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☛ Details: Audit requests, 2005

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**



7

TED KANAVAS

STATE SENATOR

April 6, 2005

The Honorable Carol Roessler,
Chair of the Joint Committee on Audit

The Honorable Suzanne Jeskewitz,
Chair of the Joint Committee on Audit

Dear Senator Roessler and Representative Jeskewitz:

In April 2001, the residents of the Waukesha School District passed a \$24.4 million referendum that contained an earmark for the renovation and repair of an existing pool at Waukesha South High School. Recently, several constituents have contacted my office with concerns that the funds generated by the referendum have not been properly expended. In addition, they have expressed concern over the subsequent expansion and funding of the pool project.

In response to these constituent inquiries, and in the spirit of clearing the air, I am requesting the Joint Legislative Audit Committee direct the Legislative Audit Bureau to audit the School District of Waukesha's conduct pertaining to the Waukesha South High School pool project. I believe that the public is best served by having a clear understanding of the funding issues and process surrounding this project.

I am enclosing a copy of a letter that I received from a constituent dated March 15, 2005. The letter included six specific questions that I believe the committee should recommend that the Legislative Audit Bureau address.

If there are any questions that would help the committee with this request please feel free to contact my office.

Sincerely,

Ted Kanavas
33rd Senate District

TK/tsl

Enclosure

To: Wisconsin State Senator Ted Kanavas

March 15, 2005

From: Stephen Edlund
426 Prospect Ave.
Waukesha, WI 53188
Ph. (262) 547-1014

Re: Request for a State investigation and audit by the Joint Legislative Audit Committee

Dear Senator Kanavas

Please consider this request for an investigation/audit of the Waukesha School District's questionable financial arrangements for the construction of a new swimming pool at Waukesha South High School. The history is as follows:

In 2001, voters approved a large referendum of which \$1.1 million was earmarked for renovation/repair of the existing pool and remodeling of locker rooms. Subsequently, the Board of Education was persuaded by a private swim club to greatly expand the project which involved not merely renovating as presented to voters, but actually building a brand new competitive swimming pool for a total cost of greater than \$4 million. The district agreed to do this if the swim club would contribute \$4 million towards the project. Because the swim club could not come up with this kind of money in time to pay for its construction, the school district "lent" the money to this swim club and appropriated the money by borrowing the money itself and levying payments to property taxpayers via the "Community Services Fund" or, "fund 80".

It is my belief that this creative financial package is a misappropriation of public funds and I presented a supportive written opinion by the DPI and supporting documentation to the District. The District then hired an attorney to render a legal opinion. Having reviewed the attorneys' legal opinion, I noted several facts and misinformation that were presented to the attorney by the District from which he based his legal opinion.

I am requesting an audit of Fund 80 from 2002 forward. Our district apparently considers this a loophole to skirt the QEO/revenue limits. Not only are pool construction costs being obtained through Fund 80, but a portion of the much increased operating costs are also being planned to be obtained through this mechanism. Of note, this "loan" to the private swim club is to be repaid over 10 years with no interest, it is unsecured, no guaranteed of repayment and even if it is, there is no provision to return this money to property taxpayers.

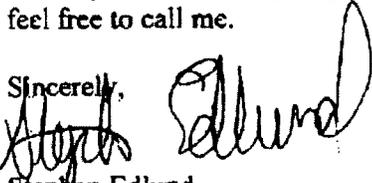
It is my opinion that voters supporting the 2001 referendum were victims of a "bait and switch" scheme.

My specific questions are as follows:

1. By Wisconsin State Statutes, did the Waukesha School District need to go to referendum to borrow the \$2.247 million dollars for this capital improvement?
2. By Wisconsin State Statutes, can the Waukesha School District, without voter approval, combine specified referendum funding with additionally borrowed funds to fund a different capital improvement project?
3. By Wisconsin State Statutes was the Waukesha School District required to go to referendum to fund this different capital improvement project?
4. Can fund 80, the Community Services Fund be used to provide site improvements and to fund construction projects and loans to community organizations?
5. Was this project legally funded and accounted for by State law?
6. Can the District accumulate significant interest from the 2001 referendum under State arbitrage laws?

Thank you for investigating this matter for me. If you have any questions please feel free to call me.

Sincerely,



Stephen Edlund
462 Prospect Ave.
Waukesha, WI 53188
(262) 547-1014

Asbjornson, Karen

From: Asbjornson, Karen
Sent: Tuesday, April 12, 2005 1:31 PM
To: Chrisman, James; Matthews, Pam; Shannon, Pam
Subject: Re: Sen. Kanavas request to audit Waukesha School District

Carol talked with Senator Kanavas today about his audit request. Carol told him the Co-chairs were not going to approve his audit request.

Karen Asbjornson
Office of Senator Roessler
608-266-5300/1-888-736-8720
Karen.Asbjornson@legis.state.wi.us



WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

May 2, 2005

Senator Ted Kanavas
10 South, State Capitol
Madison, Wisconsin 53702

Dear Senator Kanavas:

Thank you for your letter, dated April 6, 2005, in which you request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a financial audit of the Waukesha School District.

As you may know, s. 13.94 (1)(m), Wis. Stats., does allow the Legislative Audit Bureau to audit the records of any county, city, village, town or school district at the direction of the Joint Legislative Audit Committee. However, the Committee may not direct more than three such audits in any calendar year. Past committees have rarely exercised this option to authorize audits of local units of government.

While we are sympathetic to the serious concerns you raise about financial issues within the school district, we are reluctant to divert the resources and focus of the Legislative Audit Bureau away from the operations of state government to local government. The core responsibility of the Legislative Audit Bureau is to conduct financial and program evaluation audits of state government. Therefore, we have chosen not to advance your request for a financial audit of the Waukesha School District at this time.

Thank you for your letter. Please contact us with any questions or concerns.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

cc: Janice Mueller
State Auditor

Asbjornson, Karen

From: Roessler, Carol
Sent: Thursday, May 05, 2005 10:10 AM
To: 'sjeex4@ticon.net'
Subject: Re: Response to Citizen Concern about Waukesha School District Audit

Dear Mr. Edlund:

Thank you for your email inquiry concerning the request of Senator Kanavas for a financial audit of the Waukesha School District by the Legislative Audit Bureau, which was received in our office on April 6, 2005.

While we are sympathetic to the serious concerns you raise about financial issues within the school district, we are reluctant to divert the resources and focus of the Legislative Audit Bureau away from the operations of state government to local government. The core responsibility of the Bureau is to conduct financial and program evaluation audits of state government. Therefore, on May 2, we wrote to Senator Kanavas and communicated our decision not to advance the request for a financial audit of the Waukesha School District at this time.

Your email indicated that the State does not require school districts in Wisconsin to be audited. However, section 120.14 Wisconsin Statutes reads as follows:

120.14 Audit of school district accounts. In a common or union high school district:

120.14(1)

~~(1) At the close of each fiscal year, the school board of each school district shall employ a licensed accountant to audit the school district accounts and certify the audit. The audit shall include information concerning the school district's self-insurance plan under s. 120.13 (2) (b), as specified by the commissioner of insurance. If required by the state superintendent under s. 115.28 (18), the audit shall include an audit of the number of pupils reported for membership purposes under s. 121.004 (5). The cost of the audit shall be paid from school district funds. Annually by September 15, the school district clerk shall file a financial audit statement with the state superintendent.~~

120.14(3)

(3) The annual meeting may authorize and direct an audit of the school district accounts by a certified public accountant licensed or certified under ch. 442.

