



# STATE OF WISCONSIN Assembly Journal

## Ninety-Ninth Regular Session

WEDNESDAY, December 1, 2010

The Chief Clerk makes the following entries under the above date:

### COMMUNICATIONS

State of Wisconsin  
Legislative Reference Bureau  
Madison

**DATE:** December 1, 2010

**TO:** Patrick E. Fuller  
Assembly Chief Clerk

Robert Marchant  
Senate Chief Clerk

**FROM:** Bruce J. Hoesly  
Code Editor

**SUBJECT:** Rules published in the November 30, 2010  
Wisconsin Administrative [Register, No. 659](#).

The following rules have been published:

Clearinghouse Rule <a href="#">09-073</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">09-119</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">09-120</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-002</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-014</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-033</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-035</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-039</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-048</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-049</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-050</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-055</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-065</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-070</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-073</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-074</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-075</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-078</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-083</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-093</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-094</a>	effective	12-1-2010
Clearinghouse Rule <a href="#">10-095</a>	effective	12-1-2010

### REFERRAL OF AGENCY REPORTS

State of Wisconsin  
Department of Natural Resources  
Madison

November 12, 2010

To the Honorable, the Legislature:

Pursuant to [2009 Act 40](#) and s. [23.39](#), Stats., and in compliance with s. [13.172 \(2\)](#), Stats., the Department of Natural Resources respectfully submits a report regarding authorities to protect wildlife and the environment from any adverse impacts of wind energy development in the State.

If you require additional information and explanation regarding these conclusions, please contact Mr. David Siebert, Director of the DNR Office of Energy and Environmental Analysis, at 264-6048.

Sincerely,  
*MATT FRANK*  
Secretary

Referred to committee on **Natural Resources**.

State of Wisconsin  
Department of Natural Resources  
Madison

November 15, 2010

To the Honorable, the Legislature:

The DNR is required to submit the attached Report to the Legislature per s. [23.0916 \(6\)](#), Wis. Stats. This report is to be shared with the Joint Committee on Finance (16 copies), Senate Committee on the Environment and Natural Resources (5 copies), and Assembly Committee on Natural Resources (14 copies).

Please contact Mary Rose Teves, Directory, Bureau of Community Financial Assistance, at 267-7683 if you should have any questions about this document.

Sincerely,  
*MATT FRANK*  
Secretary

Referred to committee on **Natural Resources**.

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State of Wisconsin  
Gathering Waters Conservancy  
Madison

November 15, 2010

To the Honorable, the Legislature:

It is my pleasure to share with you the enclosed report of Gathering Waters Conservancy's activities and accomplishments for Fiscal Year 2010. This report is being submitted in accordance with the statutory requirements of s. 23.0955 (2)(b)5. Gathering Waters Conservancy and Wisconsin's land trust community can report that the pace and quality of lasting land conservation in the state is increasing. That success is due in part to the ongoing support of the state legislature and the Department of Natural Resources.

Gathering Waters Conservancy works on the leading edge of a truly influential conservation movement. Wisconsin land trusts have permanently protected over 220,000 acres in communities across Wisconsin. They claim a combined membership of close to 50,000 individuals and thousands of local volunteers; they have raised millions of private dollars to protect critical lands that benefit the public; and they work with private landowners every day to promote voluntary stewardship and protection of our natural resources.

We look forward to continuing to work with the State to achieve meaningful land conservation that will benefit generations of Wisconsin citizens to come. Please do not hesitate to contact me for additional information. I have also enclosed Gathering Waters Conservancy's audited financial reports for FY 2010 for your review.

Sincerely,  
*MICHAEL STRIGEL*  
Executive Director

Referred to committee on **Natural Resources**.

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State of Wisconsin  
Department of Administration  
Madison

November 30, 2010

To the Honorable, the Legislature:

This report is transmitted as required by s. 20.002 (11)(f), Wisconsin Statutes, (for distribution to the appropriate standing committees under s. 13.172 (3), Wisconsin Statutes) 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 cash balances during the month of October 2010.

