OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD
Columbus, Ohio

Financial Statements
and
Supplementary Financial Information
For the years ended June 30, 2009 and 2008

and Independent Auditors' Report Thereon

Mary Taylor, CPA
Auditor of State

Members of the Board
Ohio Petroleum Underground Storage Tank Release Compensation Board
50 West Broad Street
P.O. Box 163188
Columbus, Ohio 43216-3188

We have reviewed the *Independent Auditors' Report* of the Ohio Petroleum Underground Storage Tank Release Compensation Board, Franklin County, prepared by Schneider Downs & Co., Inc., for the audit period July 1, 2008 through June 30, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 22, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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INDEPENDENT AUDITORS' REPORT

Ohio Petroleum Underground Storage
Tank Release Compensation Board
Columbus, Ohio

We have audited the accompanying statements of net deficit of Ohio Petroleum Underground Storage Tank Release Compensation Board (the Board) as of June 30, 2009 and 2008 and the related statements of revenues, expenses and changes in net deficit and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2009 and 2008 and the respective changes in net deficit and cash flows for the years 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 January 28, 2010 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management's Discussion and Analysis on Pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to this information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Schneider Downs & Co., Inc.

Columbus, Ohio
January 28, 2010

Schneider Downs & Co., Inc.
www.schneiderdowns.com

1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

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OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis
For the Years ended June 30, 2009 and 2008

The following Management's Discussion and Analysis ("MD&A") section of the Petroleum Underground Storage Tank Release Compensation Board's (the "Board") financial report represents a discussion and analysis of the Board's financial performance during the fiscal years ended June 30, 2009 and 2008. Please read it in conjunction with the Board's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Board accounts for all transactions under a single enterprise fund ("Financial Assurance Fund") and the financial statements are prepared using proprietary fund ("enterprise fund") accounting. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting are used. Revenue is recognized in the year for which coverage is provided, and expenses are recorded when incurred. The financial statements include a statement of net deficit, a statement of revenues, expenses, and changes in net deficit, and a statement of cash flows. These are followed by notes to the financial statements.

The Statement of Net Deficit presents information on the assets and liabilities, with the difference between the two reported as net deficits. Over time, increases or decreases in net deficits may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Deficit reports the operating revenues and expenses and nonoperating revenue and expenses of the Board for the fiscal year with the difference being combined with any capital contributions to determine the change in net deficit for the fiscal year.

The Statement of Cash Flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year's cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year.

Financial Position

The following summarizes the Board's financial position as of June 30, 2009 and 2008:

	2009	2008	% Change
ASSETS:			
Current assets	$ 19,246,631	$ 26,684,303	-27.87%
Capital assets	123,257	146,241	-15.72%
Other noncurrent assets	12,231,666	6,640,245	84.21%
Total	$ 31,601,554	$ 33,470,789	-5.58%

	2009	2008	% Change
LIABILITIES:			
Current liabilities	$ 27,039,341	$ 27,451,994	-1.50%
Noncurrent liabilities	21,202,969	25,694,857	-17.48%
Reserve for unpaid claims	31,398,101	33,617,525	-6.60%
Total liabilities	79,640,411	86,764,376	-8.21%
NET ASSETS (DEFICIT):			
Investment in capital assets, Net of related debt	123,257	146,241	-15.72%
Unrestricted net deficit	(48,162,114)	(53,439,828)	-9.88%
Total net assets	(48,038,857)	(53,293,587)	-9.86%
Total liabilities and net assets	$ 31,601,554	$ 33,470,789	-5.58%

Current assets decreased by approximately $7,438,000 (27.87%) over last year primarily due to a net decrease in unrestricted investments of approximately $5,645,000, a decrease in cash with custodian of approximately $1,296,000, and a decrease in fees receivable, prepaid salaries and collateral on lent securities of $296,000, $149,000 and $51,000, respectively.

Unrestricted investments decreased by approximately $5,645,000 (27.54%) from the previous year. The decrease was due to the timing of payments to the Debt Service Fund. The bond covenants require that monies be deposited to fund the principal and interest payments for the ensuing fiscal year. For fiscal years 2009 and 2008, this transfer of funds took place on June 30, 2009 and July 2, 2008, respectively.

Fees receivable decreased by approximately $296,000 (13.15%) from the prior year. As in the previous fiscal year, a detailed review of each receivable was undertaken and based on information available as of June 30, 2009, accounts were separated into seven categories, each with an assigned probability of collection. The estimated collectible amount was then determined by applying the assumed percentage of probability of collection to each category. The collectible amount of the largest category of outstanding fees is calculated the same as previous years by applying the historical collection average based on the comparison of per-tank fee and late fee amounts collected versus those certified to the Ohio Attorney General's Office for collection. Historically, the Attorney General's Office has collected approximately 22.51% and 8.18% of per-tank fees and late payment fees, respectively. The allowance for uncollectible amounts was approximately $5,673,000 and $5,397,000 for fiscal years 2009 and 2008, respectively. The approximate $276,000 increase in the allowance for uncollectible amounts is attributable to a decrease in the estimated collection percentage applied from the prior year.