120.14(4)

(4) The department shall establish by rule a standard contract and minimum standards for audits performed under this section.

The Department of Public Instruction has created an administrative rule to govern its approach to meeting the statutory requirement of s. 120.14(4). Chapter PI 14.03 Wisconsin Administrative Code establishes the minimum standards for audit and standard school district audit contracts. For your reference, the following is an electronic copy of this administrative code:

5/5/2005



Finally, the Department of Public Instruction maintains a website with financial audit requirements. You may access this site at:

http://www.dpi.state.wi.us/dpi/dfm/sfms/audit_1.html

We hope you find this information helpful. Thank you for your interest.

Sincerely,

Senator Carol A. Roessler
Co-chairperson

Representative Suzanne Jeskewitz
Co-chairperson

From: steve [mailto:sjjeex4@ticon.net]
Sent: Saturday, April 30, 2005 6:08 PM
To: Sen.Roessler
Subject: Audit of the Waukesha School District

Dear Senator Roessler,

As a constituent of Senator Ted Kanavas, I have asked him to forward a request to audit the Waukesha School District, specifically the funding for a \$25 million dollar referendum designating funds for maintenance and one time capital improvements. This referendum was approved by the taxpayers in 2001. Unfortunately and curiously the state does not require school districts in Wisconsin to be audited and therefore substantial lack of fiscal irresponsibility and accountability has led to very questionable legal financial concerns observed by former school board members and citizens within the District such as myself.

Another issue which has set a new financial precedent state wide is the Districts' use of Fund 80, The Community Services Fund. This fund was utilized as part of a creative and suspicious financial package to construct a new 10 lane 1400 seat competition swimming pool at Waukesha South High School. Interestingly, there are only 15 members to a joint high school swimming team between Waukesha South and Catholic Memorial High School. Clearly this pool was built for a local swim club which has promised to repay the District \$1.4 million over 10 years . Taxpayers approved repair of the existing pool for \$800,000 in the 2001 referendum. The cost of the pool now has a subtotal of \$4.3 million. In addition to the utilization of the CSF to fund the pool as a "loan", the CSF fund will now be utilized to increase taxes directly to cover the operational expenses of this pool.

Now that the Waukesha School District has utilized the CSF to be a funding mechanism for new school buildings, it has set a precedent being followed by a private swim club in Germantown, WI. Their area swim club recently pitched to their school district using the Waukesha School District and their use of the CSF as the model on how to fund 2 new pools for their district. They even had a presentation by the same general contractor to pitch the Waukesha story.

Many in our community have come to distrust financial information provided by the Waukesha School District as witnessed by the recent defeat of another proposed referendum by a 2 to 1 margin.

I believe an examination and audit of the use of the CSF by the Waukesha School District is necessary to provide background usage of the CSF statewide. This issue seems to be garnering more

5/5/2005

questionable abuses which effects property taxpayers because it is outside revenue limits.
Thank you for your consideration of this audit.

Stephen Edlund
426 Prospect Ave.
Waukesha WI.
1-262-547-1014

Asbjornson, Karen

From: Malszycki, Marcie
Sent: Monday, May 02, 2005 9:39 AM
To: Asbjornson, Karen
Subject: FW: Audit of the Waukesha School District

CR email.

From: steve [mailto:sjjeex4@ticon.net]
Sent: Saturday, April 30, 2005 6:08 PM
To: Sen.Roessler
Subject: Audit of the Waukesha School District

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I believe an examination and audit of the use of the CSF by the Waukesha School District is necessary to provide background usage of the CSF statewide. This issue seems to be garnering more questionable abuses which effects property taxpayers because it is outside revenue limits.

Thank you for your consideration of this audit.

Stephen Edlund
 426 Prospect Ave.
 Waukesha WI.
 1-262-547-1014

262-547-1564

Asbjornson, Karen

From: Malszycki, Marcie
Sent: Monday, April 18, 2005 9:32 AM
To: Asbjornson, Karen
Subject: FW: Waukesha School District Audit request

CR email

From: Lufter [mailto:usslufte@afo.net]
Sent: Saturday, April 16, 2005 3:09 PM
To: Sen.Roessler
Subject: Waukesha School District Audit request

Dear Senator Roessler,

I am aware that Senator Kanavas requested an audit of the Waukesha School District's use of the Community Service Fund. I have always been an avid follower of government, but acknowledge that this one got by me until I started to research district budgets prior to our recently failed referendum. I had always seen the words 'community service fund' and didn't relate it to a tax levy. However, during my research, I discovered that the district took out a nonreferendum borrow through fund 38 and then levied the payment in fund 80--the community service fund. I emailed the state at that point and asked if that could even be done and was told no, that doesn't sound right. I spent three years on the School Board in the 90's and three years on the Finance committee at that time and have the understanding that whatever fund used for the expense needs to be used for the levy. I would say that this is an accounting error except for the fact that fund 80 is outside of revenue caps and fund 38 is not. If this kind of sloppy accounting is tolerated, it will provide a huge slush fund for school districts to build and spend whatever they want if they can somehow tie it to 'something for the community'. I get the feeling that this is not what the state intended when the fund 80 accounting laws changed.

Sincerely,

Chris Lufter
President of the Waukesha Taxpayers League

The FREEMAN

Waukesha County's Daily Newspaper

Request to audit Waukesha school spending rejected

Kanavas asked state to look at school district spending on pool

By LAWRENCE SILVER - Freeman Staff

May 6, 2005

WAUKESHA - The state Legislative Audit Bureau denied a request by a state senator to audit the Waukesha School District's spending of 2001 referendum dollars, a state senator said Thursday

State Sen. Carol Roessler, R-Oshkosh, said the agency is too tied up with state agencies to expend resources on local issues.

"Our Legislative Audit Bureau is charged by the state Legislature to audit functions of the program and financial of state agencies," said Roessler, who is co-chairwoman of the state Joint Committee on the Audit, the body that controls the audit bureau. "We felt diverting our limited resources is something that we didn't want to do."

State Sen. Ted Kanavas, R-Brookfield, requested April 8 the agency conduct the audit, after hearing constituent concerns about the funding of a new pool at Waukesha South High School.

"The key thing is we need to have the light of day shined on this issue," Kanavas said. "I think until there is clarity on this issue, the credibility of the school district will continue to be dragged down."

Waukesha School District Superintendent David Schmidt said the school district did everything possible to tell the public how it funded the pool.

"We spent three years talking about it and putting a plan together at meetings," Schmidt said. "We do our best to do everything we can to obey the law and do everything in the public."

The school district's construction of a new pool at South came under considerable fire from the Waukesha Taxpayers League during a recent push to pass a \$6.5 million referendum. The group questioned the actual amount the school district spent on the pool.

Kanavas, a former Elmbrook School District board member, requested a specific audit of pool spending in the letter written to the state Joint Committee on the Audit.

Kanavas said he plans to make his case for the investigation with the state Department of Public Instruction.

Lawrence Silver can be reached at lsilver@conley.net

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E-mail trail reveals Waukesha strategy on referendum

Waukesha Taxpayers League targeted in comments

By LAWRENCE SILVER - GM Today Staff

April 29, 2005

WAUKESHA - A thorough e-mail trail reveals the Waukesha School District's strategy concerning a \$6.5 million referendum question rejected by voters April 5.

