

# Annual Report

## Agricultural Producer Security Trust Fund

Year Ended June 30, 2019

Issued November 8, 2019



Division of Trade and Consumer Protection  
Bureau of Business Trade Practices  
Agricultural Producer Security Section

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**Wisconsin Agricultural Producer Security Trust Fund**  
Statement of Revenues and Expenditures, and Cash Balances  
(rounded to \$10s)

	FY 19	FY 18	FY 17
<b>Revenues</b>			
Assessments			
Grain Dealers	\$ 888,340	\$ 966,400	\$ 781,450
Grain Warehouse Keepers	57,090	39,570	48,360
Milk Contractors	536,650	755,870	268,530
Vegetable Contractors	247,220	279,060	182,130
<b>Total Assessments</b>	<b>1,729,300</b>	<b>2,040,900</b>	<b>1,280,470</b>
Licenses Fees & Administrative Revenues			
Grain Dealers	31,830	28,500	26,450
Grain Warehouse Keepers	292,100	292,000	282,800
Milk Contractors	158,890	158,670	147,160
Vegetable Contractors	124,910	133,950	145,490
<b>Total License Fees &amp; Monthly Fees</b>	<b>607,730</b>	<b>613,120</b>	<b>601,900</b>
Interest Revenue	235,970	114,890	37,980
Grain Dealer – Audits for Marketing Boards	8,000	8,600	9,760
<b>Total Revenues</b>	<b>\$ 2,581,000</b>	<b>\$ 2,777,510</b>	<b>\$ 1,930,110</b>
<b>Expenditures</b>			
Salaries and Fringe			
Grain Dealers	275,100	273,700	250,230
Grain Warehouse Keepers	218,330	212,980	195,720
Milk Contractors	328,800	335,650	323,100
Vegetable Contractors	107,790	109,040	106,370
<b>Total Salaries and Fringe</b>	<b>930,020</b>	<b>931,370</b>	<b>875,420</b>
Supplies and Services			
Grain Dealers	63,500	59,360	66,160
Grain Warehouse Keepers	46,060	46,090	49,490
Milk Contractors	62,410	61,270	65,640
Vegetable Contractors	16,070	18,330	16,270
<b>Total Supplies and Services</b>	<b>188,040</b>	<b>185,050</b>	<b>197,560</b>
Default Payments to Producers	22,920	-	(75,000)
Miscellaneous Expense	-	-	-
<b>Total Expenditures</b>	<b>\$ 1,140,980</b>	<b>\$ 1,116,420</b>	<b>\$ 997,980</b>
<b>Net Change in Fund Balance</b>	<b>1,440,020</b>	<b>1,661,090</b>	<b>932,130</b>
Beginning Cash Balance	9,610,980	7,949,890	7,017,760
<b>Ending Cash Balance</b>	<b>\$ 11,051,000</b>	<b>\$ 9,610,980</b>	<b>\$ 7,949,890</b>

**Wisconsin Agricultural Producer Security Trust Fund**  
**Notes to Statement of Revenues and Expenditures, and Cash Balances**

**OVERVIEW**

The Wisconsin Agricultural Producer Security Trust Fund (the Fund) is established under Wis. Stat. § 25.463 and is administered by the Department of Agriculture, Trade and Consumer Protection (the Department). The Fund is maintained within the Department's Agricultural Producer Security Program (the Program). The Program is governed by Wisconsin Statute Chapter 126. The purpose of the Program is to provide some level of assurance that milk, vegetable and grain producers will be paid for their products. Generally, persons who purchase grain, milk or vegetables from Wisconsin producers, and grain warehouse keepers who store producer owned grain, are required to comply with the provisions of Wis. Stat. ch. 126. Collectively, these parties are defined as "Contractors". Wis. Stat. ch. 126 contains a variety of provisions to ensure that Contractors are able to pay producers. However, if a Contractor does fail to pay, producers may be able to make a claim against the Fund.

Fund revenues primarily consist of assessments and license fees paid by licensed Contractors. Fund expenditures include administrative expenditures of operating the Program, and any costs associated with insurance or other backing for the fund. Further, should a contractor fail to pay a grain, milk or vegetable producer, that producer may be able to make a claim against the Fund for partial reimbursement.

