



Petroleum Inspection Fee Revenue Obligations Program

Fiscal Year 2018-19

Background

The State of Wisconsin Petroleum Inspection Fee Revenue Obligations Program is administered jointly by the Department of Natural Resources and the Department of Administration. The program was established in January 2000 to provide financing to pay claims under the State of Wisconsin Petroleum Environmental Cleanup Fund Award (PECFA) program.

Under the program, the State was authorized to issue \$386.9 million in revenue obligations to provide financing for payment of claims under the PECFA program. The revenue obligations were not general obligations of the State. Instead, they were repaid primarily from the \$0.02 per gallon fee charged to suppliers of petroleum products received for sale in Wisconsin.

At the request of the Department of Natural Resources and the Department of Administration, we conducted a financial audit of the Petroleum Inspection Fee Revenue Obligations Program by auditing the program's financial statement in accordance with applicable government auditing standards, issuing our auditor's opinion, and reviewing internal controls.

Audit Results

We provided an [unmodified opinion](#) on the program's financial statement for the fiscal years ended June 30, 2019, and June 30, 2018. We provide an unmodified opinion when audit evidence supports the conclusion that the financial statement provides a fair view of an entity's financial activity. Our audit report also includes the [Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters](#).

Key Findings

We found that fees charged to petroleum suppliers totaled \$77.3 million in fiscal year 2018-19. Of this amount, \$25.9 million was retained by the program to pay principal and interest on outstanding revenue obligations and [\\$51.4 million was deposited in the Petroleum Inspection Fund](#).

As of June 30, 2019, revenue obligations outstanding included \$27.2 million of the 2016 Series 1 Petroleum Inspection Fee Revenue Refunding Bonds. These [bonds were paid off on July 1, 2019](#), and with that payment, the program no longer has any revenue obligations outstanding.

Pursuant to action by the State of Wisconsin Building Commission on August 7, 2019, the [Petroleum Inspection Fee Revenue Obligations Program was terminated effective November 4, 2019](#).