,916	67,693
Liquor and Wine.....	49,991	48,767	48,992
Malt Beverage (Beer).....	8,980	8,830	8,966
Total Sales and Excise Taxes.....	5,774,272	5,591,186	5,327,025
Public Utility Taxes			
Private Light, Heat and Power.....	226,445	243,789	232,347
Municipal Light, Heat and Power.....	3,488	3,298	3,354
Telephone.....	76,960	81,943	72,199
Pipeline.....	37,316	34,994	35,464
Electric Cooperative.....	11,747	12,231	12,089
Municipal Electric.....	4,947	5,162	5,170
Conservation and Regulation.....	375	386	341
Utility Tax (Refunds) Interest and Penalties.....	(682)	16	3
Total Public Utility Taxes.....	360,596	381,819	360,967
Inheritance and Estate Taxes			
Inheritance and Estate.....	1,745	(112)	(78)
Total Inheritance and Estate Taxes.....	1,745	(112)	(78)
Miscellaneous Taxes			
Insurance Companies (Premiums).....	177,326	165,448	165,765
Real Estate Transfer Fee.....	65,154	57,820	51,179
Lawsuits (Courts).....	14,491	14,225	14,598
Other.....	53	72	71
Total Miscellaneous Taxes.....	257,024	237,565	231,613
TOTAL GPR TAX REVENUES.....	15,097,489	14,541,201	13,948,101
Program Tax Revenues			
Fire Dues.....	19,217	18,717	19,737
Pari-mutuel Taxes.....	0	0	0
County Expo Tax Administration.....	850	799	755
Baseball Park Administration Fee.....	454	440	417

Exhibit B-1

State of Wisconsin
 Analysis of Revenues-All Funds ¹
 Fiscal Years Ended June 30, 2016, 2015, and 2014
 (In Thousands)

	June 30, 2016	June 30, 2015	June 30, 2014
Program Tax Revenues, Cont.			
Business Trust Regulation Fee.....	\$ 2,059	\$ 1,419	\$ 2,424
Other.....	19,261	7,184	6,738
TOTAL PROGRAM TAX REVENUES.....	41,841	28,559	30,071
TOTAL-GENERAL FUND TAX REVENUES.....	15,139,330	14,569,760	13,978,172
Type of Revenues			
Transportation Fund			
Motor Fuel Tax.....	1,037,724	1,013,434	999,418
Air-Carrier Tax.....	5,103	7,963	7,686
Railroad Tax.....	38,498	35,686	31,349
Aviation Fuel Tax.....	1,227	1,222	1,177
Other Taxes.....	6,693	8,691	8,350
Conservation Fund			
2/10 Mill Forestry Mill Tax.....	83,306	81,350	79,400
Forest Crop Taxes.....	10,562	9,263	8,985
Motor Fuel Tax.....	1	1	1
Mediation Fund.....	1	1	2
Petroleum Inspection Tax.....	46,061	50,333	41,150
Economic Development Fund			
Temporary Service Charges.....	23,758	27,485	19,280
TOTAL STATE TAX REVENUES.....	16,392,264	15,805,189	15,174,970
Intergovernmental Revenue.....	11,112,959	11,342,954	11,178,599
Licenses and Permits.....	1,808,725	1,735,246	1,735,503
Charges for Goods and Services.....	4,184,226	4,008,673	3,911,855
Contributions.....	3,411,872	3,612,450	3,737,652
Interest and Investment Income.....	1,077,753	1,871,830	14,510,680
Gifts and Donations.....	596,527	612,225	563,270
Proceeds from Sale of Bonds.....	981,572	1,298,903	828,218
Other Revenues.....	2,744,144	2,641,205	2,582,850
Other Transactions.....	188,421	281,413	250,024
TOTAL DEPARTMENTAL REVENUES.....	26,106,199	27,404,899	39,298,651
TRANSFERS.....	1,401,739	1,508,790	1,459,010
TOTAL REVENUES.....	\$ 43,900,202	\$ 44,718,878	\$ 55,932,631

