



# STATE OF WISCONSIN Assembly Journal

## Ninety–Second Regular Session

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THURSDAY, August 22, 1996

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

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### ADMINISTRATIVE RULES

#### Assembly Clearinghouse Rule 96–80

Relating to ventilation and energy conservation.

Submitted by Department of Industry, Labor and Human Relations.

Report received from Agency, August 16, 1996.

Referred to committee on **Labor and Employment**.

Referred on August 22, 1996.

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### AGENCY REPORTS

State of Wisconsin  
Department of Corrections  
Madison

June 28, 1996

To the Honorable, the Legislature:

This is the annual report on Prison Industries for the fiscal year ending on June 30, 1995, as required by Wisconsin Statutes 303.018. This report includes the cash balance of each industry and the total amounts expended by state agencies for wood furniture and printing. It also shows what portion of the total wood furniture and printing state agencies purchased from Prison Industries and includes year–end cash balances.

The cash deficit decreased by \$1,248,900 (from –\$2,927,700 to –\$1,678,800) in fiscal year 1995. Total assets of plant, equipment and inventories of \$8,333,900 exceed the cash deficit by \$6,655,100.

See Appendix A for a summary of the cash balance for each industry and the overall financial condition of Prison Industries.

The net income on the accrual accounting basis was \$566,400 for the fiscal year ending June 30, 1995.

State agencies spent \$2,046,200 on wood furniture in FY 95. Of that amount, \$666,800 or 32.6% was purchased from Prison Industries. During the same period, state agencies purchased \$38,259,900 in printing from all sources. Of that amount, \$850,300 or 2.2% was purchased from Prison

Industries. State printing bulletins now require that all forms for which Prison Industries has negotiated a contract be purchased from Prison Industries. Appendix B provides comparisons with FY 94.

Sincerely,

*MICHAEL J. SULLIVAN*  
Secretary, DOC

*JAMES R. KLAUSER*  
Secretary, DOA

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State of Wisconsin  
Legislative Audit Bureau  
Madison

July 3, 1996

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, 1994 through June 30, 1995. In addition to satisfying audit requirements, the single audit assists us in meeting state audit requirements under section 13.94, Wis. Stats.

Report 96–9 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 \$720,290 in questioned costs.

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, 1995. This report was published by the Department of Administration in March 1996 and is available from the Bureau of Financial Operations in the Department of Administration.

Our single audit report is lengthy and detailed. We are, therefore, limiting our initial distribution to those persons required by law to receive copies and to those who have an obvious and direct interest in our detailed findings. However,

if you are interested in receiving a copy of the single audit report, please contact our office and request report number 96-9.

Sincerely,  
*DALE CATTANACH*  
State Auditor

State of Wisconsin  
Legislative Audit Bureau  
Madison

July 23, 1996

To the Honorable, the Assembly:

The Audit Bureau is required by statute to contract for the performance of an actuarial audit of the Wisconsin Retirement System (WRS) at least once every five years. We contracted with the actuarial firm, The Segal Company, for the most recent actuarial audit. The audit has been completed and includes the actuary's audit report, much of what is quite technical, and a response from the Department of Employee Trust Funds and its consulting actuary.

In its report, The Segal Company concluded that most actuarial functions of the WRS are adequately performed and that the WRS actuarial assumptions are reasonable and consistent with experience. In contrast, the Segal Company raised more notable concerns with the actuarial analysis for the Duty Disability program. We are considering The Segal Company's concerns as part of a comprehensive evaluation of the program to be released next month. The Segal Company also offered observations and suggestions in other selected areas.

Copies of the actuarial report have been distributed to members of the Joint Legislative Audit Committee, the Retirement Research Committee, the Department of Employee Trust Funds and its boards, and to others required by law to receive copies. If you are interested in receiving a copy of the report, please contact our office and request a copy of the actuarial audit report of the Wisconsin Retirement System.

Sincerely,  
*DALE CATTANACH*  
State Auditor

State of Wisconsin  
Department of Administration  
Madison

August 8, 1996

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 July, 1996.

On July 1, 1996 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$2 thousand. This shortfall grew to -\$30 thousand on July 29 and continued through the end of the month. This shortfall was due to the timing of revenues.

On July 1, 1996 the **Wisconsin Health Insurance Risk Sharing Fund** balance was -\$12 thousand. This shortfall grew to -\$16 thousand on July 31 and continued through the end of the month. This shortfall was due to the timing of revenues.

The Wisconsin Health Education Loan Repayment Fund and Health Insurance Risk Sharing 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,  
*JAMES R. KLAUSER*  
Secretary, DOA