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***Ohio Petroleum  
Underground Storage  
Tank Release  
Compensation Board***

*Financial Statements as of  
June 30, 2000 and 1999 and  
for the Years Then Ended  
and Independent Auditors' Report*



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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To the Members of Ohio Petroleum Underground  
Storage Tank Release Compensation Board

We have reviewed the Independent Auditor's Report of the Ohio Petroleum Underground Storage Tank Release Compensation Board, Franklin County, prepared by Deloitte & Touche, LLP, for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Petroleum Underground Storage Tank Release Compensation Board is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

January 11, 2001

# OHIO PETROLEUM UNDERGROUND STORAGE TANK RELEASE COMPENSATION BOARD

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## INDEPENDENT AUDITORS' REPORT

Members of Ohio Petroleum Underground  
Storage Tank Release Compensation Board:

We have audited the accompanying balance sheets of Ohio Petroleum Underground Storage Tank Release Compensation Board (the "Board") as of June 30, 2000 and the related statements of revenues, expenses and changes in accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. The financial statements of the Board for the year ended June 30, 1999 were audited by other auditors whose report, dated August 20, 1999, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such June 30, 2000 financial statements present fairly, in all material respects, the financial position of Ohio Petroleum Underground Storage Tank Release Compensation Board, at June 30, 2000, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 6, 2000, on our consideration of Ohio Petroleum Underground Storage Tank Release Compensation Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit

DELOITTE & TOUCHE LLP

September 6, 2000

# OHIO PETROLEUM UNDERGROUND STORAGE TANK RELEASE COMPENSATION BOARD

## BALANCE SHEETS JUNE 30, 2000 AND 1999

	2000	1999
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash with custodian	\$ 3,915,258	\$ 3,740,856
Linked deposits	1,410,914	1,359,038
Unrestricted investments	36,494,112	48,666,898
Accrued Interest Receivable	163,196	9,311
Fees receivable, net of allowance for uncollectible amounts of \$29,962 and \$23,219, respectively	<u>209,284</u>	<u>143,874</u>
Total current assets	42,192,764	53,919,977
RESTRICTED INVESTMENTS	12,053,778	6,149,829
DEFERRED BOND ISSUANCE COSTS, NET	736,412	801,866
FURNITURE AND EQUIPMENT AT COST, NET OF ACCUMULATED DEPRECIATION	<u>254,224</u>	<u>77,972</u>
<b>TOTAL</b>	<b><u>\$ 55,237,178</u></b>	<b><u>\$ 60,949,644</u></b>
<b>LIABILITIES AND ACCUMULATED DEFICIT</b>		
CURRENT LIABILITIES:		
Fees received in advance	\$ 7,800,310	\$ 6,461,300
Claims payable	1,491,300	1,268,483
Bonds payable	2,515,000	2,355,000
Bond interest payable	1,349,684	1,434,690
Refundable fees	416,504	437,777
Accounts payable	69,834	33,693
Accrued liabilities	<u>110,737</u>	<u>115,598</u>
Total current liabilities	13,753,369	12,106,541
BONDS PAYABLE - Less current portion	52,558,311	55,035,616
ACCUMULATED DEFICIT	<u>(11,074,502)</u>	<u>(6,192,513)</u>
<b>TOTAL</b>	<b><u>\$ 55,237,178</u></b>	<b><u>\$ 60,949,644</u></b>

See notes to financial statements.

# OHIO PETROLEUM UNDERGROUND STORAGE TANK RELEASE COMPENSATION BOARD

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN ACCUMULATED DEFICIT FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
OPERATING REVENUES:		
Annual fees	\$ 9,659,061	\$ 9,436,037
Other	<u>58,183</u>	<u>28,941</u>
Total operating revenues	<u>9,717,244</u>	<u>9,464,978</u>
OPERATING EXPENSES:		
Claims	12,243,251	11,602,379
Administration	1,197,392	1,050,719
Refundable fees	151,325	276,815
Depreciation	<u>30,761</u>	<u>23,056</u>
Total operating expenses	<u>13,622,729</u>	<u>12,952,969</u>
OPERATING LOSS	<u>(3,905,485)</u>	<u>(3,487,991)</u>
NONOPERATING REVENUE (EXPENSE):		
Earnings on investments	2,651,580	2,780,785
Interest expense	<u>(3,628,084)</u>	<u>(3,684,810)</u>
Total nonoperating revenue	(976,504)	(904,025)
NET LOSS	(4,881,989)	(4,392,016)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	<u>(6,192,513)</u>	<u>(1,800,497)</u>
ACCUMULATED DEFICIT, END OF YEAR	<u><u>\$ (11,074,502)</u></u>	<u><u>\$ (6,192,513)</u></u>

See notes to financial statements.