The State of Wisconsin Investment Board oversees the management of investment activities for the Fund.

**Note 1 – Accounting Methodology**

The Statement of Revenues and Expenditures, and Cash Balances are presented using the cash basis method of accounting. Revenues are recognized when received and expenditures are recognized when disbursed.

All transactions for the Fund are recorded using STAR, which is the State of Wisconsin's accounting and human resource management system. The Wisconsin Department of Administration is responsible for the overall management of this system. The Department's Division of Management Services is responsible for the overall accounting for the Fund, including processing revenue and expenditure transactions.

In addition, state law requires the department to account for the balance in the Fund that is attributable to each of the four contractor license types within the program (Grain Dealers, Grain Warehouse Keepers, Milk Contractors, and Vegetable Contractors).<sup>1</sup> Accordingly, the Division of Trade and Consumer Protection (Division) maintains more detailed revenue, expenditure, and cash balance reports, which are reconciled with STAR on a monthly basis.

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<sup>1</sup> Wis. Stat. § 126.05(2).

**Note 2 – Statements of Revenues, Expenditures, and Cash Balances by Industry Group**

Revenues, expenditures, and cash balances for each of the four license programs are shown on pages 4 - 7.

<b>GRAIN DEALER</b>				
<b>CASH BALANCE and DETAILED REVENUES &amp; EXPENDITURES</b>				
(rounded to \$10s)				
<b>Revenue Detail</b>				
<b>Description</b>	<b>FY 19</b>	<b>FY 18</b>	<b>FY 17</b>	
Assessments	\$ 69,500	\$ 221,450	\$15,200	
Deferred Payment Assessments	816,770	743,100	765,140	
License Fees	29,230	25,600	24,550	
Penalties/Late Fees	4,670	4,750	3,010	
Audit Services for Marketing Boards	8,000	8,600	9,760	
Interest (allocated)	115,850	55,480	18,040	
<b>Total Revenues</b>	<b>\$1,044,020</b>	<b>\$1,058,980</b>	<b>\$835,700</b>	
<b>Expenditure Detail</b>				
<b>Personnel Expenditures</b>				
Personal Services	206,450	200,250	188,300	
Fringe Benefits	68,650	73,450	61,930	
<b>Subtotal</b>	<b>275,100</b>	<b>273,700</b>	<b>250,230</b>	
<b>Supplies and Services</b>				
Travel & Training	18,510	14,920	16,350	
Telecommunication	920	780	1,830	
Rent & Lease	20,890	20,950	21,210	
Maintenance & Repairs	20	20	10	
Professional/Contractual Services	2,330	2,180	3,850	
Other Administrative & Operating	18,400	17,680	17,130	
Insurance	1,560	1,490	1,310	
Printing	130	40	80	
Supplies	740	1,300	4,390	
<b>Subtotal</b>	<b>63,500</b>	<b>59,360</b>	<b>66,160</b>	
<b>Other Expenditures</b>				
Default Payments	-	-	(75,000)	
<b>Miscellaneous Expenditure</b>	-	-	-	
<b>Total Expenditures</b>	<b>\$338,600</b>	<b>\$333,060</b>	<b>\$241,390</b>	
Net Change in Cash Balance	705,420	725,920	594,310	
Beginning Cash Balance	6,866,510	6,140,590	5,546,280	
<b>Ending Cash Balance</b>	<b>\$7,571,930</b>	<b>\$6,866,510</b>	<b>\$6,140,590</b>	

**GRAIN WAREHOUSE KEEPER**  
**CASH BALANCE and DETAILED REVENUES & EXPENDITURES**

(rounded to \$10s)

**Revenue Detail**

<b>Description</b>	<b>FY 19</b>	<b>FY 18</b>	<b>FY 17</b>
Assessments	\$ 57,040	\$ 39,220	\$47,730
License Fees	291,100	289,800	279,600
Penalties/Late Fees	1,050	2,550	3,830
Interest (allocated)	15,290	7,560	2,590