About 300 pages of e-mails sent in the days shortly before and shortly after the April 5 vote, recovered by The Freeman through a Freedom of Information Act request, show the district wanted clear and concise responses to any action made by the Waukesha Taxpayers League.

Petty remarks about the Waukesha Taxpayers League made by school board members and Superintendent David Schmidt are scattered throughout the e-mails.

The majority of e-mails sent after March 19 between board members and Schmidt concerning the referendum center around a Waukesha Taxpayers League press conference March 22, a Waukesha Taxpayers League rally March 29 and a postcard sent to district voters by the Waukesha Taxpayers League on March 30.

The Freeman has been able to create a sequence of events from the e-mails.

'Get out the No vote'

Schmidt sent the first e-mail concerning the "Get out the No vote" rally hosted by the Waukesha Taxpayers League at 8:59 a.m. March 25 to school board President Bill Baumgart.

"This will also give you some insight as to why I think we need to still work on getting the teachers to understand that something has to be done about their health insurance."



School board member Joseph Como Jr., referring to a constituent's complaint about teachers' benefits. Como later said in a phone interview he believed teachers' benefits need to be more in line with the average worker's benefits.

"P.S. Please don't forward this to the press!!!!!!!!!!!!!!!!!!!!!! :)"

School board member Joseph Como Jr., referring to the above-mentioned quote.

"I have never seen a bigger group of liars in my entire life as WTL and CRG."



Former school board member Roger Danielsen, referring to the Waukesha Taxpayers League and the Citizens for Responsible Government

"Bucher will not



The rally was being held four days later at the Schuetze Recreation Center and Schmidt and Baumgart expected press coverage and prepared a statement for the media.

"It is my impression that we need to stay above the fray ... as this small group of mean-spirited, emotional and pathetic folks have little traction at this time," Schmidt stated in the e-mail. "We do not need to rev up a 'fight' ... it will give them more traction (and they will enjoy it!)."

Schmidt said Wednesday the remarks were in response to a Citizens for Responsible Government press release that used words like "patterns of lies, deceit and bait and switch tactics."

"Mine was a misguided and emotional response," Schmidt said. "I apologize to the Waukesha Taxpayers League for my comments. They came out in the heat of the moment and I got carried away."

Baumgart acknowledged that he would use Schmidt's suggested statement at 3:59 p.m. March 25.

He sent an e-mail describing the statement to every board member at noon March 26.

"If the event gets little attention, we may choose to let it pass. Too much on our part may give it more notice than it deserves and actually work against us," Baumgart said. "However if it draws attention, I will respond appropriately on behalf of the full board."

About 95 people came to the rally. No prepared statement was released to The Freeman.

State Rep. Mark Gundrum, R-New Berlin, was among a group of conservative speakers at the event.

School board member Kurt O'Bryan e-mailed Gundrum at 10:39 a.m. March 30 with these comments on his appearance: "I will not support the local Waukesha County Republican Party as long as it continues to follow the hateful anti-public education agenda. ... As far as your position - continue to be a follower instead of the leader you can and should be and I will not be able to support you either. Last night, you were a follower."

O'Bryan didn't return a call seeking comment.

support us, so we might as well bypass him."

School board member Kurt O'Bryan, referring to a complaint against a Waukesha Taxpayers League postcard

"We are so close. The pool issue is the one thorny weed I would really like to kill."

School board member Kurt O'Bryan, referring to a new pool at Waukesha South High School. O'Bryan didn't return a phone call seeking further comment on his e-mails.

"Most likely this will pass ... It is an obvious and pitiful attempt to derail our referendum. Given the support we are generating, maybe this vindictive and negative information will energize our base of supporters more than ever."



Superintendent David Schmidt, referring to a Waukesha Taxpayers League press conference.

"It is my opinion that we need to stay above the fray ... as this small group of mean-spirited, emotional and pathetic folks have little traction at this time."

Superintendent David Schmidt, referring to the Waukesha Taxpayers League. Schmidt apologized for his comments.

Postcard

Former school board member Roger Danielsen posted word of a Waukesha Taxpayers League informational postcard sent to "the entire voting list in Waukesha" at 10:50 p.m. March 30.

"I have never seen a more gross mischaracterization of an issue in my life," Danielsen stated in the e-mail. "According to the figures they're using \$11.5 million the first year and \$9.2 million more the second year for a total of \$20.7 million more that year and every year thereafter."

District Director of Business Services Bob Buchholtz said later the numbers on the postcard were accurate.

More than 30 e-mails concerning the postcard were sent between school board members and Buchholtz in the following three days.

Buchholtz created a response mailing to be sent out with the district's own version of the referendum impact on taxpayers.

Baumgart and O'Bryan provided changes to the mailing for purposes of effectiveness.

O'Bryan sent an e-mail to every school board member excluding Danielsen at 6:13 p.m. March 31.

"I would actually subtract the referendum maintenance funds to calculate your spending numbers, however I think you did this by choosing the 2002 through 2006 time period," the e-mail stated.

The Waukesha School Board asked voters for a recurring tax levy increase of \$5 million for preservation of current programs and services and a temporary tax levy increase of \$6 million for building maintenance over the next four years.

Baumgart stated he disagreed with O'Bryan's tactics in an e-mail sent to the same recipients at 6:39 p.m. March 31.

"I have reviewed the proposed postcard and feel it is a little soft," Baumgart stated. "Though I may not go quite as far as Kurt's suggestion, I think we can be a bit stronger."

O'Bryan sent an e-mail to Baumgart at 9:50 a.m. April 1 suggesting the district hold a press conference describing a complaint filed against the postcard.

He suggested state Attorney General Peg Lautenschlager, Wisconsin Superintendent Elizabeth Burmaster and Gov. Jim Doyle be invited to attend.

"We should request a press conference on Monday with the Attorney General and Elizabeth (Burmaster) to put these violations before the public," stated an e-mail by O'Bryan. "Send the AG and (Burmaster) the CRGNETWORK.COM Web site, the literature ... and I think it is an open and shut case. (District Attorney Paul) Bucher will not support us, so we might as well bypass him."

O'Bryan sent another e-mail to Baumgart at 7:42 p.m. April 2 asking for a press conference concerning a new pool still being constructed at Waukesha South High School.

The e-mail suggested a novelty check for \$600,000 be presented to Waukesha taxpayers. The check would be autographed by the Waukesha Education Foundation and Waukesha Express.

"We are so close," O'Bryan stated in the e-mail. "The pool issue is the one thorny weed I would really like to kill."

Press conference

Schmidt received a press release from Danielsen at 9:25 a.m. March 22 via e-mail.

The press release provided information about the Waukesha Taxpayers League's and Citizens for Responsible Government's first press conference outside of South High School at 10 a.m. March 22.

Schmidt decided to drive by the event and sent an e-mail to every school board member at 12:33 p.m. March 22.

"My intuition is to stay out of the dirt, particularly in the press," Schmidt stated in the e-mail. "Most likely this will pass ... it is an obvious and pitiful attempt to derail our referendum."

Some records remain uncovered

Some e-mails went unopened or were deleted, board members say

WAUKESHA - School board member Pat Madden said she never received personal e-mails concerning an April 5 referendum question from Roger Danielsen or any other school board members.

School board members Daniel Warren and Ellen Langill said they never received any e-mails from any school board member concerning the referendum.

