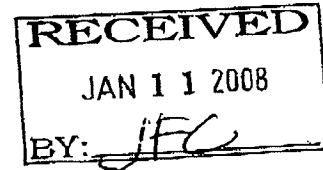




WISCONSIN DEPARTMENT OF
ADMINISTRATION

JIM DOYLE
GOVERNOR
MICHAEL L. MORGAN
SECRETARY
Office of the Secretary
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December 31, 2007



Mr. Robert Marchant, Chief Clerk
Wisconsin Senate
B20 South, State Capitol
Madison, WI 53702

Mr. Patrick Fuller, Chief Clerk
Wisconsin Assembly
17 West Main Street, Room 401A
Madison, WI 53702

Dear Mr. Marchant and Mr. Fuller:

This report is transmitted as required by s. 20.002(11)(f), Wisconsin Statutes, (for distribution to the appropriate standing committees under s. 13.172(3), Wisconsin Statutes) and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative cash balances during the month of November 2007.

On November 1, 2007, the **Wisconsin Health Education Loan Repayment Fund** cash balance closed at a negative \$2 thousand. This negative balance continued through November 30, 2007, when the fund's cash balance closed at a negative \$2 thousand. The negative balance was due to the difference in the timing of revenues and expenditures.

On November 1, 2007, the **Worker's Compensation Fund** cash balance closed at a negative \$1.8 million. This negative balance continued through November 30, 2007, when the fund's cash balance closed at a negative \$2.9 million (its intra-month low). The negative balance was due to the difference in the timing of revenues and expenditures.

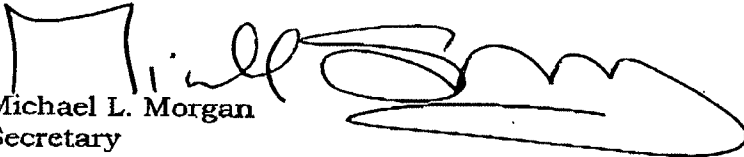
On November 1, 2007, the **Injured Patients and Families Compensation Fund** cash balance closed at a negative \$46.2 million. This negative balance continued through November 30, 2007, when the fund's cash balance closed at a negative \$44.5 million. The **Injured Patients and Families Compensation Fund** cash balance reached its intra-month low of a negative \$46.3 million on November 13, 2007. The negative balance was due to the transfer of \$71.5 million to the General Fund per 2007 Wisconsin Act 20, and the pending liquidation of fund securities necessary to offset this shortfall.

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The Wisconsin Health Education Loan Repayment Fund, Worker's Compensation Fund, and the Injured Patients and Families Compensation Fund shortfalls were not in excess of the statutory interfund borrowing limitations and did not exceed the balances of the funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority, and as a result, the funds requiring the use of the authority will effectively bear the interest cost.

Sincerely,


Michael L. Morgan
Secretary