<b>Total Revenues</b>	<b>\$364,480</b>	<b>\$339,130</b>	<b>\$ 333,750</b>
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**Expenditure Detail**

**Personnel Expenditures**

Personal Services	165,750	157,840	150,500
Fringe Benefits	52,580	55,140	45,220

<b>Subtotal</b>	<b>218,330</b>	<b>212,980</b>	<b>195,720</b>
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**Supplies and Services**

Travel & Training	9,980	9,650	10,920
Telecommunication	810	1,030	790
Rent & Lease	16,770	16,680	18,420
Maintenance & Repairs	20	10	10
Professional/Contractual Services	1,820	1,700	1,800
Other Administrative & Operating	14,370	14,040	13,210
Insurance	1,210	1,100	960
Printing	450	30	40
Supplies	630	1,850	3,340

<b>Subtotal</b>	<b>46,060</b>	<b>46,090</b>	<b>49,490</b>
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**Other Expenditures**

Default Payments	-	-	-
Miscellaneous Expenditure	-	-	-

<b>Total Expenditures</b>	<b>\$264,390</b>	<b>\$ 259,070</b>	<b>\$ 245,210</b>
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Net Change in Cash Balance	100,090	80,060	88,540
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Beginning Cash Balance	215,030	134,970	46,430
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<b>Ending Cash Balance</b>	<b>\$315,120</b>	<b>\$ 215,030</b>	<b>\$ 134,970</b>
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**MILK CONTRACTOR**  
**CASH BALANCE and DETAILED REVENUES & EXPENDITURES**  
(rounded to \$10s)

**Revenue Detail**

<b>Description</b>	<b>FY 19</b>	<b>FY 18</b>	<b>FY 17</b>
Assessments	\$535,860	\$ 752,150	\$267,440
Monthly License Fee	152,360	152,090	141,060
Annual License Fee	2,750	2,950	3,000
Penalties/Late Fees	4,580	7,350	4,190
Interest (allocated)	99,880	49,260	16,460
<b>Total Revenues</b>	<b>\$795,430</b>	<b>\$ 963,800</b>	<b>\$ 432,150</b>

**Expenditure Detail**

**Personnel Expenditures**

Personal Services	231,700	232,850	224,100
Fringe Benefits	97,100	102,800	99,000

<b>Subtotal</b>	<b>328,800</b>	<b>335,650</b>	<b>323,100</b>
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**Supplies and Services**

Travel & Training	7,150	4,690	5,630
Telecommunication	3,810	3,310	3,020
Rent & Lease	26,450	25,150	24,180
Maintenance & Repairs	170	170	180
Professional/Contractual Services	2,530	2,510	3,960
Other Administrative & Operating	19,990	23,140	22,180
Insurance	1,860	1,800	1,570
Printing	30	10	90
Supplies	420	490	4,830

<b>Subtotal</b>	<b>62,410</b>	<b>61,270</b>	<b>65,640</b>
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**Other Expenditures**

Default Payments	22,920	-	-
Miscellaneous Expenditure	-	-	-

<b>Total Expenditures</b>	<b>\$ 414,130</b>	<b>\$ 396,920</b>	<b>\$388,740</b>
Net Change in Cash Balance	381,300	566,880	43,410
Beginning Cash Balance	6,742,960	6,176,080	6,132,670
<b>Ending Cash Balance</b>	<b>\$ 7,124,260</b>	<b>\$6,742,960</b>	<b>\$6,176,080</b>

**VEGETABLE CONTRACTOR**  
**CASH BALANCE and DETAILED REVENUES & EXPENDITURES**  
(rounded to \$10s)

**Revenue Detail**

Description	FY 19	FY 18	FY 17
Assessments	\$ 66,980	\$ 131,000	\$ 180,210
Assessment Surcharge	180,160	147,850	-
License Fees	107,040	117,720	128,360
Nonparticipating Potato License Fee	17,470	16,030	17,130
Penalties/Late Fees	470	410	1,920
Interest (allocated)	4,950	2,590	890
<b>Total Revenues</b>	<b>\$ 377,070</b>	<b>\$ 415,600</b>	<b>\$328,510</b>