An open records request by The Freeman confirms School Board President Bill Baumgart and Superintendent David Schmidt sent all three members e-mails concerning the referendum on more than one occasion.

Langill, Madden and Warren provided no e-mail documentation in response to The Freeman's request.

All three responded with a letter stating they received no personal e-mails from Danielsen.

Langill's letter stated "I do not open 'blanket' e-mails which are sent to many people. I have not read, opened, downloaded or stored any e-mails from Mr. Danielsen."

Madden stated a similar response in her letter in regards to the request.

"I don't send any e-mails and I don't receive any e-mails," said Madden, a former Waukesha County clerk, in an interview. "I routinely delete all my e-mails because the county used to tell us to keep our computers clean."

Warren's letter stated "This letter is to inform you that I have not received and therefore do not possess any electronic or hard copy communications related to the referendum issue involving Chris Luffer or Trisha Luffer."

Madden said she cannot recall getting any e-mails from Baumgart.

"I honestly don't remember getting anything from him," Madden said. "I looked at everything I had that I didn't delete."

Warren said he doesn't open all the e-mails he receives.

"I don't have them," Warren said. "All I know is I get e-mails at work and there's a lot I don't open."

Two school board members' e-mail records are still being collected by Schmidt.

School board Vice President Barbara Brzenk has been out of the country since the request was made April 13.

Danielsen's request was given to him later than other school board members, Schmidt said. The materials are still being collected.

Recent e-mail incidents will likely provoke policy change

District rules lagging behind technology

WAUKESHA - Waukesha School Board President Bill Baumgart and Superintendent David Schmidt both admit policies and guidelines need to be formed concerning e-mails.

School board member Roger Danielsen resigned after an e-mail he distributed containing the criminal record of a failed referendum opponent's daughter.

"This brought to our attention that as a board we have not addressed the change in technology," Baumgart said. "But we are going to."

Added Schmidt, "As a school district we are very uninformed and need more discussion about e-mails. We are behind the times."

E-mails between school board members concerning district business are considered public documents, First Amendment lawyer Bob Dreps said.

An e-mail about a tee time, for example, wouldn't be a public record. An e-mail about a referendum question would be, Dreps said.

E-mail laws can still be blurry however, Dreps said.

"There is not a definitive statute for retaining e-mails," Dreps said. "But communication about school business is public record, the same as a written letter."

School board member Daniel Warren said he might ask school board members not to e-mail him at all.

Schmidt said other districts around the state are encountering some of the same

problems.

"It's not just Waukesha," Schmidt said. "Other school districts around the state aren't doing any better than we are."

Schmidt said the school district will probably construct some guidelines concerning e-mails sent between district faculty.

Baumgart said the board will likely create an e-mail policy for board members.

Lawrence Silver can be reached at lsilver@conley.net.

This story appeared in the Waukesha Freeman on April 28, 2005.

SCHOOL FINANCIAL SERVICES**Financial and Membership Audit Requirements**

The Department of Public Instruction has the statutory responsibility to prescribe financial and membership audit requirements (s.120.14, Wisconsin Statutes) for Wisconsin school districts. In fulfilling this responsibility the department cooperates closely with school district officials and the independent auditors contracted by each school district. This page has been established as an additional means to provide relevant information concerning financial and membership auditing to interested parties. This page and associated links constitute the Wisconsin School District Audit Manual referenced by Wisconsin administrative code PI 14.03.

Recent Auditor Updates

Financial Audit Information - Financial Audit Information including the filing of the PI 1506 AC Report:

Reporting Due Dates:

PI 1506 AC - (internet filing) September 10, 2004

PI 1506 Audit Statement - (hard copy) September 17, 2004

Amended PI 1506 - October 1, 2004 - due to unsettled labor contracts

Financial Audit Report - November 1, 2004

Membership Audits - 2004-2005 State Aid Membership Audits are due **May 2, 2005**.

School districts required to have a 2004-2005 state aid membership audit will be notified January 31, 2005. The Department will not release the names of districts selected for audit prior to that date.

Auditors must use the membership audit program developed by the Department. The audit must include an examination of claimed summer school membership.

Districts selected and other information concerning state aid membership audit requirements are available at:

State Aid Membership Audit Information

Integration (Chapter 220) Audits

Districts participating in the Integration Transfer Program (ITP) "Chapter 220" are required to have an audit made of their 2003-2004 membership.

Information concerning ITP membership audit requirements is available at:

Integration Transfer Program Membership Audit Information.

Logs of Reports Received by DPI

2003-2004 Annual Reports Received

2003-2004 Special Education Annual Reports Received**WUFAR**Wisconsin Uniform Financial Accounting Requirements**Auditors**[Listing of Auditors](#)[Sample Request for Proposal](#)**Join the Auditor ListServ**

Join the listServ for CPA firms! Subscribe to the new School Finance Team accounting firm listserv and participate in valuable information exchanges regarding auditing concepts. Click here for more information> on the [LEA Auditor Listserv](#). (Users must have Microsoft Word or software that will read a Word document.) To join the listserv, send an email to [Kathy Guralski](#), School Finance Auditor.

Audit Contracts

Wisconsin Administrative Code [PI 14.03](#) contains the requirements for Wisconsin school district audits and a sample audit contract.

Links to:[Government Auditing Standards, 2003 Yellow Book](#)[Wisconsin State Single Audit Guidelines](#)[Governmental Accounting Standards Board](#)[Federal Educational Programs Compliance Supplement](#)[Federal Audit Clearing House Including Form SF-SAC Data Collection Form](#)[Catalog of Federal Domestic Assistance](#)

Comments, suggestions and inquiries regarding the information presented here are welcomed. Please contact one of the School Financial Team Auditors:

[Kathy Guralski](#) (608) 266-3862

[Gene Fornecker](#) (608) 267-7882

[Natalie Rew](#) (608) 267-9212

Updated April 13, 2005

Questions about this page should be directed to dpifin@dpi.state.wi.us

DEPARTMENT | SEARCH | SFMS
HOMEPAGE | THIS SITE | HOMEPAGE

Asbjornson, Karen

From: Malszycki, Marcie
Sent: Monday, May 09, 2005 9:32 AM
To: Asbjornson, Karen
Subject: FW: Response to Citizen Concern about Waukesha School District Audit
Attachments: s2t91e0.bmp; s2t9240.bmp; s2t9280.bmp

CR email

From: steve [mailto:sjjeex4@ticon.net]
Sent: Saturday, May 07, 2005 11:16 AM
To: Roessler, Carol
Subject: Re: Response to Citizen Concern about Waukesha School District Audit

Dear Senator Roessler,

The day I received your e-mail response, I received my open records request from the Waukesha School District. I made the request after a veiled threat by a school board member during a 2-3 hour conversation which he initiated the call. This all happened before the referendum, but given the personal attack against Christine Lafters' (Co-president of The Waukesha Taxpayers League) 19 year old daughter by a school board member, I felt my family may be in unknown danger as I have been asking questions and attending Facility and Finance Committee and School Board meeting concerning this pool for 1 year now. My open records request omitted information and every (4) board member lied about having records with my name on them. But this issue is for other branches of our system to deal with.

Regarding the co-chair decision; with all due respect, the State Constitution requires public education to be administered by the State. In addition, the laws with which the DPI arrives it's accounting standards are established by the State of Wisconsin. This excess and unlawful abuse by local officials is because they know nobody is watching.