The accompanying notes are an integral part of this statement

(1) See Note M

Exhibit B-2

General Fund Sum Sufficient Appropriations ¹
For the Fiscal Year Ended June 30, 2016
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse
State Operations						
25500	31800	3f Interstate Compact on Educational Opportunity for Military Children.....	1	0	0	1
37000	11600	1fe Endangered Resources General Fund.....	500	0	500	0
41000	10400	1c Reimbursement Claims of Counties Containing State Prisons.....	45	4	49	0
45500	20200	2am Officer Training Reimbursement.....	150	0	139	11
45500	50400	5d Reimbursement for Forensic Examinations.....	600	111	711	0
46500	10300	1c Public Emergencies.....	140	0	110	30
46500	30200	3am Worker's Compensation for Local Unit of Government Volunteers.....	28	0	19	9
50500	10400	1d Special Counsel.....	612	0	173	439
50500	40500	4d Claims Awards.....	25	0	0	25
50500	80100	8am Interest on Racing & Bingo Moneys.....	0	0	0	0
51100	10300	1be Investigations.....	25	0	0	25
52500	10100	1a Governor's Office Administration.....	3,609	0	3,337	272
52500	10200	1b Contingent Fund.....	20	0	7	13
52500	10300	1c Membership In National Associations.....	118	0	118	0
52500	20100	2a Executive Residence.....	229	0	229	0
62500	10100	1a Circuit Courts.....	72,794	0	69,229	3,565
66000	10100	1a Court Of Appeals.....	10,678	0	10,219	459
68000	10100	1a Supreme Court.....	5,287	0	4,834	453
76500	10100	1a Assembly.....	26,581	0	23,789	2,792
76500	10300	1b Senate.....	18,594	0	15,886	2,708
76500	10400	1d Legislative Documents.....	4,006	0	2,761	1,245
76500	30800	3fa Membership In National Associations.....	257	0	257	0
85500	10800	1bm Payment of Cancelled Drafts.....	2,000	390	2,390	0
85500	11300	1f Payment of Fees to Financial Institutions.....	1,500	0	1,288	212
85500	40100	4a Interest on Overpayment of Taxes.....	1,250	0	147	1,103
85500	40500	4e Transfer to Conservation Fund - Land Acquisition.....	16	0	16	0
85500	41300	4cm Illinois Income Tax Reciprocity.....	77,909	0	77,909	0
Total State Operations.....			\$226,974	\$505	\$214,117	\$13,362
Aids and Local Assistance						
11500	20200	2b Animal Disease Indemnities.....	309	0	299	10
23500	10400	1e MN-WI Student Reciprocity.....	5,179	0	5,178	1
23500	10600	1fe Wisconsin grants; University of Wisconsin System Students.....	58,345	0	55,697	2,648
23500	10800	1fm Wisconsin Covenant Scholars Grants.....	11,440	75	11,515	0
23500	10900	1fy Academic Excellence Higher Education Scholarship Program.....	2,964	0	2,900	64
23500	11900	1fw Technical Excellence Higher Education Scholarships.....	530	0	513	17
25500	21800	2fm Charter Schools.....	71,903	0	71,265	638
25500	22400	2fr Parental Choice Program for Eligible School Districts.....	33,500	0	33,464	36
25500	23500	2fu Milwaukee Parental Choice Program.....	196,400	850	197,250	0
25500	30600	3c Grants for National Teacher Certification or Master Educator Licensure.....	2,910	0	2,076	834
29200	16200	1dp Property Tax Relief Aid.....	406,000	0	406,000	0
37000	50300	5da Aids In Lieu Of Taxes General Fund.....	7,400	0	6,310	1,090
43500	17500	1bn Workplace Wellness Program Grants.....	3,000	0	21	2,979
43500	40300	4ed State Supplement to Federal Supplemental Security Income Program.....	156,829	0	154,819	2,010
43500	57400	5da Reimburse Local Units of Government.....	508	0	292	216
46500	20100	2a Tuition Grants.....	5,500	780	6,280	0
46500	30500	3e Disaster Recovery Aids Public Health Emergency Quarantine Costs.....	2,500	0	596	1,904
50500	41200	4er Service Award Program.....	2,035	0	1,992	43
51500	10100	1a Annuity Supplements And Payments.....	192	0	186	6
83500	10100	1c Expenditure Restraint Program Account.....	58,146	0	58,146	0
83500	10500	1db County and Municipal Aids Account.....	694,965	1,448	696,413	0
83500	10900	1e State Aid; Tax Exempt Property.....	86,449	0	86,449	0
83500	11000	1dm Public Utility Distribution Account.....	72,758	91	72,848	1
83500	20200	2b Claim of Right Credit.....	227	0	132	95
83500	20300	2c Homestead Tax Credit.....	103,700	0	99,877	3,823
83500	20500	2dm Farmland Preservation Credit.....	1,072	5	1,074	3
83500	20900	2ep Cigarette and Tobacco Product Tax Refunds.....	37,200	0	34,919	2,281
83500	21100	2co Enterprise Zone Jobs Credit.....	49,100	0	47,829	1,271
83500	21200	2f Earned Income Tax Credit.....	35,200	0	34,174	1,026
83500	21300	2bm Film Production Services Credit.....	0	3	3	0
83500	21500	2em Veterans & Surviving Spouse Property Tax Credit.....	28,400	100	28,493	7
83500	21600	2bn Dairy Manufacturing Facility Investment Credits.....	1	0	0	1
83500	21700	2br Interest Payments on Overassessments on Manufacturing Property.....	10	0	0	10
83500	21800	2do Farmland Preservation Credit, 2010 and Beyond.....	18,150	261	18,411	0
83500	21900	2bd Meat Processing Facility Investment Credit.....	5	0	(2)	7
83500	22000	2bp Dairy Manufacturing Facility Investment Credits; Dairy Cooperatives.....	0	0	0	0

