



# STATE OF WISCONSIN

# Assembly Journal

## Ninety–Third Regular Session

10:00 A.M.

THURSDAY, July 17, 1997

The Assembly met in the Assembly Chamber located in the State Capitol.

Representative Vrakas in the chair.

The Assembly dispensed with the call of the roll.

State of Wisconsin  
Legislative Audit Bureau  
Madison

July 14, 1997

### AGENCY REPORTS

State of Wisconsin  
Department of Administration  
Madison

July 8, 1997

To the Honorable, the Legislature:

This report is transmitted as required by sec.20.002(11)(f) of the Wisconsin Statutes, (for distribution to the appropriate standing committees under sec. 13.172(3) Stats.), 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 balances during the month of June, 1997.

On June 27, 1997 the **Wisconsin Health Education Loan Repayment Fund** balance was –\$7 thousand. This shortfall increased to –\$8 thousand on June 30. This shortfall was due to the timing of revenues.

On June 19, 1997 the **Wisconsin Petroleum Inspection Fund** balance was –\$1.56 million. This shortfall continued until June 23, 1997 when the balance reached \$6.88 million. This shortfall was due to the timing of revenues.

The Wisconsin Health Education Loan Repayment and Wisconsin Petroleum Inspection Fund shortfalls were not in excess of the \$400 million ceiling 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.

Sincerely,  
*MARK D. BUGHER*  
Secretary, DOA

To the Honorable, the Assembly:

We have completed a financial and compliance audit of the State of Wisconsin as requested by state agencies to meet the audit requirements of the Single Audit Act of 1984 and provisions of the federal Office of Management and Budget Circular A–128. Our audit covers the period July 1, 1995 through June 30, 1996. In addition to satisfying audit requirements, the single audit assists us in meeting state audit requirements under section 13.94, Wis. Stats.

Report 97–11 contains the auditor’s reports on internal control structure and compliance; findings of noncompliance with federal requirements and the results of our follow–up to prior audit findings; agencies’ responses to our recommendations and their plans for corrective action; and the Schedules of Federal Financial Assistance and accompanying notes. We have identified \$745,134 in questioned costs. However, it is unclear the amount the State may be required to repay the federal government and it is likely to be significantly less than the total costs we questioned.

The largest single item of questioned cost relates to Unemployment Insurance benefit overpayments. Federal rules require that a state that made an overpayment to immediately repay any other states that helped finance the overpayment. Instead, Wisconsin makes repayment to other states only when the overpaid recipient repays Wisconsin. The questioned cost for this area of noncompliance is \$381,386. This finding has been discussed in prior audit reports but has not been addressed by the federal government.

The next largest area of questioned costs relates to interest charges. The federal government has rules prohibiting states from claiming reimbursement for some types of interest charges. One rule is that it will not pay interest charges in financing buildings constructed prior to October 1, 1980. We questioned the \$92,791 that the Department of Workforce Development claimed for such interest charges. We also questioned the \$127,071 in interest costs the Department of Workforce Development charged the federal government relating to financing arrangements for internal service funds, such as the one providing computing services to state

agencies. However, internal service fund interest charges did become allowable costs subsequent to our audit period.

In addition, we questioned \$127,164 in costs claimed by the Department of Commerce because it did not fully document payroll and related costs charged to federal and state matching accounts, as required by federal grant rules. Finally, we questioned \$16,722 in costs for a variety of findings at various state agencies.

Although questioned costs were not at issue, we disagree with how the Department of Natural Resources accounts for some federally reimbursed costs. For certain federal programs, part of the reimbursed costs are charged to state general purpose revenue appropriations, while the reimbursement is credited to the account for federal programs. If both the reimbursement and the reimbursed costs were assigned to the federal program account, general purpose revenue could be available to be lapsed. This lapse would be on a one-time basis. The amount of potential lapse is not known, though our analysis of one large project suggested that the recommended treatment could have allowed the lapse of \$220,211 in general purpose revenues during fiscal year 1995-96.

Our unqualified audit opinion on the State's financial statements was included in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 1996. This report was published by the Department of Administration in December 1996 and is available from the State Controller's Office in the Department of Administration.

Our single audit report is lengthy and detailed. We are, therefore, limiting our initial distribution of the report to those required by law to receive copies, the audited state agencies, and the federal agencies providing funding to the State. However, if you are interested in receiving a copy of the single audit report, please contact our office and request report number 97-11.

Sincerely,  
*DALE CATTANACH*  
State Auditor

State of Wisconsin  
Department of Commerce  
Madison

July 15, 1997

To the Honorable, the Assembly:

As stated in SS 227.485(9), each state agency is required to notify the legislature of claims in which attorney's fees have

been paid. On behalf of Secretary William J. McCoshen, I am submitting this information for the Wisconsin Department of Commerce.

During FY97, there was one case in which attorney's fees were judged against the Department of Commerce. This was a PECFA claim sent for judicial review, Tack Oil (Case #94-CV-545). The petitioner was awarded \$5,090.60. The date of the order was January 10, 1996.

Please feel free to contact me with any further questions. Thank you.

Sincerely,  
*CHRISTOPHER C. MOHRMAN*  
Executive Assistant

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## COMMUNICATIONS

TOWN OF DELAFIELD

June 27, 1997

To the Honorable, the Assembly:

The Town of Delafield by its adoption of resolution 97-437 registers its support for the Joint Finance Committee's Motion 7045 and urges your vote in support of it when the 1998 Revenue Bill reaches your chamber.

We believe Motion 7045 will promote reasonable and measured growth and expansion and providing for open discussions between contiguous jurisdictions. The result will be development of which everyone can be proud. In an arena in which all entities are treated with respect, everyone wins.

Sincerely,  
*JUNE NIRSCHL, CMC/AE*  
Clerk, Town of Delafield

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## ADJOURNMENT

Representative Underheim moved that the Assembly stand adjourned until 10:00 A.M. on Tuesday, July 22.

The question was: Shall the Assembly stand adjourned?

Motion carried.

The Assembly stood adjourned.

10:01 A.M.