I have attached some e-mails from my open records request that your office should share with your the co-chair for follow-up.

Thank you sincerely for your hard work in Madison

Stephen Edlund

----- Original Message -----

From: Roessler, Carol
To: sjjeex4@ticon.net
Sent: Thursday, May 05, 2005 10:10 AM
Subject: Re: Response to Citizen Concern about Waukesha School District Audit

Dear Mr. Edlund:

Thank you for your email inquiry concerning the request of Senator Kanavas for a financial audit of the Waukesha School District by the Legislative Audit Bureau, which was received in our office on April 6, 2005.

While we are sympathetic to the serious concerns you raise about financial issues within the school district, we are reluctant to divert the resources and focus of the Legislative Audit Bureau away from

5/9/2005

the operations of state government to local government. The core responsibility of the Bureau is to conduct financial and program evaluation audits of state government. Therefore, on May 2, we wrote to Senator Kanavas and communicated our decision not to advance the request for a financial audit of the Waukesha School District at this time.

Your email indicated that the State does not require school districts in Wisconsin to be audited. However, section 120.14 Wisconsin Statutes reads as follows:

120.14 Audit of school district accounts. In a common or union high school district:

120.14(1)

(1) At the close of each fiscal year, the school board of each school district shall employ a licensed accountant to audit the school district accounts and certify the audit. The audit shall include information concerning the school district's self-insurance plan under s. 120.13 (2) (b), as specified by the commissioner of insurance. If required by the state superintendent under s. 115.28 (18), the audit shall include an audit of the number of pupils reported for membership purposes under s. 121.004 (5). The cost of the audit shall be paid from school district funds. Annually by September 15, the school district clerk shall file a financial audit statement with the state superintendent.

120.14(3)

(3) The annual meeting may authorize and direct an audit of the school district accounts by a certified public accountant licensed or certified under ch. 442.

120.14(4)

(4) The department shall establish by rule a standard contract and minimum standards for audits performed under this section.

The Department of Public Instruction has created an administrative rule to govern its approach to meeting the statutory requirement of s. 120.14(4). Chapter PI 14.03 Wisconsin Administrative Code establishes the minimum standards for audit and standard school district audit contracts. For your reference, the following is an electronic copy of this administrative code:



Finally, the Department of Public Instruction maintains a website with financial audit requirements. You may access this site at:

http://www.dpi.state.wi.us/dpi/dfm/sfms/audit_1.html

We hope you find this information helpful. Thank you for your interest.

Sincerely,

Senator Carol A. Roessler
Co-chairperson

Representative Suzanne Jeskewitz
Co-chairperson

From: steve [mailto:sjjeex4@ticon.net]
Sent: Saturday, April 30, 2005 6:08 PM
To: Sen.Roessler
Subject: Audit of the Waukesha School District

Dear Senator Roessler,

As a constituent of Senator Ted Kanavas, I have asked him to forward a request to audit the Waukesha School District, specifically the funding for a \$25 million dollar referendum designating funds for maintenance and one time capital improvements. This referendum was approved by the taxpayers in 2001. Unfortunately and curiously the state does not require school districts in Wisconsin to be audited and therefore substantial lack of fiscal irresponsibility and accountability has led to very questionable legal financial concerns observed by former school board members and citizens within the District such as myself.

Another issue which has set a new financial precedent state wide is the Districts' use of Fund 80, The Community Services Fund. This fund was utilized as part of a creative and suspicious financial package to construct a new 10 lane 1400 seat competition swimming pool at Waukesha South High School. Interestingly, there are only 15 members to a joint high school swimming team between Waukesha South and Catholic Memorial High School. Clearly this pool was built for a local swim club which has promised to repay the District \$1.4 million over 10 years . Taxpayers approved repair of the existing pool for \$800,000 in the 2001 referendum. The cost of the pool now has a subtotal of \$4.3 million. In addition to the utilization of the CSF to fund the pool as a "loan", the CSF fund will now be utilized to increase taxes directly to cover the operational expenses of this pool.

Now that the Waukesha School District has utilized the CSF to be a funding mechanism for new school buildings, it has set a precedent being followed by a private swim club in Germantown, WI. Their area swim club recently pitched to their school district using the Waukesha School District and their use of the CSF as the model on how to fund 2 new pools for their district. They even had a presentation by the same general contractor to pitch the Waukesha story.

Many in our community have come to distrust financial information provided by the Waukesha School District as witnessed by the recent defeat of another proposed referendum by a 2 to 1 margin.

I believe an examination and audit of the use of the CSF by the Waukesha School District is necessary to provide background usage of the CSF statewide. This issue seems to be garnering more questionable abuses which effects property taxpayers because it is outside revenue limits. Thank you for your consideration of this audit.

Stephen Edlund
426 Prospect Ave.
Waukesha WI.
1-262-547-1014

Schmidt, David S.

From: Schmidt, David S.

Sent: Wednesday, March 16, 2005 3:35 PM

To: Runte, Kathy

For confidential update on Friday to BOE. Not complete yet. Thanks DS

Technology Project Leadership

We have several technology projects at different points of planning and implementation. [REDACTED] has a personal medical issue with which to deal and may be gone from the district for several weeks. In the meantime, he has outlined the projects and interim "managers" of these projects including the replacement of the student information system, technology acquisition plan for next year, bid specs for next year's purchases, e rate submissions and others. By assigning these tasks, we will continue to make progress toward expected outcomes, despite [REDACTED] availability. The superintendent will meet with those assigned to discuss and verify direction and progress in the work. Please keep [REDACTED] your thoughts and call David Schmidt for more information.

South High School Pool Funding

We have received an email from Senator Ted Kanavas that he has been contacted by the "Waukesha Tax Payers League" related to the process and funding of the collaborative pool project at South High School. Attached is Senator Kanavas' email and the Superintendent's response. Additionally, it has come our attention that they have also contacted at least one other legislator. In discussion with Mr. Steve Edlund last week, he described how he was going to "go to the State fiscal bureau and have them rule on the legalities of the pool funding". Obviously, he has gotten some attention with the tax payer's group and they are following up on his concerns. It is our intention to deal with this issue with the legislators after April 5, as we do not want it to "infect" the referendum. Superintendent Schmidt will be in contact with those legislators and along with Bob Buchholtz and a representative from the Express Swim Club, will meet as needed with these legislators and explain the situation. Please call the superintendent with concerns or questions.

Schmidt, David S.

From: Schmidt, David S.
Sent: Tuesday, April 05, 2005 2:39 PM
To: 'BDomina@milwcnty.com'
Subject: RE: Referendum

Bill,

Thanks for the email. We are in a "damage control" mode right now, as you can well understand. Roger's email has been used effectively against the credibility of us all...and will have some long term impact of trust, etc. Bill B. and I will discuss strategy on pool follow-up. This issue has been, and will continue to be, one that will not go away. The TPL as fueled by Steve Edlund and now others is destined to "expose" the corruption here. Given their tools...the press, the talk shows, etc. it will be hard to fight the spin. They are very good at it and with the CRG working with them, will be a formidable foe.

Hope all is well with you. You are no stranger to this type of drama.

David

-----Original Message-----

From: BDomina@milwcnty.com [mailto:BDomina@milwcnty.com]
Sent: Tuesday, April 05, 2005 10:04 AM
To: Schmidt, David S.; wabaum@execpc.com
Subject: Referendum

David and Bill

I write this somewhat removed from the action in Waukesha. I am sorry for the pain that you all have been through and want you to know that I know that you are working for the greater good of kids in Waukesha.