**Expenditure Detail**

**Personnel Expenditures**

Personal Services	75,390	75,470	73,640
Fringe Benefits	32,400	33,570	32,730
<b>Subtotal</b>	<b>107,790</b>	<b>109,040</b>	<b>106,370</b>

**Supplies and Services**

Travel & Training	1,290	3,770	1,650
Telecommunication	-	-	-
Rent & Lease	6,000	6,210	5,610
Maintenance & Repairs	-	-	-
Professional/Contractual Services	800	750	1,100
Other Administrative & Operating	7,250	6,940	6,350
Insurance	600	490	430
Printing	10	-	10
Supplies	120	170	1,120
<b>Subtotal</b>	<b>16,070</b>	<b>18,330</b>	<b>16,270</b>

**Other Expenditures**

Default Payments	-	-	-
Miscellaneous Expenditure	-	-	-

<b>Total Expenditures</b>	<b>\$ 123,860</b>	<b>\$ 127,370</b>	<b>\$ 122,640</b>
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Net Change in Cash Balance	253,210	288,230	205,870
Beginning Cash Balance	(4,213,520)	(4,501,750)	(4,707,620)
<b>Ending Cash Balance</b>	<b>\$(3,960,310)</b>	<b>\$(4,213,520)</b>	<b>\$(4,501,750)</b>



## Note 3 – Revenues

### Assessments

The Division maintains billing and account receivable systems that track assessments by individual contractor and by license year. Each contractor's assessment amount is calculated by multiplying the "assessment rate" by the contractor's total procurements (or storage capacity in the case of grain warehouse keepers).

Generally, assessment rates are calculated using a complex formula that is based on the contractor's current ratio and debt-to-equity ratio. The assessment rate is higher for contractors having weaker financial positions. The assessment rate for contractors that are not required to file a financial statement is a fixed rate based on the number of years the contractor contributed to the Fund. The Department calculates the annual assessment at the beginning of each license year.<sup>2</sup>

While permanent rule making remains in progress, Emergency Rules have been implemented which make various adjustments to assessments for some of the license programs.

### License Fees and Inspection Fees

License fees must be paid to obtain a license. Whereas assessment rates are partially based on financial ratios, license fees are based on the overall purchase volume or storage capacity of the licensee.

- Grain Dealer License and Inspection Fee Detail
  - Nonrefundable license processing fee of \$25.
  - Base License fee of \$0.0010 per bushel, rounded to the nearest \$100, except license fee may not be less than \$100 or more than \$10,000, less any fee credits for which the grain dealer qualifies.
  - Additional locations fee (for each location greater than one) of \$100
  - Audit services for marketing boards. While on site for routine grain dealer audits, the bureau regularly performs compliance exams on behalf of the Wisconsin Corn Marketing Board and the Wisconsin Soybean Marketing Board to confirm grain dealers are properly reporting check-off obligations to those organizations. The Program then bills the marketing boards for time spent doing this work.
  
- Grain Warehouse Keeper License and Inspection Fee Detail
  - Nonrefundable license processing fee of \$25.
  - Locations license fee of \$25 for each grain warehouse location.
  - Inspection Fees of \$0.0025 per bushel, rounded to the nearest \$1,000, except the inspection fee may not be less than \$1,000 or more than \$10,000, less any fee credits for which the grain warehouse keeper qualifies.
  - Supplemental inspection fee of \$275 for each location other than the main location.

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<sup>2</sup> For more details about the assessment calculation, please see Wis. Stat. §§ 126.15, 126.30, 126.46, 126.60 and Wis. Admin. Code §§ ATCP 99.135, 99.255, 100.135 and 101.255. Assessment calculators are available by visiting the following website:

[https://datcp.wi.gov/Pages/Programs\\_Services/AgriculturalProducerSecurity.aspx](https://datcp.wi.gov/Pages/Programs_Services/AgriculturalProducerSecurity.aspx)

- Milk Contractor License Fee Detail
  - Nonrefundable license processing fee of \$25.
  - Monthly License fees of \$0.0015 for each 100 pounds of producer milk that the milk contractor procured in this state during the preceding month, less any fee credits for which the milk contractor qualifies.
  