Prepaid salaries decreased by approximately $149,000. This decrease is a result of closely monitoring the balance of the payroll deposit account within the Ohio Administrative Knowledge System (OAKS) during the fiscal year 2009.

Collateral on lent securities decreased by approximately $51,000 (82.78%) from the prior year due to a decrease in cash equity held by the Treasurer of State.

Capital assets decreased by approximately $23,000 (15.72%). Approximately $45,000 was spent for furniture and data processing equipment; accumulated depreciation increased $68,000. In January 2004, the Board entered into a time and material contract in an amount not to exceed $185,640 for the completion of the design and development of a customized electronic database system known as STARRS (Statistical Tank and Reimbursement Records System). Work on this contract was completed in fiscal year 2009. In fiscal year 2009, approximately $18,400 was spent on the design and development of this customized database, including records retention and accounts receivable modules and system documentation. In addition, approximately $10,000 was spent on the initial phase of developing an internet interface with the database. In 2009, the Board began the process of installing an in-house e-mail server, and two servers were purchased for approximately $5,200. Additionally, $4,400 was spent for Microsoft Exchange software for the e-mail server. The uninterruptable power supply for the servers was upgraded for $2,500, and purchases of pre-packaged software upgrades and computer replacements were approximately $2,800. Additional file cabinets were purchased for $1,400.

There is no related debt on capital assets.

Other noncurrent assets are restricted investments held by the bond trustee for the payment of revenue bond interest and principal. Bond covenants require this account to be funded on July 1 with the current and ensuing years' anticipated debt service. In fiscal year 2009, this transfer took place on June 30, 2009, and the account balance represents two years' debt service.

Current liabilities decreased by approximately $413,000 (1.5%) primarily due to decreases of approximately $540,000 in fees received in advance, $105,000 in bond interest payable, and $51,000 in obligations under securities lending, and an increase of approximately $292,000 in bond principal payable within one year.

Fees received in advance decreased approximately 5%. Historically, approximately 69% of fees are collected in advance of the fiscal year. During the last two months of fiscal year 2008, approximately 77% of fiscal year 2009 tank fees were collected. Approximately 72% of fiscal year 2010 tank fees were collected in fiscal year 2009.

The current portion of reserve for unpaid claims represents the amount obligated for the payment of claims in the upcoming fiscal year less claims payable as of June 30, 2009. In determining the amount to obligate, the Board considers the unobligated balance, claims paying experience and anticipated revenue. The Board obligated $9 million for the payment of claims anticipated to be paid in each of the 2008 and 2009 fiscal years. Consequently, current liabilities were not affected by the change in reserves for unpaid claims.

Obligations under securities lending decreased by approximately $51,000 (82.78%) from the prior year due to a decrease in cash equity held by the Treasurer of State.

The Board issued two series of revenue bonds for the purpose of reimbursing petroleum underground storage tank owners for correction action costs. In July 1993, the Board issued $30,000,000 of revenue bonds, Series A. The issuance consisted of $5,465,000 in serial bonds with interest rates ranging from 3.875% to 5.25% and maturity dates of August 15, 1994 through August 15, 1997, and term bonds of $24,535,000 with an interest rate of 6.75% maturing through August 15, 2008. As of June 30, 2009, there was no outstanding balance related to the Series A bond issuance or the related discount. A discussion of the 1998 Series B revenue bonds, including the current portion outstanding, can be found in the long-term liabilities section.

Long-term liabilities decreased by approximately $4,492,000 (17.48%) as a result of an annual revenue bond principal payment, net of related discount.

In July 1998, the Board issued a second series, Series B, of revenue bonds in the principal amount of $35,000,000. 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 through August 15, 2013. The principal balance outstanding, net of related discount, as of June 30, 2009 was $25,732,969, of which $4,530,000 is current.

Annual debt service (principal and interest) is approximately $6,030,000. The amortization schedules are presented in the notes to the financial statements.