On October 1, 2010, the Medical Assistance Trust Fund cash balance closed at a negative \$1.8 million (its intra-month low). This negative balance continued through October 4, 2010, when the fund's cash balance closed at a positive \$3.4

million. The negative balance was due to the difference in the timing of revenues and expenditures.

On October 1, 2010, the Environmental Fund cash balance closed at a negative \$16.6 million (its intra-month low). This negative balance continued through October 4, 2010, when the fund's cash balance closed at a positive \$7.9 million. The negative balance was due to the difference in the timing of revenues and expenditures.

On October 4, 2010, the Worker's Compensation Fund cash balance closed at a negative \$650 thousand. This negative balance continued through October 31, 2010, when the fund's cash balance closed at a negative \$685 thousand (its intra-month low). The negative balance was due to the difference in the timing of revenues and expenditures.

On October 4, 2010, the Mediation Fund cash balance closed at a negative \$12 thousand. This negative balance continued through October 31, 2010, when the fund's cash balance closed at a negative \$35 thousand (its intra-month low). The negative balance was due to the difference in the timing of revenues and expenditures.

On October 4, 2010, the Dry Cleaner Environmental Response Fund cash balance closed at a negative \$35 thousand (its intra-month low). This negative balance continued through October 6, 2010, when the fund's cash balance closed at a positive \$244 thousand. The negative balance was due to the difference in the timing of revenues and expenditures.

The Medical Assistance Trust Fund, Environmental Fund, Worker's Compensation Fund, Mediation Fund and Dry Cleaner Environmental Response Fund shortfalls were not in excess of the statutory interfund borrowing limitations 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, and as a result, the funds requiring the use of the authority will effectively bear the interest cost.

Sincerely,  
*DANIEL J. SCHOOFF*  
Secretary

Referred to committee on **Ways and Means** and joint committee on **Finance**.

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## AGENCY REPORTS

State of Wisconsin  
Legislative Audit Bureau  
Madison

November 16, 2010

To the Honorable, the Assembly:

We have completed our calendar year 2009 financial audit of the Department of Employee Trust Funds, as requested by the

Department and to fulfill our audit requirements under s. 13.94 (1)(dd), Wis. Stats. The Department's financial statements report on the financial position and activity of various benefit programs available to state and local public employees, including the Wisconsin Retirement System (WRS) and health and life insurance programs for active and retired employees of the state and participating local governments. The statements and our unqualified opinion on them are included in the Department's 2009 Comprehensive Annual Financial Report (CAFR), which can be found on its Web site.

The largest program administered by the Department is the WRS, which reported net assets of \$70.0 billion at the end of 2009 and provided benefits totaling \$3.8 billion during 2009. After experiencing significant investment losses and a decrease in net retirement assets of \$25.2 billion during 2008, the WRS reported positive investment returns and a net increase in retirement assets of \$10.6 billion during 2009. At the end of 2009, the WRS was 88.2 percent funded based on the fair value of its assets and 99.8 percent funded based on standard actuarial measures, which smooth investment returns over a five-year period. As required by s. 13.94 (1)(dc), Wis. Stats, the Audit Bureau is currently contracting with an independent actuary to perform an audit of the WRS's consulting actuary.

Accompanying this letter is a management letter we provided to the Department, which includes an auditor's report on internal control and compliance, as required by Government Auditing Standards. We are pleased to note that the Department has been attentive to addressing concerns we noted in past audits about access to certain computer systems.

We also note that the Department is in agreement with our recommendation and is working to address our continuing concern with cash reconciliations on a program level. During 2010, the Department was able to successfully reconcile the differences for some of its programs; however, it continues to investigate the variances in cash balances for the WRS and programs invested in the WRS's Core Fund. The Department anticipates resolving remaining cash differences by the end of 2010. We will continue to monitor and report on the Department's progress in addressing this concern in future audits.

Sincerely,  
*JANICE MUELLER*  
State Auditor

State of Wisconsin  
Legislative Audit Bureau  
Madison

November 19, 2010

To the Honorable, the Assembly:

We have completed an evaluation of the State of Wisconsin Investment Board, as directed by s. 25.17 (51m), Wis. Stats. As of December 31, 2009, the Investment Board managed a total of \$78.1 billion in investments that include assets of the

Wisconsin Retirement System, the State Investment Fund, and five smaller insurance and trust funds.

