



# STATE OF WISCONSIN

# Assembly Journal

## Ninety–Third Regular Session

10:00 A.M.

THURSDAY, July 24, 1997

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

Representative Dobyms in the chair.

The Assembly dispensed with the call of the roll.

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### AMENDMENTS OFFERED

Assembly amendment 1 to **Assembly Bill 111** offered by Representative Schneider.

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State of Wisconsin  
Legislative Audit Bureau  
Madison

July 23, 1997

To the Honorable, the Assembly:

We have completed an audit of the State's process to select bond underwriting firms when issuing general obligation bonds and revenue bonds, as requested by the Joint Legislative Audit Committee. Between January 1, 1994 and April 30, 1997, the State sold underwriting firms over \$1.8 billion par value of general obligation and revenue bonds, which the firms, in turn, sold to investors.

The State sells bonds to underwriters either through a competitive bidding process or through negotiated sales. Competitive bidding accounted for 15 of 20 sales and 76 percent of the par value of the bonds sold to underwriters during the period of our audit. Sales through competitive bidding totaled \$1,404,765,000 par value. Negotiated sales totaled \$440,300,000, or 24 percent of the total bonds sold to underwriters.

We reviewed materials for each of the bonds issued between January 1, 1994 and April 30, 1997, as well as the State's process for selecting bond underwriting firms and the

advantages and disadvantages of negotiated sales. We noted nothing in our audit to indicate that the underwriter selection process during this period was not fair and equitable. However, the Department of Administration's Capital Finance Office needs to better document the basis for selecting the underwriter firms with which it negotiates bond sales. Although a Request for Proposal process is used to select firms, three of eight evaluator score sheets to rank the firms were not available for our review.

Analysis by the Capital Finance Office, which advises the State of Wisconsin Building Commission in issuing debt, indicates that regardless of whether they have been issued through competitive bidding or negotiated sales, the State's bonds have been issued at interest rates comparable to other municipal issues with the same Aa bond rating as the State's. In addition, it costs \$4.04 to issue every \$1,000 of competitively bid bonds and \$6.64 for every \$1,000 of negotiated bonds. These costs are less than those of other states for which issue cost data were available for our review period.

We appreciate the courtesy and cooperation extended to us by the Department of Administration's Capital Finance Office. The response from the Department is Appendix III.

Respectfully submitted,  
*DALE CATTANACH*  
State Auditor

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### ADJOURNMENT

Representative Kaufert moved that the Assembly stand adjourned until 10:00 A.M. on Tuesday, July 29.

The question was: Shall the Assembly stand adjourned?

Motion carried.

The Assembly stood adjourned.

10:01 A.M.