Reserve for unpaid claims decreased by approximately $2,220,000 (6.60%) as a result of claim reimbursements being paid at a rate greater than the increase in ultimate estimated loss. Ultimate estimated loss is an estimate of the amount the Financial Assurance Fund will ultimately pay and includes both losses for the most recent year and changes in the estimates of ultimate losses for prior years. The estimated ultimate loss for both reported and incurred but not reported (IBNR) insured events increased approximately $6.6 million from June 30, 2008 to June 30, 2009; fiscal year 2009 claim payments were approximately $8.8 million. Additional discussion regarding the reserve for unpaid claims can be found in Note 3 to the financial statements. The Board issues a stand-alone report, titled "Estimated Unpaid Claims Liability as of June 30, 2009" that represents the analysis of the loss reserves. It may be obtained by writing to the Board at P.O. Box 163188, Columbus, Ohio, 43216-3188 or calling 614-752-8963.

Total net deficit decreased approximately $5,255,000 (9.86%) due primarily to the decreases in non-current liabilities and the reserve for unpaid claims.

The unrestricted net deficits include management's estimate of the current and long-term reserve for unpaid claims of approximately $40,400,000. The remaining unrestricted net deficit has been financed by the proceeds of the revenue bonds issued.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis
For the Years ended June 30, 2009 and 2008

Financial Information

Revenue

The following schedule presents a summary of revenues for the fiscal years ended June 30, 2009 and 2008:

	2009	2008	Increase (Decrease)
Operating Revenues:			
Tank fees	$ 14,635,166	$ 15,096,976	$ (461,810)
Other	1,567	2,193	(626)
	14,636,733	15,099,169	(462,436)
Nonoperating Revenues:			
Earnings on investments	413,584	1,032,566	(618,982)
Total revenue	$ 15,050,317	$ 16,131,735	$ (1,081,418)

Total revenue for 2009 decreased approximately $1,081,000 (6.70 %) from the previous year. This decrease is the net result of decreases in operating revenues and nonoperating revenues of approximately $462,000 and $619,000 respectively.

The 3.06% decrease in operating revenues is due to a decrease in the number of assured underground tanks. For fiscal year 2009, the number of tanks for which fees were received decreased by about 470 tanks from the previous fiscal year. For 2009, the Board maintained its fee structure of $600 per-tank for the standard $55,000 deductible and $800 per-tank for the reduced $11,000 deductible.

The 59.95% decrease in non-operating revenues is the result of a decrease in the State Treasury Asset Reserve of Ohio (STAR Ohio) interest rates. The average monthly STAR Ohio yield decreased from 3.93% in fiscal year 2008 to 1.26% in fiscal year 2009.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis
For the Years ended June 30, 2009 and 2008

The following schedule presents a summary of expenses for the fiscal years ended June 30, 2009 and 2008:

	2009	2008	Increase (Decrease)
Incurred claims and claims adjustment	$ 6,562,131	$ 11,222,360	$ (4,660,229)
Administration	1,438,469	1,418,411	20,058
Depreciation	67,918	59,819	8,099
Total operating expenses	$ 8,068,518	$ 12,700,590	$ (4,632,072)

Total operating expenses decreased approximately $4,632,000 from 2008 (36.47%) due to a decrease in the incurred claims and claims adjustment of approximately $4,660,000 and increases in administration and depreciation of approximately $20,000 and $8,000 respectively.

Incurred claims and claims adjustment decreased 41.53% from the prior year. For fiscal year 2009, incurred claims and claims adjustment represents the claims paid expense and a decrease in the change in reserve for unpaid claims of approximately $8,297,000 and $1,735,000, respectively. For fiscal year 2008, the claims paid expense was approximately $7,335,000 and the change in reserve for unpaid claims increased by approximately $3,887,000.

As previously stated, the Board annually obligates funds for the payment of claims in the upcoming fiscal year. In fiscal year 2009, the Board obligated $9 million. Claim settlement determinations issued for 2009 and 2008 were approximately $8,186,000 and $7,214,000, respectively. Claimants are provided a 30-day period in which to object to the claim settlement determination. If no objection is received, payment is issued to the claimant within 45 days of the determination. Claim payments made during 2009 totaled approximately $8,782,000.

Administration costs increased 1.41% from fiscal year 2008. The change is largely the net result of an increase in salary and temporary services expenditures and decreases in legal and professional costs and bond amortization expense. Salaries increased approximately $49,000 (5.03%) due to the filling of the Chief Fiscal Officer and Claims Administrative Assistant positions, which was offset by a vacancy in the Assurability Analyst position. Temporary services increased $32,000 (226.11%) as a result of utilizing a temporary employee to fill the vacancy in the Assurability Analyst position. Legal and professional expenses decreased approximately $29,000 (15.97%) in fiscal year 2009 primarily due to the annual estimate of the Financial Assurance Fund's loss reserves for the 2008 fiscal year being performed by Board staff, as opposed to utilizing external actuaries to complete the estimate as was done in fiscal year 2008. Bond amortization expense decreased by approximately $22,000 (33.60%) due to the maturity of the Series A revenue bonds on August 15, 2008.