I hope that I am wrong, but it appears to me that the Referendum for Waukesha will fail today. Over the past week, the opponents have gotten traction on several issues (mostly built on falsehoods and half-truths). Even if I am wrong, there is considerable repair that will be required for the community.

Here are my thoughts:

1. Get the truth out even if the referendum fails. A whole remedial PR strategy needs to be developed. For example, over 800,000 dollars has been raised by the Waukesha Express for the new pool. In addition, the revenue stream, under the business plan developed, will compensate for the cost of the pool. In the end the district's additional cost was less than \$500,000. (Make sure my numbers are right, but you get my jist).
2. Roger has done more to hurt this effort than to help it. Develop a strategy to deal with him. Brainstorming ideas--approach him and suggest he resign from the Board; censure him for his email attacks involving Chris Lufer's daughter; etc. If the referendum succeeds, I believe that the opposition group will be mobilized to start a recall effort. You can expect Roger to be the focus of this effort.
3. Resist any desire to cut programs out of anger. Yes, programs will have to be cut, but the Board must be temperate in its remarks. If the community senses that the Board is "sticking it to them" there will be further damage.

4/25/2005

You both know me well enough to know that I only want to help support you and my investment into the Waukesha community. If I can help you in any way, please let me know. I make house-calls.

Bill

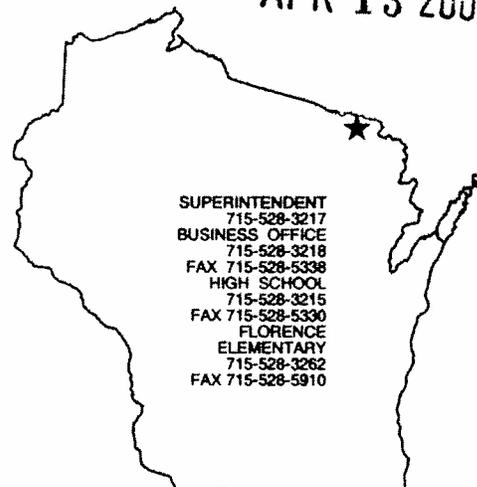
4/25/2005



APR 13 2005

SCHOOL DISTRICT OF FLORENCE COUNTY

P.O. BOX 440
FLORENCE, WISCONSIN 54121



April 11, 2005

Senator Carol Roessler, Co-Chair Audit Committee
Wisconsin Legislature
P. O. Box 7882
Madison, WI 53707

Dear Senator Roessler:

SUBJECT: Florence School District Audit Request

The School District of Florence County has been struggling fiscally due to many factors, not the least of which has been severe declining enrollment, coupled with a low revenue limit.

In an attempt to address our projected budget shortfall, our school district made significant cuts in personnel through the closing of an elementary school and other personnel reductions. For the past two years, the district has also made major reductions in other aspects of the budget, many of which represent delayed spending. Through conservative fiscal management the past two years plus additional personnel reductions for the 2005-06 school year, our district is projected to remain solvent through 2005-06, provided we do not continue to lose student enrollment through instability. Our forecast projections show a deficit of approximately \$1 million for 2006-07; and, for a district our size, we cannot see how we would be able to make such large-scale cuts and still maintain student enrollment. Two referendums in the past year to exceed the revenue limits have failed.

In January, 2004, school district representatives met with Rep. Lorraine Seratti, Attorney Joyce Kiel, Mr. David Loppnow, and representatives from the Department of Public Instruction to discuss our fiscal situation. As an outgrowth of that meeting, Rep. Seratti contacted Janice Mueller, State Auditor, requesting that the Legislative Audit Bureau conduct an audit of our school district to have a third-party objective analysis of our district's operations and finances. In response, Ms. Mueller forwarded Rep. Seratti's request to the Joint Legislative Audit Committee for review. Such an audit never occurred.

We respectfully request that the Legislative Audit Bureau conduct an analysis of our district finances and make recommendations for addressing our projected deficit. Unless our district can determine a viable way to address this shortfall, our Board of Education may be forced to pass a resolution to dissolve by June 30.

PARTNERS IN THE PURSUIT OF EXCELLENCE

Senator Carol Roessler
Page 4
April 11, 2005

Your prompt consideration in this matter will be appreciated.

Sincerely,

SCHOOL DISTRICT OF FLORENCE COUNTY

A handwritten signature in cursive script, appearing to read "Jan Dooley".

Jan Dooley
District Administrator





Jeff Mursau

STATE REPRESENTATIVE • 36TH ASSEMBLY DISTRICT

April 12, 2005

Senator Carol Roessler
P.O. Box 7882
Madison, WI 53707

Representative Sue Jeskewitz
P.O. Box 8952
Madison, WI 53708

Dear Senator Roessler and Representative Jeskewitz,

I am writing you regarding the Florence County School District.

As you likely know, the Florence County School District is in dire financial shape. Unwise fiscal management by previous administrations and declining student enrollment has put the district into crisis. Recently, the district had to close one of its two elementary schools. Unless something drastic is done, it is unclear how long the Florence County School District will be able to survive.

There are many parties trying to solve the district's problems. The district has until the end of June to plan the next step. Unfortunately, there is uncertainty as to the exact financial status of the school district. The uncertainty is adding tension to the situation.

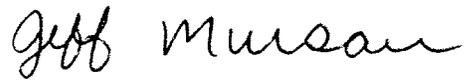
It would be in the best interests of all parties to have an audit conducted by an independent body with no vested interest in the district.

As you know, s.13.94(1)(m) authorizes the Legislative Audit Bureau to conduct audits of school boards at the request of the Joint Legislative Audit Committee.

The Legislative Audit Bureau has history of fair and unbiased analysis that has been proven useful in similar matters (helping answer longstanding fiscal questions about Menominee County in a 1998 audit, for example). Therefore, I respectfully request that the Legislative Audit Bureau conduct an audit of the Florence County School District.

If you have any questions, feel free to contact me. Thank you for your consideration of this very urgent request.

Sincerely,

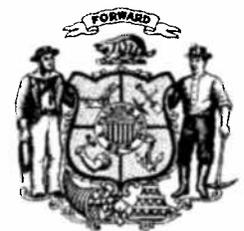
A handwritten signature in cursive script that reads "Jeff Mursau".

Jeff Mursau
State Representative
36th Assembly District

Cc: John Gard
Janice Mueller
Jan Dooley
Liz Reiten



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

May 2, 2005

Representative Jeff Mursau
18 North, State Capitol
Madison, Wisconsin 53702

Dear Representative Mursau:

Thank you for your letter, dated April 12, 2005, in which you request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct a financial audit of the Florence County School District.

As you are aware, s. 13.94 (1)(m), Wis. Stats., does allow the Legislative Audit Bureau to audit the records of any county, city, village, town or school district at the direction of the Joint Legislative Audit Committee. However, the Committee may not direct more than three such audits in any calendar year. Past committees have rarely exercised this option to authorize audits of local units of government.

While we are sympathetic to the serious concerns you raise about financial issues within the school district, we are reluctant to divert the resources and focus of the Legislative Audit Bureau away from the operations of state government to local government. The core responsibility of the Legislative Audit Bureau is to conduct financial and program evaluation audits of state government. Therefore, we have chosen not to advance your request for a financial audit of the Florence County School District at this time.

