



**WISCONSIN LEGISLATIVE AUDIT BUREAU
AUDIT SUMMARY**

Report 99-4

March 1999

Unemployment Reserve Fund, Department of Workforce Development

We have completed a financial audit of the State of Wisconsin Unemployment Reserve Fund for the years ended June 30, 1998 and 1997. We performed the audit at the request of the Department of Workforce Development and to meet our audit responsibilities under s. 13.94, Wis. Stats.

The Reserve Fund's cash balance related to taxable employers increased over \$83 million during the past fiscal year, to over \$1.6 billion as of June 30, 1998. This cash balance is used to determine the tax rate schedule that applies to taxable employers, and s.108.18(3m), Wis. Stats., currently allows the lowest rate to be applied when the cash balance as of June 30 is at least \$1.2 billion. For each of the past nine years, the June 30 cash balance has exceeded the amount that allows the Fund to apply the lowest tax rate schedule for taxable employers.

A new accounting standard requires the Unemployment Reserve Fund to include a note disclosure on its year 2000 readiness. However, because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. As a result, we qualify our independent auditor's report because, in our judgment, it is not possible to obtain sufficient evidence to support the Unemployment Reserve Fund's disclosures with respect to the year 2000 issue.

[full report](#)