Depreciation increased 13.54% over the prior year due to costs for work on the customized electronic database system that was placed in service during fiscal year 2009.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

STATEMENTS OF NET DEFICIT

	June 30 2009	June 30 2008
ASSETS		
CURRENT ASSETS		
Cash with custodian	$ 2,425,334	$ 3,722,083
Unrestricted investments	14,852,871	20,497,541
Prepaid salaries	-	149,223
Collateral on lent securities	10,533	61,178
Fees receivable, net of allowance for uncollectible amounts of $5,673,147 and $5,396,528, respectively	1,957,893	2,254,278
Total Current Assets	19,246,631	26,684,303
RESTRICTED INVESTMENTS	12,062,351	6,427,466
DEFERRED BOND ISSUANCE COSTS - Net	169,315	212,779
CAPITAL ASSETS AT COST - Net of accumulated depreciation	123,257	146,241
	$ 31,601,554	$ 33,470,789
LIABILITIES		
CURRENT LIABILITIES		
Fees received in advance	$ 10,795,038	$ 11,335,000
Claims payable	598,162	1,082,430
Current portion of reserve for unpaid claims	8,401,838	7,917,570
Bonds payable	4,530,000	4,237,630
Bond interest payable	617,498	722,272
Refundable fees	1,906,249	1,828,075
Accounts payable	20,100	48,306
Accrued liabilities	159,923	219,533
Obligations under lent securities	10,533	61,178
Total Current Liabilities	27,039,341	27,451,994
BONDS PAYABLE - Less current portion	21,202,969	25,694,857
RESERVE FOR UNPAID CLAIMS - Less current portion	31,398,101	33,617,525
Total Liabilities	79,640,411	86,764,376
NET DEFICIT		
NET ASSETS (DEFICIT):		
Invested in capital assets, net of related debt	123,257	146,241
Unrestricted net deficit	(48,162,114)	(53,439,828)
Total Net Deficit	(48,038,857)	(53,293,587)
	$ 31,601,554	$ 33,470,789

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET DEFICIT

	2009	2008
OPERATING REVENUES:		
Tank fees, net of refunds	$ 14,635,166	$ 15,096,976
Other	1,567	2,193
Total Operating Revenues	14,636,733	15,099,169
OPERATING EXPENSES:		
Incurred claims and claims adjustment	6,562,131	11,222,360
Administration	1,438,469	1,418,411
Depreciation	67,918	59,819
Total Operating Expenses	8,068,518	12,700,590
OPERATING INCOME	6,568,215	2,398,579
NONOPERATING REVENUE (EXPENSE)		
Earnings on investments	413,584	1,032,566
Interest expense	(1,727,069)	(2,020,277)
Total Nonoperating Expense	(1,313,485)	(987,711)
Increase In Net Assets	5,254,730	1,410,868
NET DEFICIT		
Beginning of year	(53,293,587)	(54,704,455)
End of year	$ (48,038,857)	$ (53,293,587)

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

STATEMENTS OF CASH FLOWS

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 14,560,737	$ 16,040,512
Cash paid to employees	(933,107)	(1,088,635)
Cash paid to claimants	(8,781,555)	(7,711,706)
Cash paid to others	(489,897)	(445,485)
Net Cash Provided By Operating Activities	4,356,178	6,794,686
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment of bond principal	(4,245,000)	(3,975,000)
Cash paid for interest	(1,786,362)	(2,057,137)
Net Cash Used In Noncapital Financing Activities	(6,031,362)	(6,032,137)
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(44,934)	(51,573)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(49,537,455)	(44,663,667)
Sale of investments	41,781,240	36,246,403
Investments matured	7,766,000	7,454,000
Interest on investments	413,584	1,032,566
Net Cash Provided By Investing Activities	423,369	69,302
NET (DECREASE) INCREASE IN CASH WITH CUSTODIAN	(1,296,749)	780,278
CASH WITH CUSTODIAN		
Beginning of year	3,722,083	2,941,805
End of year	$ 2,425,334	$ 3,722,083

	2009	2008
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 6,568,215	$ 2,398,579
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	67,918	59,819
Allowance for uncollectible accounts	276,619	(2,212,858)
Amortization of bond issue costs	43,464	65,454
Reserves for unpaid claims	(1,735,156)	3,887,131
Changes in assets and liabilities:		
Fees receivable	19,767	1,834,731
Prepaid Salaries	149,223	(149,223)
Fees received in advance	(539,962)	633,500
Claims payable	(484,268)	(376,477)
Refundable fees	78,174	648,350
Accounts payable and accrued liablities	(87,816)	5,680
Total Adjustments	(2,212,037)	4,396,107
Net Cash Provided By Operating Activities	$ 4,356,178	$ 6,794,686

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 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 in response to USEPA Resource Conservation and Recovery Act Subtitle I regulations which require responsible persons to demonstrate financial responsibility for paying the costs of corrective action resulting from accidental releases of petroleum resulting from the operation of underground storage tanks. 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.