Thank you for your letter. Please contact us with any questions or concerns.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

cc: Janice Mueller
State Auditor





DAVID CULLEN

STATE REPRESENTATIVE



May 5, 2005

Ms. Jan Mueller
Wisconsin State Auditor
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Dear Ms. Mueller,

Enclosed is a copy of payment records from the Wisconsin Lottery to Jeffrey and Lisa Hintz. These payouts begin on May 10, 2000 and culminate with winning the 2nd Chance game for the fifth straight week on April 29, 2005. The total amount won by the Hintz's is \$68,072.00.

As we discussed, please review this information with staff members who conducted the audit of the Wisconsin Lottery. As we await any internal investigation that is being conducted by lottery officials, I would appreciate any input you or your staff might have on these unusual circumstances.

If officials at the lottery fail to determine a reasonable explanation for the Hintz's large number of winning entries over the past five years, I request that you look into this situation immediately. State taxpayers generally and lottery players in particular need to have this cloud of suspicion that is hanging over the lottery removed as quickly as possible.

Thank you for your attention to this matter. I look forward to hearing from you.

Sincerely,

A handwritten signature in cursive script that reads "David A. Cullen".

DAVID A. CULLEN
State Representative
13th Assembly District

Aug 14 2003	HINTZ	JEFFREY B	BONDUEL	WI	HPLR	\$1,000.00	
Dec 15 2003	HINTZ	JEFFREY B	BONDUEL	WI	\$GAM		\$3,000.00
Nov 24 2003	HINTZ	JEFFREY B	BONDUEL	WI	\$GAM		\$3,000.00
Aug 11 2003	HINTZ	LISA	M BONDUEL	WI	HPLR	\$1,000.00	
Dec 26 2003	HINTZ	LISA	M BONDUEL	WI	HPLR	\$1,000.00	
Feb 7 2003	HINTZ	LISA	M BONDUEL	WI	HPLR	\$1,000.00	
Jan 15 2003	HINTZ	LISA	M BONDUEL	WI	ONLN		\$660.00
Mar 10 2003	HINTZ	LISA	M BONDUEL	WI	\$GAM		\$1,500.00
Mar 17 2003	HINTZ	LISA	M BONDUEL	WI	\$GAM		\$2,000.00
Mar 28 2003	HINTZ	LISA	M BONDUEL	WI	\$GAM		\$2,000.00
May 13 2003	HINTZ	LISA	M BONDUEL	WI	HPLR	\$1,000.00	
Sep 18 2003	HINTZ	LISA	M BONDUEL	WI	HPLR	\$1,000.00	

2004

5/21/04	HINTZ	LISA	M BONDUEL	WI	Supr2nd	\$1,000.00	
8/30/04	HINTZ	LISA	M BONDUEL	WI	Supr2nd	\$1,000.00	
10/26/04	HINTZ	LISA	M BONDUEL	WI	SWT16	\$1,000.00	
11/1/04	HINTZ	LISA	M BONDUEL	WI	Pick4		\$1,200.00
11/11/04	HINTZ	LISA	M BONDUEL	WI	SWT16	\$1,000.00	
12/7/04	HINTZ	LISA	M BONDUEL	WI	Pick4		\$5,000.00

2/23/04	HINTZ	JEFFREY B	BONDUEL	WI	Supr2nd		2000
6/21/04	HINTZ	JEFFREY B	BONDUEL	WI	Supr2nd	\$1,000.00	

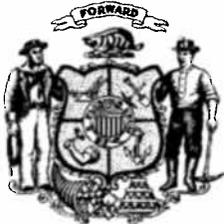
2005

1/3/05	HINTZ	LISA	M BONDUEL	WI	Supr2nd	\$1,000.00	Draw 12/23/04
2/16/05	HINTZ	LISA	M BONDUEL	WI	Supr2nd	\$1,000.00	Draw 2/10/05
4/1/05	HINTZ	LISA	M BONDUEL	WI	Supr2nd	\$1,000.00	Draw 3/24/05
4/8/05	HINTZ	JEFFREY B	BONDUEL	WI	Supr2nd	\$1,000.00	Draw 3/31/05
4/18/05	HINTZ	JEFFREY B	BONDUEL	WI	Supr2nd	\$1,000.00	Draw 4/07/05
4/25/05	HINTZ	JEFFREY B	BONDUEL	WI	Supr2nd	\$1,000.00	Draw 4/14/05
4/29/05	HINTZ	JEFFREY B	BONDUEL	WI	Supr2nd	\$1,000.00	Draw 4/21/05

Total Homeplayer/Super2nd Chance/Sweet 16 **\$41,350.00**
 Total Money Game (\$Game) **\$18,862.00**
 Total Instant or Online Tickets **\$7,860.00**
 Grand Total all Prizes **\$68,072.00**



WISCONSIN STATE LEGISLATURE



SCOTT SUDER

State Representative • 69th Assembly District

State Capitol Office:
Room 21 North
P.O. Box 8953
Madison, WI 53708-8953
(608) 267-0280 • Fax: (608) 282-3669

69th Assembly District:
Telephone/fax: (715) 223-6964
Call toll-free: (888) 534-0069
Rep.Suder@legis.state.wi.us
www.legis.state.wi.us/assembly/asm69/news

May 9, 2005

The Honorable Carol Roessler, State Senator
Co-Chair Joint Legislative Audit Committee
Room 8 South, State Capitol
Madison, WI

The Honorable Susan Jeskewitz, State Representative
Co-Chair Joint Legislative Audit Committee
Room 314 North, State Capitol
Madison, WI

Dear Senator Roessler and Representative Jeskewitz:

I am writing this letter to respectfully request that the Joint Legislative Audit Committee, under your leadership as Co-Chairwomen, consider performing a comprehensive audit of the Department of Natural Resources fish and wildlife accounts. Many sportsmen and legislators are deeply concerned that the DNR may not be using 100% of these monies for the purpose for which they were intended.

As I'm certain you are aware, the most recent 1998 audit of these accounts indicated that only 40 percent of the user fee expenditures (hunting and fishing fees) primarily benefit hunters and anglers. That particular audit further showed that at least \$981,000 was spent on activities not directly supporting hunting or fishing opportunities, including various endangered resources work. In fact, an incredulous \$11.6 million, or 23.0 percent of user fees, was spent on the DNR's overhead costs. Furthermore, the audit showed that meaningful spending restrictions are placed on only 6% of revenue generated through hunting and fishing fees.

As you may also know, Wisconsin's budget for fish and wildlife activities is larger than those of most states, ranking sixth nationally and first among Midwestern states.

The last audit of these accounts was undertaken 7 years ago and the DNR has yet to provide to the Legislature or the public accurate accounting data regarding these accounts. Meanwhile, Governor Doyle and the DNR have undertaken an unprecedented public relations campaign trying to convince our constituents of the supposed need for a record increase in hunting and fishing license fees. I believe it is important for us as policy makers to have up to date, accurate information as to how the monies sportsmen are asked to pay for these important programs are being spent by the department.