- Vegetable Contractor License Fee Detail
  - Nonrefundable license processing fee of \$25.
  - Contract Obligation fees of \$25 plus \$0.0875 for each \$100 in contract obligations, less any fee credits for which the vegetable contractor qualifies.
  - A processing potato buyer that has elected not to participate in the fund pays the lesser of \$2,000 or \$25 plus \$0.0875 for each \$100 in contract obligations.

### **Late Payment Surcharges and Other Penalties**

There are several penalties and surcharges under both the license fee and the assessment provisions of the producer security law, including:

- Late fee for failing to file an annual license renewal application and license fee payment. (\$100)
- Late fee for failing to pay a monthly license fee when due (milk contractors only). (20% of the amount due)
- Late fee for failing to file a required financial statement. (\$100)
- Surcharge for operating without a license. (\$500)
- Late fee for failing to pay an assessment installment by the required due date. (\$50 or 10% of the amount due; whichever is greater)

### **Interest Revenue**

The Wisconsin Department of Administration deposits interest into the fund at the end of each month. The interest rate is determined monthly based on the overall return on the State of Wisconsin's entire cash holdings. The division allocates interest revenue among the subaccounts based on each subaccount's prior month ending balance as a percentage of the entire fund. Except that, in the event that a subaccount has a negative balance, that subaccount is ignored and the interest is allocated among the subaccounts with positive balances. Generally, the monthly interest rates received by the fund rise and fall along with other interest rates throughout the broader economy. For the Fiscal Years ended June 30, 2019, 2018 and 2017; the Fund received interest revenue of \$235,970.93, \$114,889.22, and \$37,978.28, respectively. This means that average annualized interest rates for these three years were 2.14%, 1.20%, and 0.48%, respectively.

## Note 4 – Expenditures

### Employee Expenditures

The Department has authority to allocate FTEs within the license type subaccounts. The Department strives to place each FTE in the industry subaccount for which that person performs most of their duties. Positions that cannot be directly tied to an individual industry subaccount are allocated proportionally among the four subaccounts. The Division has periodically made revisions to the allocations to ensure they reflect the actual work being done as accurately as possible.

Allocation of the authorized FTEs, as of June 30, 2019, is shown in the schedule below.

	Grain Dealer	Grain Warehouse Keeper	Milk Contractor	Vegetable Contractors	Total
Agricultural Auditor	2.80	2.20	3.20	0.80	<b>9.00</b>
Agricultural Auditor Supervisor	0.25	0.25	0.25	0.25	<b>1.00</b>
Financial Specialist			0.50	0.20	<b>0.70</b>
License Permit Program Associate	0.60	0.40			<b>1.00</b>
Unassigned (Vacant – 0.25 FTE)					<b>0.25</b>
<b>TOTAL</b>	<b>3.65</b>	<b>2.85</b>	<b>3.95</b>	<b>1.25</b>	<b>11.95</b>

Supplies and services expenditures are charged to the individual subaccounts based on employee allocations. For example, the Wisconsin Department of Administration collects rent for office space from the department. The Department allocates the rent expenditures across the industry license type categories based on the number of FTEs in each individual program. Therefore, the allocation of FTEs among the four subaccounts has a direct impact on supplies and services expenditure amounts listed in the schedules in Note 2.

## Note 5 – Fund Balances and Statutory Trigger Amounts

### License Fee Credits

The crediting of excess Fund balances over the minimum threshold is an integral component of the program. Should the balance attributable to any one of the four industry groups exceed the specified minimum threshold, the department must use a portion of the excess as a credit to the next year's license fees owed by contributing contractors in that particular industry license type. The minimum balance threshold for each license type is as follows:

- Grain Dealers and Grain Warehouses Keepers \$ 2,300,000 combined on May 31
- Milk Contractors \$ 4,000,000 on February 28
- Vegetable Contractors \$ 825,000 on November 30

In the event any of the industry groups exceed the thresholds listed above, the Department, in the following license year, issues a license fee credit to each

contributing contractor who files a timely application. For the Grain Dealer, Milk Contractor and Vegetable Contractor license groups, the amount of the credit is fifty percent (50%) of the excess above the minimum balance threshold. In the case of the Grain Warehouse Keeper license group, the amount of the credit is twelve and a half percent (12.5%) of the excess and they are not eligible for license fee credits until after January 1, 2023. The credit is allocated among the contractors based on the total amount paid in license fees over the four preceding license years.