The Board may issue revenue bonds, payable solely from its revenues, for the purpose of funding the Financial Assurance Fund (the "Fund"). The Act created the Fund to reimburse responsible persons for the costs of corrective actions and third-party compensation for bodily injury or property damage resulting from releases of petroleum from underground storage tanks. Pursuant to the Act, the Board may determine the amount of payment or reimbursement to responsible persons.

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.

The Board may establish annual fees and assess supplemental fees needed to maintain the financial soundness of the Fund. The Act prohibits the Board from assessing annual fees for any year in which the unobligated fund balance exceeds $45 million. Supplemental fees may be assessed in any fiscal year in which the unobligated fund balance is less than $15 million. The Act excludes the State of Ohio from responsibility for liabilities of the Fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Classification and Basis of Accounting - The Fund is classified as an Enterprise Fund and is reporting as a special-purpose government engaged in business-type activities. The accrual basis of accounting is applied to the Fund.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Claims Expenses - Claims expenses are recognized to the extent risk has transferred to the Fund. Risk is deemed transferred when the Board approves a claim for payment. Accordingly, claims expenses are accrued when the Board approves 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.

The amount of the reserve for unpaid claims is estimated using actuarial assumptions and is not discounted to a present value. Assumptions include the estimate of incurred-but-not-reported ("IBNR") claims, the Board's payment experience, the eligibility approval rate and third-party claims.

Unobligated Fund Balance - The Ohio Revised Code requires the Board to maintain an unobligated fund balance at a level that ensures the continued financial soundness of the Fund and allows the Board to assess a supplemental fee in any fiscal year in which the unobligated fund balance is less than $15 million. The unobligated fund balance is included in unrestricted investments and defined by the Ohio Administrative Code 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 $16,689,480 and $22,973,970 at June 30, 2009 and 2008, respectively.

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

Capital Assets - Capital asset 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 using the effective interest method over the term of the issuance (15 years). Deferred bond issuance costs of $169,315 at June 30, 2009 and $212,779 at June 30, 2008 are net of accumulated amortization of $812,427 and $768,963, 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 follows GASB guidance as applicable to proprietary funds and is required to apply FASB Statements and Interpretations, Accounting Principles Board Opinion, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. As permitted by Generally Accepted Accounting Standards, the Board has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications - Certain amounts in the June 30, 2008 financial statements have been reclassified to the current year's presentation.

New Accounting Pronouncements - In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all identifiable intangible assets not specifically excluded by its scope be classified as capital assets, and as such all applicable accounting and financial reporting standards for capital assets should be applied. This Statement is effective for periods beginning after June 15, 2009. Management has determined that this statement will not have an impact on its financial statements.

In June 2008, the GASB issued Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*. The statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement is effective for periods beginning after June 15, 2009. Management has determined that this statement will not have an impact on its financial statements.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement improves the quality of financial reporting by establishing fund balance classifications and clarifying the existing governmental fund type definitions. This Statement is effective for periods beginning after June 15, 2010. Management has not yet evaluated the impact that the adoption of this Statement will have on its financial statements.

NOTE 3 - COVERAGE

Petroleum underground storage tank owners/operators must pay a fee each fiscal year as determined by the Board ($600 per tank in 2009 and 2008). 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 fee per tank ($200 in 2009 and 2008). The Board's obligation to pay eligible claims is limited to (1) an annual maximum per individual owner/operator 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:

NOTE 3 - COVERAGE (Continued)

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 make payments for the costs of corrective action when the amount of approved claims exceeds the unobligated fund balance. The Board annually sets fees to ensure an unobligated fund balance based on the budget of at least $15 million at the end of the fiscal year. However, in the event that unobligated funds fall below $15 million, the Board is able to assess a supplemental fee, and again consider payout of all eligible claims.

