



Petroleum Inspection Fee Revenue Obligations Program Fiscal Year 2017-18

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.

As of June 30, 2018, revenue obligations outstanding included \$55.1 million of the 2016 Series 1 Petroleum Inspection Fee Revenue Refunding Bonds. These bonds are scheduled to be paid off on July 1, 2019. The revenue obligations are not general obligations of the State of Wisconsin. Instead, they are payable from, and primarily secured by, a \$0.02 per gallon fee charged to suppliers of petroleum products received for sale in Wisconsin.

2015 Wisconsin Act 55, the 2015-17 Biennial Budget Act, sunset the PECFA program. All claims for reimbursement of cleanup costs must be submitted before July 1, 2020. As of June 30, 2018, all submitted claims had been reviewed and approved.

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, 2018, and June 30, 2017. 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 \$79.7 million in fiscal year 2017-18. Of this amount, \$28.6 million was retained by the program to pay principal and interest on outstanding revenue obligations. Revenue from the remaining fees, which totaled \$51.1 million, was deposited in the Petroleum Inspection Fund. Of this amount, \$6.1 million was used to pay PECFA claims; \$32.0 million was transferred to other funds, including \$30.3 million to the Transportation Fund as required by 2017 Wisconsin Act 59; and \$13.0 million was used for other purposes.