The milk contractor and grain dealer license groups received license fee credits in each of the three fiscal years reported in this document. Credits used in FY 19 were: Milk Contractor \$320,727 and Grain Dealer \$315,600.

**Minimum and Maximum Fund Balances**

Wis. Stat. ch. 126 permits the Department to modify fund assessments by administrative rule. Further, the statute *requires* the Department to modify assessments in order to maintain fund balances greater than the minimum and less than the maximum amounts.<sup>3</sup> These amounts are as follows:

	<b>Minimum Statutory Balance</b>	<b>Actual Balance as of June 30, 2019</b>	<b>Maximum Statutory Balance</b>
Grain Dealers and Grain Warehouse Keepers	\$ 1,200,000	\$ 7,887,042.58	\$ 7,000,000
Milk Contractors	\$ 3,000,000	\$ 7,124,260.43	\$ 12,000,000
Vegetable Contractors	\$ 800,000	(\$ 3,960,307.05)	\$ 3,000,000
<b>Entire Fund</b>	<b>\$ 5,000,000</b>	<b>\$ 11,050,995.96</b>	<b>\$ 22,000,000</b>

Emergency Rules have been implemented to do the following:

- Create an additional vegetable contractor assessment surcharge of 0.002 times total contract obligations capped at \$50,000.
- Allow for a 50% reduction in vegetable contractor assessments if all contract obligations are under written contracts with payment terms of no more than 30 days.
- Reduce milk contractor assessments by 20%.
- Create a deferred payment assessment of \$0.0035 multiplied by total milk payment obligations deferred.
- Reduce grain dealer assessments, including grain deferred payment assessments, while the grain dealer portion of the Fund exceeds \$6,000,000.

**Assessment Holiday**

Pursuant to administrative rules, contractors who have been contributing contractors for at least five years may forego paying any fund assessments for the following license year if, as of the specified date, the overall fund balance is at least \$11,000,000, and fund balance attributable to the industry group meets the specified minimum balance:

- Grain Dealers \$ 3,000,000 as of May 31 [Wis. Admin. Code § ATCP 99.126(5)]
- Grain Warehouses Keepers \$ 500,000 as of May 31 [Wis. Admin. Code § ATCP 99.235(4)]
- Milk Contractors \$ 6,000,000 as of Feb. 28 [Wis. Admin. Code § ATCP 100.135(10)]
- Vegetable Contractors \$ 1,500,000 as of Nov. 30 [Wis. Admin. Code § ATCP 101.245(4)]

<sup>3</sup> Wis. Stat. § 126.88

## Note 6 – Individual Security

The department holds security from some licensed contractors for the benefit of producers. The security can be filed in the form of an irrevocable letter of credit, commercial surety bond, certificate of deposit, or cash. Security is held for various reasons which include the following:

- **Disqualified:** Contractors who have filed a financial statement that shows negative owners' equity when they are first applying for a license must file individual security. These contractors do not contribute to the fund.
- **Deferred Payment:** Grain dealers and milk contractors that use deferred payment and do not meet a minimum 4:1 debt to equity ratio must file individual security in addition to contributing to the fund.
- **Estimated Default Exposure in Excess of \$20 million.** Contributing contractors who do not meet minimum financial ratios and whose estimated default exposure exceeds \$20 million are required to post security in an amount equal to the difference between the contractor's estimated default exposure and \$20 million.<sup>4</sup> These contractors receive a proportionate reduction in their annual assessments.
- **Voluntary:** Contributing contractors whose estimated default exposure exceeds the maximum amount that can be paid out of the fund for any one default (60% of the total fund balance) may voluntarily file security to cover the difference. These contractors receive a proportionate reduction in their annual assessments.
- **Other:** If a contributing contractor is unable to file a required financial statement for initial licensing, is otherwise unable to comply with statutory provisions, or presents an especially excessive risk to producers, the department may require individual security.