NOTE 3 - COVERAGE (Continued)

The Board establishes a liability for both reported and unreported covered events, which includes estimates for future payments of losses. The amount of the liability is estimated using actuarial techniques. The following represents changes in those aggregate liabilities of the Board during the past two years:

	Year Ended June 2009	Year Ended June 2008
Unpaid claims and claim adjustment expenses—Beginning of year	$ 42,617,525	$39,106,871
Incurred claim and claim adjustment expenses:		
Provision for insured events of current year	3,999,930	4,536,545
Increase in provision for prior years	2,562,201	6,685,814
Total incurred claims and claim adjustment expense	6,562,131	11,222,359
Claim and claim adjustment payments attributable to insured events of prior years	8,781,555	7,711,705
Total unpaid claims and claim adjustment expenses—End of year	$ 40,398,101	$42,617,525
This liability is shown in the statement of net deficit as follows:		
Claims payable	$ 598,162	$ 1,082,430
Current portion of reserve for unpaid claims	8,401,838	7,917,570
Reserve for unpaid claims—less current portion	31,398,101	33,617,525
Estimated unpaid liability	$ 40,398,101	$42,617,525

Changes in the unpaid claim liability are the combined impact of:

i. Estimated ultimate losses on newly reported claims (increases the liability);

ii. Changes in the estimated ultimate losses on previously reported claims (may increase or decrease the liability);

iii. Changes in the estimated ultimate losses on unreported claims (may increase or decrease the liability);

iv. Claim reimbursement payments (will decrease the liability).

NOTE 3 - COVERAGE (Continued)

The amounts that the Fund will ultimately pay (items i, ii and iii) are measured, in part, by the reported gross claim face values adjusted for nonreimbursable and undocumented costs and deductible amounts. In fiscal year 2009, the reported gross face value increased by approximately $15,347,500 and the estimated ultimate face value increased by approximately $9,229,000.

NOTE 4 - CASH AND INVESTMENTS

Provisions within the Ohio Revised Code govern the investment and deposit of Board monies. In accordance with these statutes, investments are restricted to obligations of the United States or of any agency or instrumentality thereof (and funds consisting exclusively of, and repurchase agreements secured by, those obligations), obligations guaranteed as to principal and interest by the United States, obligations of the State of Ohio or any political subdivision thereof, the State Treasury Asset Reserve of Ohio ("STAR Ohio") investment pool, and certificates of deposit of any national bank located in Ohio and certain other banks incorporated in Ohio and subject to inspection by the Superintendent of Institutions.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009. The value of the STAR Ohio investments was approximately $14,853,000 and $20,498,000 as of June 30, 2009 and 2008, respectively.

The State Treasurer's Office issues a publicly available stand-alone financial report for STAR Ohio that includes financial statements and required supplementary information. That report may be obtained by writing to State Treasury Asset Reserve of Ohio, STAR Ohio, 30 East Broad Street, 9th Floor, Columbus, Ohio 43215-3461 or by calling 1-800-648-7827.

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

	2009	2008
Carrying amount	$2,425,334	$3,722,083
Custodial balance	$1,775,277	$2,181,796

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.

NOTE 4 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a public depository failure, the Board will be unable to recover the value of deposits. Public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation ("FDIC"), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The entire bank balance was insured through December 31, 2009 by FDIC as the Board's financial institution is participating in the Temporary Liquidity Guarantee Program.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Board's name. The Board is not exposed to custodial credit risk because the funds are held by the State Treasurer's Office.

STAR Ohio investments are not exposed to custodial credit risk, as defined by Statement No. 40. Securities in STAR Ohio are either insured, registered or held by STAR Ohio or by its agent in the name of STAR Ohio. Also as stated in GASB Statement No. 40, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. Cash on deposit with the bond trustee and held as restricted investments are collateralized with securities held by the pledging financial institution's trust department but not in the Board's name.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The Board does not experience interest rate risk on U.S. Treasury notes, money market funds and cash assets. The investments held in STAR Ohio adopt the policies of STAR Ohio by which exposure to fair value losses arising from increasing interest rates by limiting the final stated maturity on any investment to 397 days and limiting the weighted average maturity of the portfolio to 60 days.

Credit Risk - Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest, or the failure of the issuer to make timely payments of principal or interest. Eligible investments, pursuant to the ORC, affected by credit risk include certificates of deposit, commercial paper, bankers' acceptances, and counterparties involved in repurchase agreements.

The Fund's unrestricted investments are held in the Treasurer of State's investment pool ("STAR Ohio"). Unrestricted investments are carried at fair value, which approximates cost and includes \$588,725 and \$1,245,654 obligated by the Board for the payment of claims at June 30, 2009 and 2008, respectively. Standard & Poor's rating for the STAR Ohio fund is AAAm. STAR Ohio's investment policy requires all securities held by STAR Ohio be rated the equivalent of A-1+ or A-1 and at least 50% of the Total Average Portfolio be rated A-1+ or better. As of June 30, 2009, STAR Ohio's investments in U.S. Agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investor Services. Obligations of the U.S. Government are explicitly guaranteed by the U.S. Government and are not considered to have credit risk.

