



State of Wisconsin FY 2023-24 Financial Statements

The Department of Administration (DOA) prepares the State of Wisconsin's Annual Comprehensive Financial Report (ACFR), which contains the State's financial statements prepared in accordance with generally accepted accounting principles (GAAP) prescribed by the Governmental Accounting Standards Board (GASB). The ACFR includes financial information on state funds, including the State's General Fund, the Transportation Fund, the Unemployment Reserve Fund, the University of Wisconsin (UW) System, and the Wisconsin Retirement System.

We provided unmodified opinions on the financial statements and related notes of the State of Wisconsin as of and for the year ended June 30, 2024. We provide an unmodified opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with GAAP. Our unmodified opinions are included in the State's ACFR, which may be found on DOA's website. We conducted the financial audit by auditing the State's financial statements in accordance with applicable government auditing standards, issuing our auditor's opinions, reviewing internal controls, and issuing our auditor's report on internal control and compliance.

We also reviewed certain aspects of the federal funding the State received for the public health emergency, and we include in our report certain other matters of interest related to the State's fiscal year (FY) 2023-24 activities.

The General Fund total fund balance decreased from \$6.6 billion as of June 30, 2023, to \$4.5 billion as of June 30, 2024

The fund balance of the General Fund is made up of several components, and the largest is the committed fund balance. The committed fund balance of \$1.9 billion is made up of the balance held in the statutory Budget Stabilization Fund, which is also known as the State's rainy day fund. The balance in this fund increased by \$99.2 million in FY 2023-24, primarily from interest income.

Total revenue decreased by \$258.1 million and was \$38.4 billion in FY 2023-24. This decrease was largely attributed to a decrease of \$1.0 billion in federal revenues, which was partially offset by increases in tax revenues of \$535.1 million and an increase in investment and interest income of \$161.7 million. Total expenditures increased by \$1.5 billion and were \$36.0 billion in FY 2023-24. This increase was largely the result of grants and aid to individuals and organizations related, in part, to the public health emergency, increases in Medical Assistance (MA) Program expenditures, and increases in aids to schools.

The unassigned fund balance, which are amounts that are not restricted or committed for a specific purpose, totaled \$1.4 billion. The unassigned fund balance represents that, as of June 30, 2024, more resources were available than were spent or obligated in the short term.

The State's long-term debt decreased from \$12.3 billion as of June 30, 2023, to \$11.6 billion as of June 30, 2024

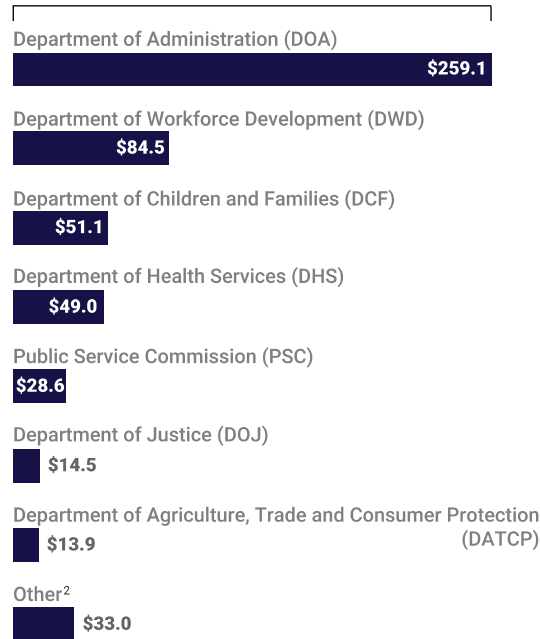
The State repaid long-term debt in excess of new debt issuances during FY 2023-24, resulting in a decrease in overall debt. The \$1.1 billion in new general obligation bonds and notes issued during FY 2023-24 included \$304.3 million for UW System academic facilities and \$203.0 million for transportation projects.

In FY 2023-24, the State continued to expend federal funding received to address the effects of the public health emergency

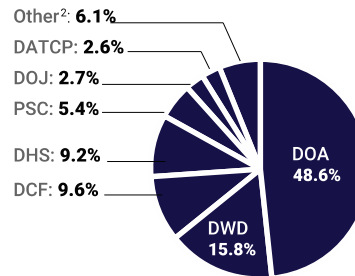
The Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) distributed money directly to state, local, tribal, and territorial governments. The State was allocated \$3.0 billion in funding and was advanced \$1.5 billion in May 2021, \$1.3 billion in May 2022, and \$205.8 million in June 2022. Federal regulations stipulate that eligible expenditures must be incurred between March 3, 2021, and December 31, 2024, and spent through December 31, 2026. DOA reported that \$533.7 million in expenditures at 20 state entities was incurred and paid by the CSLFRF in FY 2023-24. The largest total expenditures were incurred by DOA, the Department of Workforce Development (DWD), the Department of Children and Families (DCF), and the Department of Health Services (DHS).

**Expenditures Incurred and Paid by the Coronavirus State
and Local Fiscal Recovery Funds (CSLFRF)¹**
FY 2023-24

Expenditures by Agency (in millions) | Total: \$533.7



Percentage of Total Expenditures



¹ As reported by DOA in the State's accounting system for the fiscal year ended June 30, 2024.

² Includes 13 other state agencies that had expenditures between \$336,443 and \$5.5 million.

Wisconsin's Federal Medical Assistance Percentage (FMAP) is the percentage of MA Program expenditures the federal government will fund for the State. The FMAP increased by 6.2 percent in March 2020, and was phased out during the period from March 2023 through December 2023. For the period from July 1, 2023, through December 31, 2023, DHS reported the State received an additional \$86.1 million in funding as a result of the increased FMAP. In addition, DHS is continuing to spend \$405.1 million in additional federal funds received under the MA Program as allowed by the American Rescue Plan Act (ARPA).

We make 21 recommendations to state agencies

We report significant deficiencies in DOA's information technology (IT) security related to insufficient reviews of access and insufficient IT policy exceptions procedures. In addition, DOA continued to be in statutory noncompliance by providing insufficient oversight and monitoring of executive branch agency IT operations. Given that these concerns have continued for several years, we recommend DOA report quarterly to the Joint Legislative Audit Committee in 2025 on the status of its efforts to provide oversight and monitoring of state agency IT operations.

We also report a significant deficiency in internal controls over financial reporting related to DOA's bank reconciliation processes, DOA's financial reporting for interest earnings on advanced CSLFRF funds, and the Department of Transportation's financial reporting for infrastructure projects and mass transit aids.

We also report on certain other matters of interest, including:

- the recording by DOA of \$135.4 million in interest earnings on advanced funding for the CSLFRF grant program;
- the receipt of \$83.1 million in opioid settlement funds by DHS during FY 2023-24;
- a deficit balance of \$42.4 million as of June 30, 2024, in the Unemployment interest and penalty account in the General Fund, which DWD indicates will take 14 years to resolve;
- a continuing balance of \$10.6 million as of June 30, 2024, in the health insurance fringe benefit variance account, which DOA is responsible for resolving; and
- the resolution of a prior-year finding regarding the annual appropriation certification process by DOA.

Please see the complete list of recommendations on our website.