### Security Held as of June 30, 2019

	Bonds	Letter of Credit	CD's and other cash equivalents	Total Security
<b>Grain Dealer</b>				
Disqualified	\$ -	\$ 618,000	\$ -	\$ 618,000
Deferred Payment	100,000	394,110		494,110
Exposure Greater than \$20 Million				
Voluntary	45,665,718			45,665,718
Other				
<b>Total</b>	<b>\$ 45,765,718</b>	<b>\$ 1,012,110</b>	<b>\$ -</b>	<b>\$ 46,777,828</b>
<b>Milk Contractor</b>				
Disqualified	\$ -	\$ -	\$ -	\$ -
Exposure Greater than \$20 Million	39,920,600			39,920,600
Voluntary	8,711,000			8,711,000
Other		500,000		500,000
<b>Total</b>	<b>\$ 48,631,600</b>	<b>\$ 500,000</b>	<b>\$ 0</b>	<b>\$ 49,131,600</b>
<b>Grand Total</b>				<b>\$ 95,909,428</b>

<sup>4</sup> The current ratio must be at least 1.25:1 and the debt to equity ratio must be no more than 4:1 for grain dealers, grain warehouse keepers, and vegetable contractors; and 2:1 for milk contractors.

## Note 7 – License History

In the producer security program, each industry group has a separate license and expiration. The statutory expirations are:

- Grain Dealers, August 31 [Wis. Stat. § 126.11(4)(g)]
- Grain Warehouses Keepers, August 31 [Wis. Stat. § 126.26(3)(f)]
- Milk Contractors, April 30 [Wis. Stat. § 126.41(3)(d)]
- Vegetable Contractors, January 31 [Wis. Stat. § 126.56(4)(e)]

The following tables show the total number of licenses issued for each program and the total obligations, or for Grain Warehouse the storage capacity, reported on the license application. The Grain Dealer table also shows the total bushels purchased and total deferred payments made.

<b>GRAIN DEALER</b>				
License Year	Licenses Issued	Total Bushels Reported	Total Purchases Reported	Total DP Reported
2019 / 2020	214	478,113,547	\$2,071,092,136.37	\$254,235,921.29
2018 / 2019	223	486,409,035	\$2,131,516,511.45	\$276,503,567.46
2017 / 2018	230	482,348,475	\$2,182,501,509.51	\$263,797,486.18
2016 / 2017	232	433,995,530	\$2,022,015,455.36	\$249,167,940.94
2015 / 2016	244	385,365,675	\$2,046,937,724.98	\$263,722,370.99
2014 / 2015	249	351,788,691	\$2,403,340,977.00	\$260,941,793.00
2013 / 2014	258	400,823,098	\$2,919,177,409.31	\$245,494,567.87
2012 / 2013	274	378,966,400	\$2,365,294,942.53	\$226,152,173.63
2011 / 2012	288	454,962,837	\$2,257,068,777.21	\$127,216,085.10
2010 / 2011	287	361,803,947	\$1,699,023,816.74	\$91,623,760.92
2009 / 2010	292	338,283,870	\$1,739,085,053.18	\$81,360,205.63

<b>GRAIN WAREHOUSE KEEPER</b>		
License Year	Licenses Issued	Total Capacity
2019 / 2020	89	111,802,238
2018 / 2019	89	114,957,171
2017 / 2018	92	108,940,953
2016 / 2017	93	99,330,658
2015 / 2016	96	111,836,055
2014 / 2015	99	108,651,388
2013 / 2014	101	109,542,279
2012 / 2013	103	102,174,345
2011 / 2012	106	99,369,562
2010 / 2011	108	138,478,653
2009 / 2010	111	121,502,437