# OHIO PETROLEUM UNDERGROUND STORAGE TANK RELEASE COMPENSATION BOARD

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating loss	\$(3,905,485)	\$ (3,487,991)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Loss on disposal of assets		101
Depreciation	30,761	23,056
Amortization of bond issue costs	65,454	61,999
Changes in assets and liabilities:		
(Increase) decrease in fees receivable	(65,410)	44,229
Increase in accrued interest receivable	(153,885)	
Increase (decrease) in fees received in advance	1,339,010	(358,925)
Increase (decrease) in claims payable	222,817	(842,795)
(Decrease) increase in refundable fees	(21,273)	61,829
Increase (decrease) in accounts payable and accrued liabilities	<u>31,280</u>	<u>(3,005)</u>
Net cash used in operating activities	<u>(2,456,731)</u>	<u>(4,501,502)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from bond issuance		35,000,000
Payment of bond principal	(2,317,305)	(1,555,000)
Cash paid for bond issue costs		(621,972)
Cash paid for interest	<u>(3,713,090)</u>	<u>(3,263,203)</u>
Net cash (used in) provided by noncapital financing activities	<u>(6,030,395)</u>	<u>29,559,825</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of furniture and equipment	<u>(207,013)</u>	<u>(52,883)</u>
<b>INVESTING ACTIVITIES:</b>		
Sale (purchase) of investments	6,268,837	(26,699,664)
Interest on investments	<u>2,651,580</u>	<u>2,780,785</u>
Net cash provided by (used in) investing activities	<u>8,920,417</u>	<u>(23,918,879)</u>
Net increase in cash with custodian and linked deposits	226,278	1,086,561
Cash with custodian and linked deposits, beginning of year	<u>5,099,894</u>	<u>4,013,333</u>
Cash with custodian and linked deposits, end of year	<u><u>\$ 5,326,172</u></u>	<u><u>\$ 5,099,894</u></u>

See notes to financial statements.

# OHIO PETROLEUM UNDERGROUND STORAGE TANK RELEASE COMPENSATION BOARD

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

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### 1. DESCRIPTION OF THE BOARD

The Ohio Petroleum Underground Storage Tank Release Compensation Board (the Board) was established as a body both corporate and politic of the State of Ohio upon enactment of House Bill 421 (the Act) in 1989. The Board consists of the Treasurer of State and the directors of the State of Ohio Departments of Commerce and Environmental Protection as ex-officio members, and nine members appointed by the Governor with the advice and consent of the Senate.

Pursuant to the Act, the Board may determine the amount of reimbursement to responsible persons for costs necessary to improve property damaged by accidental petroleum releases. The Board may issue revenue bonds, payable solely from its revenues, to pay the costs incurred by the tank owners/operators for improvements to property.

The Act created the Financial Assurance Fund (the Fund) to reimburse underground petroleum storage tank owners for the costs of corrective actions and third-party compensation for bodily injury or property damage resulting from the petroleum releases of underground storage tanks.

The Fund is authorized by law to collect 1) annual and supplemental fees from underground storage tank owners/operators, 2) interest earned on monies in the Fund, and 3) proceeds from revenue bonds authorized by the Board. Authorized disbursements from the Fund are for 1) the Board's administrative expenses, 2) payment of claims to tank owner/operators who hold valid certificates of coverage, 3) transfers of funds required under trust agreements established in connection with bond issuances, and 4) placement of certificates of deposit with financial institutions for the purpose of providing low-cost financing to eligible tank owners through the Board's linked deposit program. A claim is recognized as an expense when the Board accepts the claim for payment.