Exhibit B-2

General Fund Sum Sufficient Appropriations ¹
For the Fiscal Year Ended June 30, 2016
(In Thousands)

Agency	Appr		Chapter 20	Increases	Expenditures	Lapse
Aids and Local Assistance (Continued)						
83500	22500 2bb	Jobs Tax Credit.....	10,800	0	6,533	4,267
83500	22800 2be	Food Processing Plant and Food Warehouse Investment Credit.....	75	0	71	4
83500	22900 2bc	Woody Biomass Harvesting and Processing Credit.....	100	0	100	0
83500	30200 3b	School Levy Tax Credit and First Dollar Credit.....	895,437	0	895,437	0
85500	40400 4bm	Oil Pipeline Terminal Tax Distribution.....	3,467	0	3,467	0
Total Aids and Local Assistance.....			\$3,062,706	\$3,613	\$3,041,027	\$25,292
Principal Repayment and Lease Rental						
11500	20500 2d	Principal Repayment and Interest.....	7	0	6	1
11500	70200 7b	Principal Repayment and Interest.....	741	0	741	0
19000	10100 1c	Principal Repayment and Interest.....	1,063	0	1,062	1
19000	10200 1d	Principal Repayment and Interest.....	1,966	0	1,966	0
22500	10300 1c	Principal Repayment and Interest.....	2,351	0	2,351	0
24500	10600 1e	Principal Repayment and Interest.....	2,657	0	2,657	0
25000	10300 1c	Principal Repayment and Interest.....	1,822	0	1,822	0
25000	10500 1e	Principal Repayment and Interest.....	191	0	191	0
25500	10400 1d	Principal Repayment and Interest.....	1,137	0	1,137	0
28500	11000 1d	Principal Repayment and Interest.....	190,832	0	190,832	0
32000	10300 1c	Principal Repayment and Interest.....	16,158	0	16,157	1
32000	28200 2c	Principal Repayment and Interest.....	4,746	0	4,746	0
37000	70100 7aa	Principal Repayment and Interest.....	61,901	0	61,258	643
37000	70600 7cb	Principal Repayment and Interest.....	0	386	382	4
37000	70700 7cc	Principal Repayment and Interest.....	3,990	0	3,990	0
37000	70800 7cd	Principal Repayment and Interest.....	378	0	377	1
37000	70900 7ea	Principal Repayment and Interest.....	742	0	742	0
39500	66400 6af	Principal Repayment and Interest.....	97,317	0	97,316	1
41000	10700 1e	Principal Repayment and Interest.....	66,301	0	66,301	0
41000	30700 3e	Principal Repayment and Interest.....	5,367	0	5,367	0
43500	20700 2ee	Principal Repayment and Interest.....	19,353	0	19,353	0
46500	10400 1d	Principal Repayment and Interest.....	5,411	0	5,411	0
48500	10600 1f	Principal Repayment and Interest.....	1,561	0	1,561	0
50500	41300 4et	Principal Repayment and Interest.....	3	0	0	3
50500	41400 4es	Principal Repayment and Interest.....	1,317	0	0	1,317
50500	50300 5c	Principal Repayment and Interest.....	77	0	77	0
85500	80100 8a	Principal Repayment and Interest.....	2,016	0	2,016	0
86700	10200 1b	Principal Repayment and Interest.....	10,568	0	10,568	0
86700	30100 3a	Principal Repayment and Interest.....	5,013	245	5,258	0
86700	30200 3b	Principal Repayment and Interest.....	1,661	0	1,474	187
86700	30300 3bi	Principal Repayment and Interest.....	112	0	112	0
86700	30600 3br	Principal Repayment and Interest.....	92	0	91	1
86700	30800 3bb	Principal Repayment and Interest.....	21	0	21	0
86700	30900 3bm	Principal Repayment and Interest.....	134	0	134	0
86700	31000 3bc	Principal Repayment and Interest.....	13	0	13	0
86700	31100 3bq	Principal Repayment and Interest.....	465	0	465	0
86700	31200 3bn	Principal Repayment and Interest.....	22	0	22	0
86700	31300 3bu	Principal Repayment and Interest.....	43	0	43	0
86700	31400 3bv	Principal Repayment and Interest.....	23	0	23	0
86700	31500 3bd	Principal Repayment and Interest.....	37	0	37	0
86700	31600 3be	Principal Repayment and Interest.....	507	0	507	0
86700	31700 3bf	Principal Repayment and Interest.....	57	0	57	0
86700	31800 3bg	Principal Repayment and Interest.....	18	0	18	0
86700	31900 3bh	Principal Repayment and Interest.....	39	0	39	0
86700	32000 3bj	Principal Repayment and Interest.....	12	0	12	0
86700	32200 3cb	Principal Repayment and Interest.....	22	0	22	0
86700	32300 3cd	Principal Repayment and Interest.....	43	0	43	0
86700	32400 3cf	Principal Repayment and Interest.....	423	0	423	0
Total Principal Repayment and Lease Rental.....			\$508,730	\$631	\$507,201	\$2,160
Pay Plan & Supplement						
86500	10300 1c	Salary.....	0	0	0	0
86500	10400 1d	Fringe.....	0	0	0	0
Total Pay Plan & Supplements.....			0	0	0	0
TOTAL GENERAL FUND SUM SUFFICIENTS			\$3,798,410	\$4,749	\$3,762,345	\$40,814