NOTE 4 - CASH AND INVESTMENTS (Continued)

Securities Lending - As of June 30, 2009 and 2008, the Board had no securities out on loan. The Board has been allocated with cash collateral of $10,533 and $61,178 for fiscal years 2009 and 2008, respectively, from the securities lending program administered through the Treasurer of State's Office based on the amount of cash equity with the State's common cash and investment account.

Debt Service Account - Bond trustees maintaining debt service accounts (see Note 7) hold restricted investments in instruments similar to those described above. At June 30, restricted investments included U.S. Treasury notes held by trustees, but not in the Board's name, and money market funds as follows:

	2009 Fair Value	2008 Fair Value
U.S. Treasury Notes	$ 6,215,535	$ 6,392,776
Money Market Funds	868	34,689
Cash & Other Assets	5,845,948	1
Total	$ 12,062,351	$ 6,427,466

NOTE 5 - CAPITAL ASSETS

A summary of the changes in capital assets for the years ended June 30, 2008 and 2009 follows:

	Balance June 30, 2007	Additions	Disposals/ Deletions	Balance June 30, 2008	Additions	Disposals/ Deletion	Balance June 30, 2009
Capital assets:							
Furniture	$ 97,260	$ 1,475	$ 761	$ 97,974	$ 1,393	-	$ 99,367
Data processing equipment	765,568	50,099	48,710	766,957	43,541	-	810,498
Total capital assets	862,828	51,574	49,471	864,931	44,934	-	909,865
Less accumulated depreciation:							
Furniture	88,878	7,454	761	95,571	952	-	96,523
Data processing equipment	619,464	52,365	48,710	623,119	66,966	-	690,085
Total accumulated depreciation	708,342	59,819	49,471	718,690	67,918	-	786,608
Net capital assets	$ 154,486	$ (8,245)	-	$ 146,241	$ (22,984)	-	$ 123,257

NOTE 6 - OPERATING LEASES

The Board leases office space under an operating lease agreement, which expired in fiscal year 2009. Rent expense for the fiscal years ended June 30, 2009 and 2008 was $99,943. In June 2009, the Board renewed the operating lease agreement for a two-year period. Future minimum payments under the renewed operating lease agreement for each of the years ended June 30, 2010 and June 30, 2011 are $103,798.

NOTE 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, any supplemental fees assessed by the Board and interest income. 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 an interest rate of 6.75%. The bonds issued July 1993 matured on August 15, 2008.

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 actions. 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 through August 15, 2013. The scheduled amortization follows:

Fiscal Year Ended June 30	Principal	Interest	Total
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	5,845,000	186,309	6,031,309
Total	$25,830,000	$ 4,326,393	$30,156,393
Less unamortized discount	97,031		
Bonds payable	25,732,969		
Less amount currently due	4,530,000		
Bonds payable—less current portion	$21,202,969		

NOTE 7 - BONDS PAYABLE (Continued)

Activity for long-term bond obligations for the years ended June 30, 2009 and 2008 is summarized as follows:

	Balance at 6/30/2007	Amortization of Bond Discount	Decreases	Balance at 6/30/2008	Due Within One Year
Bonds Payable	$33,846,040	$61,447	($3,975,000)	$29,932,487	$4,237,630

	Balance at 6/30/2008	Amortization of Bond Discount	Decreases	Balance at 6/30/2009	Due Within One Year
Bonds Payable	$29,932,487	$45,482	($4,245,000)	$25,732,969	$4,530,000

Bond covenants require the Board to maintain a debt service 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 reserve account balance equal to the greatest single year's debt service requirement or maintain bond insurance. The Board has elected to maintain bond insurance. The Board is also required to maintain unrestricted cash with the custodian plus unrestricted investments of at least $7.5 million. The Board also covenants that it will assess annual tank fees that will result in revenues equal to at least 135% of the debt service charges plus estimated annual expenditures of the Board, less anticipated proceeds from any bonds to be issued during the fiscal year and the anticipated unobligated balance.

NOTE 8 - DEFINED BENEFITS

Defined Benefit Retirement Plan - All Board employees are required to participate in the statewide Ohio Public Employees Retirement System ("OPERS"). OPERS administers three separate pension plans: the Traditional Pension Plan ("TP") - a cost-sharing multiple-employer defined benefit pension plan; the Member Directed Plan ("MD") - a defined contribution plan; and the Combined Plan ("CO") - a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to qualifying members of both the TP and CO plans. Members of the MD plan do not qualify for ancillary benefits, including post-employment healthcare coverage. Authority to establish and amend benefits is provided by state statute in accordance with Chapter 145 of the Ohio Revised Code ("ORC"). For the year ended December 31, 2008, the employee contribution rate was 10%, and the employer contribution rate was 14% of covered payroll. For the year ended December 31, 2007, the employee contribution rate was 9.5%, and the employer contribution rate was 13.77% of covered payroll.