The Board may establish annual fees and assess supplemental fees needed to maintain the financial soundness of the Fund. The Act defines financial soundness as an unobligated fund balance of at least \$15 million. The Act prohibits the Board from assessing annual fees for any year in which the unobligated fund balance exceeds \$45 million. The Act excludes the State of Ohio from responsibility for liabilities of the Fund.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Classification and basis of accounting*** - The Fund is classified as a Risk Pool Enterprise Fund in accordance with Statement No. 10 of the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is applied to the Fund.

***Revenue Recognition*** - Fees are recognized ratably over the year for which coverage is provided. Fees received in advance of the coverage year are deferred. Earnings on investments are accrued as earned.



**Claims expenses** - Claims expenses are recognized to the extent risk has been transferred to the Fund. Risk is deemed transferred when the Board approves a claim for payment. Accordingly, claims expenses are accrued when the Board accepts a claim for payment. In order to expedite certain claims, the Board may approve partial (installment) payments. Partial claims expenses are also recognized when approved. These partial payments are subject to further review, upon which the Board may approve additional payments, or, in limited circumstances, require a refund.

**Unobligated fund balance** - The Board has defined unobligated fund balance as monies not previously designated by the Board for claims reimbursement, not legally restricted, not placed in a linked deposit account, and not placed in a debt service account. The unobligated fund balance is \$35,579,492 and \$48,304,364 at June 30, 2000 and 1999, respectively.

**Investments** - Investments are recorded at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting For Certain Investments and for External Pools."

**Furniture and equipment** - Furniture and equipment purchases are recorded at historical cost, and are depreciated using the straight-line method over the estimated useful lives of three to five years.

**Refundable fees** - The Board has determined that certain prior year fees were collected from individuals not required to contribute to the Fund. Accordingly, the Board has recorded a liability for the refund of these fees.

**Bond issuance costs** - Costs associated with the revenue bond issues are capitalized by the Board and amortized on a straight-line basis over the term of the issuance (15 years). Deferred bond issuance costs of \$736,412 at June 30, 2000 and \$801,866 at June 30, 1999 are net of accumulated amortization of \$245,330 and \$179,876, respectively.

**Application of Financial Accounting Standards Board (FASB) statements and interpretation** - In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the Board is required to apply FASB statements and interpretations issued on or before November 30, 1989, and has elected to apply those issued after that date.

**Reclassifications** - Certain reclassifications have been made to the 1999 financial statements to conform to the 2000 presentation.

**New Accounting Pronouncement** - In June, 1999m the GASB issued Statement No. 34, *Basic Financial Statements-and Management, Discussion and Analysis for State and Local Governments*. This statement establishes new financial reporting requirements for state and local governments, which consist of Management's discussion and analysis and required supplementary information. Management has not yet determined the impact of this statement on the Board.

### 3. COVERAGE

Petroleum underground storage tank owners/operators must pay a fee each fiscal year as determined by the Board (\$350 per tank in 2000 and \$300 per tank in 1999). The fee has been increased to \$400 in fiscal year 2001. The tank owners/operators must also demonstrate an ability to fund \$55,000 of eligible costs caused by petroleum releases, in compliance with rules promulgated by the State Fire Marshal. Tank owners/operators with six or fewer tanks may elect to reduce their deductible from \$55,000 to \$11,000 by paying an additional \$150 annual fee per tank. The Board's obligation to pay eligible claims is limited to 1) an annual maximum per individual and 2) the availability of unobligated assets in the Fund. The maximum annual disbursement per fiscal year to an individual owner/operator is as follows:

Number of Tanks Owned	Maximum Annual Disbursements (Net of Deductibles)
Less than 100	\$1 million
101 to 200	\$2 million
201 to 300	\$3 million
Over 300	\$4 million

The Board is not required to pay the cost of corrective action when the Fund is depleted of monies. However, in the event that unobligated funds fall below \$15 million, the Board can assess a supplemental fee, and again consider all eligible claims.

Tank owners/operators have submitted pending claims, net of deductibles, of approximately \$32.7 million and \$7.7 million, at June 30, 2000 and 1999, respectively. These claims are subject to adjustment or rejection as a result of the Board's review and approval process.