(1) See Note M

(2) See Note K

(2)

DOT Fact Sheets Highlight Grim State of U.S. Roads and Bridges

WASHINGTON – The Highway Trust Fund is set to expire on July 31. Without action from Congress, federal funding for transportation will come to a screeching halt. And with it, so will traffic in many places across the country.

Over the last six years, Congress has passed 33 short-term measures rather than funding transportation for the long term. And our transportation system --our roads and bridges, especially-- is in a dire state of disrepair because of it. The table of state-by-state road and bridge conditions, shown below, demonstrates this.

Experts agree: The only way to prepare our transportation system for the next generation is to stop this cycle of short-term measures and pass a long-term transportation bill.

U.S. Road and Bridge Data by State

State	Estimated Number of Miles of Road in Poor Condition, as a Percentage of Total Miles	Estimated Total Dollars for Repairs and Operating Costs, as a Percentage of Total Roadway Miles of Road	Percentage of Roads in Poor Condition**
ALABAMA	3,608 of the 16,078 (22.4%)	\$530 million (\$141 per motorist)	25%
ALASKA	290 of the 1,196 (24.2%)	\$181 million (\$359 per motorist)	49%
ARIZONA	954 of the 7,862 (12.1%)	\$887 million (\$205 per motorist)	52%
ARKANSAS	2,894 of the 12,748 (22.7%)	\$634 million (\$308 per motorist)	39%
CALIFORNIA	6,953 of the 24,955 (27.9%)	\$13,892 billion (\$586 per motorist)	68%
COLORADO	1,438 of the 8,612 (16.7%)	\$1,034 billion (\$287 per motorist)	70%
CONNECTICUT	1,472 of the 4,218 (34.9%)	\$847 million (\$294 per motorist)	73%
DELAWARE	177 of the 864 (20.5%)	\$168 million (\$257 per motorist)	36%
FLORIDA	2,044 of the 12,070 (16.9%)	\$1,792 billion (\$128 per motorist)	26%
GEORGIA	2,600 of the 14,769 (17.6%)	\$374 million (\$60 per motorist)	19%
HAWAII	494 of the 1,125 (43.9%)	\$456 million (\$515 per motorist)	49%
IDAHO	859 of the 4,232 (20.3%)	\$316 million (\$305 per motorist)	45%
ILLINOIS	4,246 of the 26,621 (15.9%)	\$2.4 billion (\$292 per motorist)	73%
INDIANA	4,168 of the 18,953 (22%)	\$1,249 billion (\$225 per motorist)	17%
IOWA	6,271 of the 24,398 (25.7%)	\$756 million (\$381 per motorist)	46%
KANSAS	4,465 of the 25,171 (17.7%)	\$646 million (\$319 per motorist)	62%
KENTUCKY	4,436 of the 14,116 (31.4%)	\$543 million (\$185 per motorist)	34%
LOUISIANA	3,790 of the 13,050 (29%)	\$1.2 billion (\$408 per motorist)	62%
MAINE	791 of the 2,402 (32.9%)	\$246 million (\$245 per motorist)	53%

