

MAR 01 1995



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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February 27, 1995

Governor Tommy G. Thompson  
115 East, State Capitol  
Madison, Wisconsin 53702

Senator Joseph Leean and  
Representative Ben Brancel, Co-Chairpersons  
Joint Committee on Finance  
State Capitol  
Madison, Wisconsin 53702

Dear Governor Thompson and Members of the Joint Committee on Finance:

Section 13.94 (1)(f), Wis. Stats., requires the Legislative Audit Bureau to certify to the newly elected State Treasurer the balance in the Treasury when he or she comes into office and all bonds or other investment securities accounted for by the Treasury. A copy of this certification has been submitted to the current and former treasurers as required by statute. In addition, audit work at the Office of the State Treasurer related to the cash and securities in the custody of the State Treasurer was performed, in part, to satisfy our audit requirements under ss. 13.94 (1)(a) and 13.94 (1)(d), Wis. Stats., which require that we audit the accounts of the State Treasurer at least once every two years.

The Treasurer prepares a monthly report showing the cash balance in the General Fund and each of the State's other funds. We reviewed the Treasurer's reconciliation of the total amount appearing on the monthly report to the cash balance reported as being held by the State's working bank as of December 31, 1994. We found that the total cash balance on the December 1994 State Treasurer's Report reconciled to amounts reported by the bank. The Treasury provides its receipts and disbursements information to the Department of Administration. The Department of Administration, in turn, is to reconcile the Treasurer's reported cash balance for each fund to cash balances recorded in the State's official accounting records. However, the Department of Administration has yet to completely reconcile these amounts due to various difficulties associated with the recent implementation of a new, statewide accounting system. Therefore, while we are able to certify that the total cash balance for all funds as reported on the December Treasurer's Report is correct, we are unable at this time to certify the cash balance of each of the State's various funds. We will continue to monitor the Department of Administration's efforts to reconcile the cash balances.

During FY 1993-94, the Treasury discontinued its investment accounting activities for the State of Wisconsin Investment Board and University of Wisconsin System. All securities that had been in the custody of the Treasury for the Investment Board were sent to the custodial bank and those for the University were sent to the University of Wisconsin System Trust Funds office. The Treasury continues to account for the bonds held by the custodial bank related to lottery annuities and banks and insurance companies acting as a fiduciary. The Treasury also accounts for the securities held under the State's Unclaimed Property Program that are located at the custodial bank. The securities held under the Unclaimed Property Program were acquired at no cost to the State.

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We verified that the securities accounted for by the Treasury, as summarized below, appeared on statements of account prepared by the two custodial banks holding the securities.

<u>Type of Security</u>	<u>Value as of December 31, 1994</u>	<u>Location</u>
Lottery Annuities (at par value)	\$386,305,755	Firstar Bank Madison
Fiduciary Bonds (at par value):		
- Banks	20,348,000	Firstar Bank Madison
- Insurance Companies	162,997,018	Firstar Bank Madison
Securities under the Unclaimed Property Program (at market value)	2,990,874	State Street Bank and Trust Company

Excluded from the summary above are mutual fund accounts held in the State's name under the Unclaimed Property Program with an estimated value of \$500,000. In addition, as of December 31, 1994, we verified that seven investment documents from the Investment Board were held in the Treasury's vault for safekeeping.

We appreciate the courtesy and cooperation extended to us by the staff of the Office of the State Treasurer.

Respectfully submitted,



Dale Cattanach  
State Auditor

DC/mh

cc: Senator Timothy Weeden  
Senator Margaret Farrow  
Senator Dale Schultz  
Senator Robert Cowles  
Senator Mary Panzer  
Senator Gary George  
Senator Charles Chvala

Representative Steven Foti  
Representative Thomas Ourada  
Representative Lolita Schneiders  
Representative Sheila Harsdorf  
Representative Cloyd Porter  
Representative Barbara Linton  
Representative Spencer Coggs