### 4. CASH AND INVESTMENTS

**Cash** - Cash with custodian is held by the Treasurer of State. The carrying amount and custodial balance of cash with custodian at June 30, 2000 and 1999 were as follows:

	2000	1999
Carrying amount	\$3,915,258	\$3,740,856
Custodial balance	\$3,397,900	\$2,509,076

Differences between the carrying amount and custodial balances were principally due to deposits in transit. Custodial balances are collateralized with securities held by the pledging financial institution's trust department or an agent in the State's name.

**Linked deposits** - The Act authorizes the Board to place certificates of deposit with financial institutions at interest rates set approximately 3% below the current two-year treasury note yield. These deposits are insured by the Federal Deposit Insurance Corporation. The financial institutions loan these deposits to tank owners approved by the Board to replace or improve underground storage tanks. The financial institutions assume credit risks associated with these loans.

**Investments** - The Board's unrestricted investments are held by the Treasurer of State, subject to the investment policies of the Treasurer of State and the State Board of Deposit, and governed by the Uniform Depository Act of the Ohio Revised Code.

The Uniform Depository Act authorized investments in the following:

Bonds, notes or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington.

Repurchase agreements in the securities enumerated above.

Interim deposits in the eligible institutions applying for interim monies.

Bond and other obligations of the State of Ohio.

The Treasurer of State's investment pool.

Linked deposits, reduced-rate deposits at financial institutions that provide reduced-rate loans to small businesses, as authorized under Section 135.63, Ohio Revised Code.

Agricultural linked deposits, reduced-rate deposits at financial institutions placed on or before June 30, 1987, that provide reduced-rate loans to farmers, as authorized under Section 135.74, Ohio Revised Code.

Securities lending agreements with an eligible financial institution that is a member of the Federal Reserve System or Federal Home Loan Bank, or any recognized U.S. government securities dealer.

Commercial paper maturing in 180 days or less, rated in one of the two highest rating categories by two nationally recognized rating agencies, and not exceeding 5% of the investment portfolio.

Bankers' acceptances maturing in 270 days or less and not exceeding 10% of the investment portfolio.

The Fund's investments are held in the Treasurer of State's investment pool (STAROhio). These investments are not subject to categorization, as they are not evidenced by securities that exist in physical or book entry form.

Restricted investments are held by trustees maintaining debt reserve accounts (see Note 7) in instruments similar to those described above. At June 30, 2000 and 1999, restricted investments included U.S. treasury notes held by the Board's trustees, but not in the Board's name, and money market funds as follows:

	<u>2000</u>		<u>1999</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Notes	\$ 6,422,102	\$ 6,420,160	\$6,214,079	\$6,148,655
Money Market Funds	<u>5,633,618</u>	<u>5,633,618</u>	<u>1,174</u>	<u>1,174</u>
Total	<u>\$12,055,720</u>	<u>\$12,053,778</u>	<u>\$6,215,253</u>	<u>\$6,149,829</u>

Unrestricted investments are carried at fair value which approximates cost and includes \$4,829,878 and \$4,112,700 obligated by the Board for the payment of claims at June 30, 2000 and 1999, respectively.

## 5. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at June 30, 2000 and 1999:

	<u>2000</u>	<u>1999</u>
Furniture	\$ 52,777	\$ 48,685
Data processing equipment	<u>342,863</u>	<u>147,215</u>
Total	395,640	195,900
Less accumulated depreciation	<u>(141,416)</u>	<u>(117,928)</u>
Furniture and equipment at cost, net of accumulated depreciation	<u>\$ 254,224</u>	<u>\$ 77,972</u>

## 6. LEASE COMMITMENTS

The Board leases office space under an operating lease agreement expiring in fiscal year 2001. Rent expense for the fiscal years ended June 30, 2000 and 1999 was \$89,100 and \$81,675, respectively. Future minimum payments for the year ended June 30, 2001 are \$89,100.

## 7. BONDS PAYABLE

On December 13, 1990, the Board authorized the issuance of not more than \$50 million of revenue bonds, pursuant to State statute, to reimburse responsible persons for the costs of corrective actions. The revenue bonds will be retired solely from annual fees and any supplemental fees assessed by the Board. The bonds do not constitute debt or a pledge of the faith and credit of the State.