We assessed the performance of the Investment Board by comparing returns to benchmarks established by the Board of Trustees. As of December 31, 2009, the Wisconsin Retirement System's two funds—the Core and the Variable—had each exceeded their ten-year benchmarks, although performance relative to shorter-term benchmarks had fluctuated. When we compared average annual investment returns to those of nine other public pension funds during the same period, the Core Fund's performance compared favorably.

Nevertheless, the value of Wisconsin Retirement System assets has fluctuated significantly over the past ten years as financial markets have experienced their worst decline since the 1930s. For example, losses in 2008 totaled \$23.6 billion. While these losses were partially offset by gains of \$13.5 billion in 2009, the combined value of the two retirement funds on December 31, 2009, was 17.1 percent below its peak in 2007. The losses of 2008 will significantly affect Wisconsin Retirement System participants and employers for the next several years.

In addition to meeting its benchmarks, the Investment Board is also concerned with meeting the long-term earnings expectation established by the Wisconsin Retirement System's actuary. Returns are currently assumed to equal 7.8 percent over the long term. To better respond to recent market volatility while at the same time maintaining sufficient earnings to meet long-term goals, the Investment Board is undertaking new investment strategies that may involve leveraging Wisconsin Retirement System assets and entail new risks. We recommend careful review of the continuing appropriateness of the earnings expectation, as well as of the new strategies the Investment Board is undertaking.

We appreciate the courtesy and cooperation extended to us by the Investment Board. A response from the Board's Executive Director follows the appendices.

Respectfully submitted,  
*JANICE MUELLER*  
State Auditor

State of Wisconsin  
Legislative Audit Bureau  
Madison

November 30, 2010

To the Honorable, the Assembly:

At the request of the departments of Commerce and Administration, and in accordance with s. 13.94 (1s), Wis. Stats., we have completed a financial audit of the State of Wisconsin Petroleum Inspection Fee Revenue Obligations Program for the fiscal years ending June 30, 2010, and June 30, 2009. We have provided our unqualified audit opinion on the Statement of Changes in Program Assets.

Under the program, the State was authorized to issue \$386.9 million in revenue bonds and commercial paper to provide

financing for payment of claims under the Petroleum Environmental Cleanup Fund Award (PECFA) program. These revenue obligations are not general obligation debt of the State. Instead, they are to be repaid primarily from the \$0.02 per gallon fee charged to suppliers of petroleum products sold in Wisconsin.

During fiscal year 2009-10, the State refinanced the outstanding revenue bonds and a portion of the commercial paper. As of June 30, 2010, a total of \$188.7 million in revenue obligations was outstanding, including \$117.5 million in revenue bonds and \$71.2 million in commercial paper.

By refinancing a portion of the program's revenue obligations, the State was able to reduce total inspection fees needed to make debt service payments during the 2009-11 biennium. However, the refinancing also extends the period of indebtedness.

The State collected \$72.5 million in petroleum inspection fees during fiscal year 2009-10. Because of the refinancing, only

\$11.2 million of the inspection fees was retained by the program for debt service and other costs. The \$61.3 million of excess inspection fees was deposited to the Petroleum Inspection Fund, of which \$9.5 million was subsequently used to pay PECFA claims. The remaining \$51.8 million was used for a variety of purposes, including transfers authorized by the Legislature in [2009 Wisconsin Act 28](#) of \$16.3 million to the Transportation Fund and \$12.5 million to the General Fund. In addition, at least \$8.0 million was transferred to the General Fund to help the Department of Commerce meet lapse requirements related to [2007 Wisconsin Act 20](#) and [2009 Wisconsin Acts 2 and 28](#).

We appreciate the courtesy and cooperation extended to us during our audit by staff of the departments of Commerce, Administration, and Revenue.

Respectfully submitted,  
*JANICE MUELLER*  
State Auditor