NOTE 8 - DEFINED BENEFITS (Continued)

The Board's contributions, representing 100% of employer contributions for the year ended June 30, 2009, and for each of the preceding two years, are as follows:

Year Ended June 30	Amount
2009	$110,425
2008	$103,102
2007	$109,095

OPERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 1-800-222-7377.

Other post-employment benefits for health care costs provided by OPERS are as follows:

The post-retirement healthcare coverage includes a medical plan, prescription drug program and Medicare Part B premium reimbursement for qualifying members. In order to qualify for post-retirement healthcare coverage, age and service retirees under the TP and CO must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients is available. The healthcare coverage provided by the retirement system meets the definition of an Other Post-Employment Benefit ("OPEB") as described in GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pension.*" OPEB are advance funded on an actuarially determined basis. A portion of each contribution to OPERS is set aside for the funding of postretirement healthcare. The ORC provides statutory authority for employer contributions and permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. The ORC currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB plan. OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with Internal Revenue Code 401(h). For the year ended December 31, 2008 and 2007, employer contribution rate for state employers was 14% and 13.77%, respectively, of covered payroll; the portion used to fund healthcare was 7% for the period commencing January 1, 2008 and 6% for the period from July 1 to December 31, 2007. These rates are the actuarially determined contribution requirements for OPERS. The portion of the Board's 2009 and 2008 contribution that was used to fund post-employment benefits was $55,213 and $48,446, respectively. The ORC provides the statutory authority requiring public employers to fund post-retirement healthcare through their contributions to OPERS.

In September 2004, the OPERS board adopted the Health Care Preservation Plan ("HCPP") with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2007 and 2008, which allowed additional funds to be allocated to the healthcare plan.

SUPPLEMENTARY FINANCIAL INFORMATION

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Petroleum Underground Storage
Tank Release Compensation Board
Columbus, Ohio

We have audited the financial statements of the Ohio Petroleum Underground Storage Tank Release Compensation Board ("the Board") as of and for the year ended June 30, 2009, and have issued our report thereon dated January 28, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting, which is identified as Item No. 2009-1.

Schneider Downs & Co., Inc.
www.schneiderdowns.com
IGAF

1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency noted above is a material weakness.

Compliance and Other Matters

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 grant agreements, 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Board's response and, accordingly, we express no opinion on it.

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

Schneider Downs & Co., Inc.

Columbus, Ohio
January 28, 2010

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

Schedule of Findings and Responses
For the Year Ended June 30, 2009

Internal Control Over Financial Reporting

Item No. 2009 - 1, Maintenance of a detailed accounts receivable aging ledger

Criteria: Complete underlying accounting data is critical to allow for accurate financial reporting and evaluation of significant estimates such as allowances for doubtful accounts.

Condition: During the period under audit, Ohio Petroleum Underground Storage Tank Release Compensation Board ("the Board") did not have adequate resources available to allow for the maintenance of detailed account receivable aging ledgers.

Effect: As of the year ended June 30, 2009, management was unable to produce a detailed accounts receivable aging schedule, which may compromise management's ability to produce reliable estimates relating to the collectability of accounts receivable.

Recommendation: We recommend that a system be developed that allows for the maintenance of detailed accounts receivable ledgers sufficient to monitor the aging of individual receivable balances and assist in the analysis of potentially uncollectible accounts.

Management Response:

Accounts Receivable

During the 2006 audit, management consulted with its auditors to discuss alternative ways to estimate the Board's allowance for uncollectible amounts. As a result of those discussions and subsequent analyses, in the second quarter of fiscal year 2008, changes to the Board's database system ledgers and related internal procedures were implemented to better monitor the aging of individual accounts receivable balances.

Using the information available at June 30, 2009, management utilized the method used in the prior year to estimate the Board's uncollectible accounts. For fiscal year 2009, management performed a detailed review of individual receivable balances and based on information known as of June 30, 2009, assigned a probability of collection from 0% to 100% to each account. Additional discussion regarding this process can be found in Management's Discussion and Analysis of current assets.

In fiscal year 2009, management analyzed historical trends as they relate to the aging and collectability of accounts receivable. In fiscal year 2010, management will further refine its methodology for estimating uncollectible accounts and will consult with the Board's auditors to finalize this methodology and fully implement the changes required to monitor the aging of individual receivable balances.

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Mary Taylor, CPA
Auditor of State

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
APRIL 1, 2010

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us