



## State of Wisconsin FY 2019-20 Financial Statements

### Background

The Department of Administration (DOA) prepares the State of Wisconsin's [Comprehensive Annual Financial Report \(CAFR\)](#) in accordance with generally accepted accounting principles (GAAP). The report includes the State's financial statements for the past fiscal year and other information that describes the State's fiscal condition. We conducted a financial audit of the State by auditing its financial statements in accordance with applicable government auditing standards, issuing our auditor's opinions, reviewing internal controls, and making recommendations for improvements.

### Audit Results and Key Findings

We provided unmodified opinions on the State's fiscal year (FY) 2019-20 financial statements presented in the CAFR, which can be found on DOA's website. 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 audit report includes the [Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters](#).

We found that although the [General Fund's total fund balance](#) improved from a deficit of \$763.1 million as of June 30, 2019, to a surplus of \$1.5 million as of June 30, 2020, the unassigned fund balance was a deficit of \$1.1 billion as of June 30, 2020. The General Fund unassigned fund balance represents that more resources were spent or obligated for other purposes than were received or anticipated to be received in the near term.

We also found the State reported the receipt of \$2.0 billion in [Coronavirus Relief Fund \(CRF\) funds](#), has expended \$144.8 million of these funds, and transferred \$75.0 million of these funds to the Wisconsin Economic Development Corporation for a small business grant program. The State also reported \$3.4 billion in unemployment benefit payments for the fiscal year ended June 30, 2020, and the [State's long-term debt decreased](#) from \$13.4 billion as of June 30, 2019, to \$13.1 billion as of June 30, 2020.

We identified [five deficiencies in internal control over financial reporting](#), two of which were material weaknesses. The material weaknesses relate to [financial reporting for the basic Accumulated Sick Leave Conversion Credit \(basic ASLCC\) program](#), which is administered by the Department of Employee Trust Funds (ETF), and the [Unemployment Reserve Fund](#), which is administered by the Department of Workforce Development (DWD). We also identified three significant deficiencies related to information technology controls involving [DOA](#) and the [University of Wisconsin \(UW\) System](#).

### Audit Recommendations

We recommend [ETF](#) and [DWD](#) take steps to address the material weaknesses we identified. We recommend DOA and UW System Administration take steps to address the significant deficiencies we identified. We also recommend DOA develop a written plan and timeline for [resolving the existing balances in the clearing appropriations we identified](#). In addition, we recommend DOA take additional steps to work with state agencies to [improve the process for preparing the State's CAFR](#).