<b>MILK CONTRACTORS</b>		
License Year	Licenses Issued	Total Obligations
2019 / 2020	107	\$ 5,428,548,009
2018 / 2019	113	\$ 5,826,643,909
2017 / 2018	114	\$ 5,442,967,296
2016 / 2017	114	\$ 5,600,605,835
2015 / 2016	115	\$ 7,094,983,256
2014 / 2015	120	\$ 5,996,509,973
2013 / 2014	120	\$ 5,612,011,214
2012 / 2013	119	\$ 5,544,595,746
2011 / 2012	118	\$ 4,465,441,273
2010 / 2011	114	\$ 3,527,503,717
2009 / 2010	115	\$ 4,873,420,108

<b>VEGETABLE CONTRACTORS</b>		
License Year	Licenses Issued	Total Obligations
2019 / 2020	33	\$ 283,325,768
2018 / 2019	34	\$ 274,844,173
2017 / 2018	35	\$ 306,769,790
2016 / 2017	36	\$ 271,984,516
2015 / 2016	40	\$ 322,047,777
2014 / 2015	39	\$ 315,109,222
2013 / 2014	39	\$ 315,395,738
2012 / 2013	37	\$ 236,101,361
2011 / 2012	37	\$ 307,748,089
2010 / 2011	36	\$ 282,116,910
2009 / 2010	37	\$ 213,589,108

### **Note 8 – Defaults**

On December 4, 2018, a licensed milk contractor, Noble View Cheese Company, Inc., defaulted on payments to milk producers. DATCP initiated a Recovery Proceeding and received five default claims from milk producers. All five claims were allowed and payments totaling \$164,896.81 were made in March of 2019 from the Agricultural Producer Security Fund.

### **Default Payments Recovered**

On December 19, 2014, a licensed milk contractor, Liberty Milk Marketing Cooperative, defaulted on payments to milk producers and entered state receivership on December 22, 2014. In June 2014 payments totaling \$1,012,789.82 were made to producers as a result of the default of Liberty Milk Marketing Cooperative. In March 2019, the department received partial reimbursement from the receiver in the amount of \$141,980.60. The Wisconsin Department of Justice is representing the department in ongoing legal proceedings and pursuing additional reimbursement.

In August of 2013 payments totaling \$125,001.09 were made to producers as a result of the default of GB Elevator, LLC. With assistance from the Wisconsin Department of Justice, the department reached a settlement in a lawsuit regarding these claim payments and in May of 2017, received reimbursement of \$75,000.

## Defaults Payouts since inception of APS Fund

### Wisconsin Milk Contractor Defaults

Date	Milk Contractor	Default Amount	Recovery for Producers	Net Producer Loss	Number of Producers/ Producer Agents
2005	Linden Cheese Company	\$ 193,286	\$ 130,378	\$ 62,908	36
2014	Liberty Milk Marketing Cooperative *	1,291,826	1,012,790	279,036	27
2019	Noble View Creamery, LLC **	207,298	164,897	42,401	5
Total		\$ 1,692,410	\$ 1,308,065	\$ 341,944	68

### Wisconsin Vegetable Contractor Defaults

Date	Vegetable Contractor	Default Amount	Recovery for Producers	Net Producer Loss	Number of Producers/ Producer Agents
2013	Allens, Inc. *	\$ 8,782,359	\$ 6,753,802	\$ 2,028,557	19
Total		\$ 8,782,359	\$ 6,753,802	\$ 2,028,557	19

### Wisconsin Grain Defaults

Date	Grain Dealer	Default Amount	Recovery for Producers	Net Loss	Number of Producers/ Producer Agents
2012	Cuff Nutrition Service	\$ 20,807	\$ 1,982	\$ 18,825	2
2013	GB Elevator, LLC	157,246	125,001	32,245	3
2013	Ruby Grain, LLC	75,337	60,269	15,067	13
Total		\$ 253,390	\$ 187,252	\$ 66,137	18

\* There are still actions pending that may change the recovery amounts.

\*\* In August of 2019 Noble View paid the remaining \$42,401 owed to producers. The department is pursuing reimbursement for its payment to Noble View producers.