In July 1993, the Board issued term revenue bonds with interest rates of 6.75%. The scheduled amortization follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2001	\$ 1,780,000	\$1,378,688	\$ 3,158,688
2002	1,905,000	1,254,319	3,159,319
2003	2,040,000	1,121,175	3,161,175
2004	2,180,000	978,750	3,158,750
2005	2,335,000	826,369	3,161,369
2006	2,495,000	663,356	3,158,356
2007	2,670,000	489,037	3,159,037
2008	2,855,000	302,569	3,157,569
2009	<u>3,055,000</u>	<u>103,106</u>	<u>3,158,106</u>
	21,315,000	<u>\$7,117,369</u>	<u>\$28,432,369</u>
Less: Unamortized discount	<u>169,329</u>		
Bonds payable	21,145,671		
Less: Amount currently due	<u>1,780,000</u>		
Bonds payable - less current portion	<u>\$19,365,671</u>		

In July 1998, the Board authorized and issued \$35,000,000 of revenue bonds for the purpose of making payments and reimbursements to the owners for the costs of corrective action. The issuance consists of serial bonds of \$9,170,000 with interest rates ranging from 5.81% to 6.20% and maturity dates of August 15, 1999 through 2008, and term bonds of \$25,830,000 with an interest rate of 6.375% and maturing on August 15, 2013. The scheduled amortization follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2001	\$ 735,000	\$ 2,138,969	\$ 2,873,969
2002	775,000	2,094,643	2,869,643
2003	820,000	2,047,265	2,867,265
2004	875,000	1,996,625	2,871,625
2005	925,000	1,942,481	2,867,481
2006	990,000	1,884,181	2,874,181
2007	1,050,000	1,821,575	2,871,575
2008	1,120,000	1,754,568	2,874,568
2009	1,190,000	1,683,255	2,873,255
2010	4,530,000	1,502,269	6,032,269
2011	4,825,000	1,204,078	6,029,078
2012	5,145,000	886,284	6,031,284
2013	5,485,000	547,453	6,032,453
2014	<u>5,845,000</u>	<u>186,309</u>	<u>6,031,309</u>
	34,310,000	<u>\$21,689,955</u>	<u>\$55,999,955</u>
Less: Unamortized discount	<u>382,360</u>		
Bonds payable	33,927,640		
Less: Amount currently due	<u>735,000</u>		
Bonds payable - less current portion	<u>\$33,192,640</u>		

Bond covenants require the Board to maintain a debt service reserve account balance (restricted investments) equal to the succeeding year's debt service principal plus interest requirement. The Board is also required to maintain a debt service account balance equal to the greatest single year's debt service requirement or maintain bond insurance. The Board is also required to maintain unrestricted cash with custodian plus unrestricted investments of at least \$7.5 million. The Board also covenants that it will assess annual tank fees which will result in revenues equal to at least 135% of the debt service charges plus estimated annual expenditures of the Board.

## **8. DEFINED BENEFIT RETIREMENT PLAN**

The Board contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, health benefits, and survivor benefits for the public employees of Ohio. Benefits are established by state statute. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be

obtained by writing to Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215.

The Ohio Revised Code provides PERS statutory authority for employee and employer contributions. The required, actuarially determined contribution rates for PERS plan members and the Board are 8.5% and 13.31% of covered payroll, respectively. The Board's contributions, representing 100% of employer contributions for the year ended June 30, 2000, and for each of the preceding two years, are as follows:

2000	\$76,077
1999	71,415
1998	73,814

PERS provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. As of December 31, 1999, PERS represented that the number of benefit participants eligible for post-employment health care benefits was 118,062.

A portion of each employer's contribution to the system is set aside for the funding of postretirement health care based on authority granted by state statute. Of the 13.31% of employee payroll contributed by the Board, 4.2% or approximately \$23,600 was the portion used to fund health care expenses.

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To the Members of Ohio Petroleum Underground  
Storage Tank Release Compensation Board

We have audited the financial statements of Ohio Petroleum Underground Storage Tank Release Compensation Board (the "Board") as of and for the year ended June 30, 2000, and have issued our report thereon dated September 6, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## COMPLIANCE

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the design of the internal control over financial reporting or its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Ohio Petroleum Underground Storage Tank Release Compensation Board and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

September 6, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**OHIO PETROLEUM UNDERGROUND STORAGE TANK RELEASE COMPENSATION BOARD**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 30, 2001**