Assembly Committee Assignments:

Criminal Justice, Chairman • Rural Development, Vice Chairman • Corrections and the Courts
Transportation • Agriculture • Law Revision • Rural Economic Development Board

Since the DNR refuses to reform its own accounting procedures with regard to these important programs (which was strongly recommended by the Audit Bureau in 1998), I believe it is important for sportsmen and taxpayers to have confidence that the fees they pay for hunting and fishing are being used by the DNR for their intended purposes. The 1998 audit clearly indicated a lack of oversight and accountability with regard to the DNR's management of these funds. It appears that the reforms suggested in the last audit have been thus far ignored by the department.

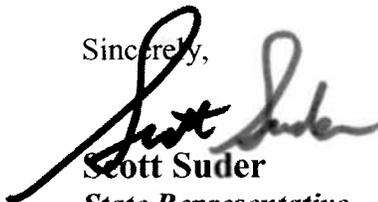
I believe a comprehensive audit of these accounts is important for a number of reasons. First, to ensure sportsmen that their hard-earned money is indeed being used for the programs they were intended. Secondly, an audit of these programs will assist both legislators and the public in understanding exactly how these fees are being used by this agency. Such an audit will also help ensure the integrity and solvency of these programs in the future.

If indeed the department is using hunting and fishing fees for purposes other than what they were intended for, as some allege, an independent audit will shine the light of truth on such practices. Unfortunately, as it stands, we simply don't know. That's unacceptable for both taxpayers and their elected leaders.

I respectfully urge you to take these facts into account and initiate an audit of the DNR's fish and wildlife accounts this year. Sportsmen and women statewide have a right to know how their hard earned money is being spent.

Thank you in advance for considering my request and I remain hopeful that with your assistance we will force the DNR to reform its confusing and loose accounting practices with regard to hunting and fishing funds. Please feel free to contact me should you have any questions or need any additional information. I look forward to your reply.

Sincerely,



Scott Suder

State Representative

Wisconsin's 69th Assembly District



WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

FOR IMMEDIATE RELEASE

May 16, 2005

For further information, please contact:
State Representative Scott Suder

Toll Free at 1-(888)-534-0069

REP. SUDER CALLS FOR AUDIT OF DNR HUNTING AND FISHING ACCOUNTS

Northern Lawmaker Wants To Know if Sportsmen Fees Are Being Used For Unrelated DNR Activities

ABBOTSFORD... State Representative Scott Suder (R-Abbotsford) has called for a comprehensive Legislative audit of the DNR's hunting and fishing accounts. In a letter to the Legislature's Joint Audit Committee, Suder said sportsmen and taxpayers deserve to know exactly how their hunting and fishing fees are being spent by the DNR. The lawmaker says the DNR needs to prove to the public these monies are being used for their intended purposes, and not to finance unrelated programs within the department. Suder sent an official request to the Joint Audit Committee for the audit to be conducted this year.

"Sportsmen throughout this state expect the DNR to be using 100% of their hunting and fishing fees for programs related to these activities," Suder said. "The fact is, the DNR's accounting practices are so loose, we don't know exactly how these funds are being spent."

A 1998 independent audit indicated that only a portion of hunting and fishing fees are actually used to fund hunting and fishing programs by the department. The audit further showed that \$981,000 of sportsmen fees was spent on activities that did not directly support hunting and fishing opportunities. Auditors also discovered that 23 percent of sportsmen fees (\$11.6 million) were spent on DNR overhead costs. Suder said sportsmen and taxpayers have a right to know exactly how these fees are being used.

"An independent audit of the DNR is the only way we will know once and for all how these fees are being spent," Suder stated. "The last audit 7 years ago raised serious questions about the DNR management of these funds and it appears those problems still exist today."

Often an outspoken critic of the DNR, Suder has been reluctant to support increases in hunting and fishing fees and has repeatedly questioned the agency's spending practices. Suder said serious questions remain about the accountability for fish and wildlife spending which can only be answered through an independent audit of the agency. Recent figures indicate Wisconsin's budget for fish and wildlife activities is larger than those of most states, ranking sixth nationally and first among Midwestern states.

"The DNR is one agency in dire need of accounting reform," Suder stated. "An audit will help ensure the integrity and solvency of Wisconsin's hunting and fishing programs for the future," Suder commented.

For more information on the license fee increase proposal and other legislative issues feel free to contact Representative Suder at (888) 534-0069 or email him at Rep.Suder@legis.state.wi.us.





STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
State Auditor

May 10, 2005

Representative David Cullen
216 North, State Capitol
Madison, Wisconsin 53702

Dear Representative Cullen:

Thank you for your letter, dated May 5th, in which you raise concerns about recent media reports of a Wisconsin couple winning multiple second-chance Wisconsin Lottery drawings. I am forwarding your letter to the co-chairpersons of the Joint Legislative Audit Committee for their information.

The Wisconsin Lottery is currently conducting an internal review to explain the circumstances surrounding the couple's participation in the second-chance game and their winnings. We will continue to work closely with Lottery staff as they proceed with their review, and we will carefully consider any actions the Wisconsin Lottery may take in response to it.

Please contact me with any questions.

Sincerely,

Janice Mueller
State Auditor

JM/JC/bm

Enclosure

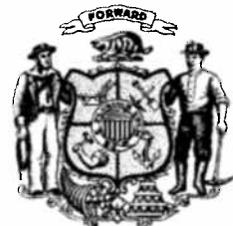
cc: Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Michael J. Edmonds, Administrator
Division of Lottery



WISCONSIN STATE LEGISLATURE





May 27, 2005

WISCONSIN LEGISLATURE

P.O. BOX 8952 • MADISON, WI 53708

Janice Mueller
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Bob Lang
Legislative Fiscal Bureau
1 East Main, Room 401
Madison, WI 53703

Dear Director Mueller and Director Lang,

We learned of information yesterday regarding the Department of Administration's Comprehensive Planning grant program, that we believe warrants immediate attention. We would like to request the Legislative Fiscal Bureau provide information on the DOA's 2003-05 budget on Comprehensive Planning grant awards, in light of action taken by the Joint Committee on Finance to eliminate the Comprehensive Planning program. Upon receipt of this information, we will be requesting an audit of the DOA.

Our information indicates that the DOA may have anticipated approval by the Joint Committee on Finance of additional revenues being allocated to the Comprehensive Planning Grants program in this session's budget. It is our understanding that the DOA currently has \$2 million left in its 2003-05 budget. It is also our understanding the DOA may have made approximately \$5.5 million in commitments to local governments in grant award letters, before continued funding was approved. We need Fiscal Bureau to determine how much has been promised in grant award letters, compared to how much is still available in the DOA's budget.

After receiving information on the difference between the commitments made by the DOA and the funds left in the grant program, an audit of the DOA may be necessary to determine if the department has exceeded its authority, since units of government were under the belief they would receive funding, and these funds may no longer be available. For instance, Lafayette County was informed they would receive \$184,000 in assistance, and are now being told that the DOA may 'pro-rate' their loan application. Because there are some 200 grant applications pending, and there may be approximately \$2 million in funds remaining on hand, some applicants may do without funding even if pro-rating is to occur. Regardless, pro-rating must first have legislative authorization, and would not in fact meet the terms of the original agreement.

Sincerely,

Representative Sheryl K. Albers
50th Assembly District

Senator Dale W. Schultz
17th Senate District



WISCONSIN LEGISLATURE

P.O. BOX 8952 • MADISON, WI 53708

Stephen J. Freese

Representative Stephen J. Freese
51st Assembly District

Gabe

Rep. Gabe Loeffelholz
49th Assembly District

Brett Davis

Representative Brett Davis
80th Assembly District