9/28/2016

DOT Fact Sheets Highlight Grim State of U.S. Roads and Bridges | Department of Transportation

MARYLAND	1,418 of the 5,291 (26.8%)	\$1.598 billion (\$422 per motorist)	55%
MASSACHUSETTS	2,694 of the 5,136 (52.5%)	\$1.461 billion (\$313 per motorist)	42%
MICHIGAN	3,018 of the 11,022 (27.4%)	\$2.534 billion (\$357 per motorist)	38%
MINNESOTA	1,513 of the 13,137 (11.5%)	\$797 million (\$250 per motorist)	52%
MISSISSIPPI	3,836 of the 17,044 (21.3%)	\$811 million (\$419 per motorist)	51%
MISSOURI	6,633 of the 24,350 (27.2%)	\$1.6 billion (\$380 per motorist)	31%
MONTANA	882 of the 5,126 (17.2%)	\$136 million (\$184 per motorist)	52%
NEBRASKA	3,765 of the 15,370 (24.5%)	\$380 million (\$282 per motorist)	59%
NEVADA	253 of the 1,853 (13.7%)	\$391 million (\$233 per motorist)	20%
NEW HAMPSHIRE	790 of the 2,438 (32.4%)	\$267 million (\$259 per motorist)	54%
NEW JERSEY	2,334 of the 6,566 (35.5%)	\$3.476 billion (\$601 per motorist)	66%
NEW MEXICO	654 of the 3,935 (16.6%)	\$397 million (\$291 per motorist)	44%
NEW YORK	6,775 of the 17,442 (38.8%)	\$4.551 billion (\$403 per motorist)	60%
NORTH CAROLINA	5,534 of the 18,168 (30.5%)	\$1.555 billion (\$241 per motorist)	45%
NORTH DAKOTA	966 of the 4,439 (21.8%)	\$112 million (\$237 per motorist)	44%
OHIO	6,647 of the 27,015 (24.6%)	\$1.685 billion (\$212 per motorist)	42%
OKLAHOMA	5,828 of the 22,912 (25.4%)	\$978 million (\$425 per motorist)	70%
OREGON	1,754 of the 7,656 (22.9%)	\$495 million (\$173 per motorist)	65%
PENNSYLVANIA	9,561 of the 22,660 (42.2%)	\$2.947 billion (\$341 per motorist)	57%
RHODE ISLAND	433 of the 766 (56.5%)	\$350 million (\$467 per motorist)	70%
SOUTH CAROLINA	1,920 of the 9,275 (20.7%)	\$811 million (\$255 per motorist)	40%
SOUTH DAKOTA	1,459 of the 5,875 (24.8%)	\$194 million (\$324 per motorist)	61%
TENNESSEE	3,802 of the 20,058 (19%)	\$809 million (\$182 per motorist)	38%
TEXAS	9,998 of the 52,561 (19%)	\$5.27 billion (\$343 per motorist)	38%
UTAH	437 of the 2,974 (14.7%)	\$332 million (\$197 per motorist)	25%
VERMONT	903 of the 2,731 (33.1%)	\$230 million (\$424 per motorist)	45%
VIRGINIA	3,588 of the 13,765 (26.1%)	\$1.344 billion (\$254 per motorist)	47%
WASHINGTON	2,066 of the 7,902 (26.1%)	\$1.349 billion (\$272 per motorist)	67%
WEST VIRGINIA	2,514 of the 7,125 (35.3%)	\$372 million (\$273 per motorist)	47%
WISCONSIN	1,970 of the 14,088 (14%)	\$1.147 billion (\$281 per motorist)	71%
WYOMING	723 of the 3,099 (23.3%)	\$96 million (\$236 per motorist)	47%

*According to 2013 data from the Federal Highway Administration

**According to the American Society of Civil Engineers 2013 Report Card for America's Infrastructure

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