OHIO PETROLEUM UNDERGROUND STORAGE

TANK RELEASE COMPENSATION BOARD

Financial Statements

For the Year Ended June 30, 2015

and Independent Auditor's Report Theron

Kennedy
Cottrell
Richards

Dave Yost • Auditor of State

Governing Board
Ohio Petroleum Underground Storage Tank Release Compensation Board
50 West Broad Street, Suite 1500
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Ohio Petroleum Underground Storage Tank Release Compensation Board, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2014 through June 30, 2015. 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.

Dave Yost
Auditor of State

April 11, 2016

88 East Broad Street, Fifth Floor, Gahanna, Ohio 43230-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

This page intentionally left blank.

Table of Contents

Independent Auditor's Report..

Management's Discussion and Analysis.. 1

Financial Statements

Statements of Net Position 8

Statements of Revenues, Expenses, and Changes in Net Position 9

Statements of Cash Flows 10

Notes to the Financial Statements 12

Required Supplementary Schedules 31

Independent Auditor's 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* 33

This page intentionally left blank.

186 North High Street
Gahanna, OH 43230

Kennedy Cottrell Richards

Phone: 614.358.4682
Fax: 614.269.8969
www.kcr-cpa.com

INDEPENDENT AUDITOR'S REPORT

Ohio Petroleum Underground Storage Tank Release Compensation Board
50 West Broad Street, Suite 1500
Columbus, Ohio 43215

To the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Ohio Petroleum Underground Storage Tank Release Compensation Board (the Board), located in Franklin County, Ohio, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Petroleum Underground Storage Tank Release Compensation Board, located in Franklin County, Ohio, as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, during the year ended June 30, 2015, the Board adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

KENNEDY COTTRELL RICHARDS LLC

Kennedy Cottrell Richards LLC

Columbus, Ohio
January 13, 2016

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis
For the Year Ended June 30, 2015
(Unaudited)

The following Management's Discussion and Analysis (MD&A) section of the Ohio 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, 2015 and 2014. 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 Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows. These are followed by notes to the financial statements.

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

The Statements of Revenues, Expenses and Changes in Net Position report the operating revenues and expenses and non-operating revenue and expenses of the Board for the fiscal year.

The Statements of Cash Flows report 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, 2015 and 2014:

	2015	Restated 2014
ASSETS:		
Current assets	$ 30,016,178	$ 27,595,766
Unrestricted investments	4,005,029	5,989,591
Capital assets	38,070	49,177
Total Assets	$ 34,059,277	$ 33,634,534
DEFERRED OUTFLOWS OF RESOURCES		
Pension	$ 84,713	$ 46,987
LIABILITIES:		
Current liabilities	$ 18,959,620	$ 20,694,903
Net pension liability	683,853	671,476
Reserve for unpaid claims - noncurrent	22,628,431	20,034,457
Total Liabilities	$ 42,271,904	$ 41,400,836
DEFERRED INFLOWS OF RESOURCES		
Pension	$ 13,419	-
NET POSITION		
Investment in capital assets	$ 38,070	$ 49,177
Unrestricted net position	(8,179,403)	(7,768,492)
Total Net Position	$ (8,141,333)	$ (7,719,315)

During 2015, the Board adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For the reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Board's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Board's proportionate share of Ohio Public Employee Retirement System (OPERS) Traditional Pension Plan and Combined Plan collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service;
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the Board, part of a bargained-for benefit to the employee, and should accordingly be reported by the Board as a liability since they received the benefit of the exchange. However, the Board is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the Board. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statements of net position.

In accordance with GASB 68, the Board's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of the OPERS plan's change in net pension liability.

As a result of implementing GASB 68, the Board is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $ (7,094,826) to $ (7,719,315).

Current assets and unrestricted investments increased by approximately $436,000 (1.30%) from last year primarily due to increases in investments and cash with custodian, and decreases in claim refunds receivable and accounts receivable of approximately $2,286,000, $383,000, $2,175,000, and $61,000, respectively.

Unrestricted investments increased by approximately $2,286,000 (8.09%) from the prior year. The increase in unrestricted investments over the prior year is attributed to funds received through a settlement agreement with a major oil company. At its February 19, 2014 meeting, the Board approved entering into a Settlement Agreement and Release with a major oil company to resolve allegations that the company received monies from its insurer for costs for which it also received reimbursement from the Financial Assurance Fund. The settlement agreement was fully executed on November 12, 2014 and the settlement amount of $2.9 million less attorney fees was received by the Board on December 11, 2014. Attorney's fees were 25% of the settlement amount for a total of $725,000.

In May 2013, the Board used unobligated funds to purchase U.S. Treasury Notes and U.S. Agency Bonds with par values of $3,000,000 each with the intent to hold the investments to their maturity. The maturity dates of the investments are laddered equally over one, two and three years. In June 2014, the Board purchased additional U.S. Treasury Notes and U.S. Agency Bonds, with par values of $1,000,000 each and maturity dates of three years, with the intent to hold the investments to their maturity. As approved by the Board, investments that mature or are redeemed are reinvested in U.S. Treasury Notes and U.S. Agency Bonds. On June 26, 2015, $2,000,000 of U.S. Agency Bonds with a maturity date of June 26, 2017 was redeemed. The principal was reinvested in July 2015 in U.S. Agency Bonds with a two year maturity. Investments with maturity dates exceeding one year are reported separately from Current Assets as Unrestricted Investments in the Statement of Net Position. The amount of the long-term unrestricted investments is approximately $4,005,000 at June 30, 2015.

Claim refunds receivable, net of attorney's fees, decreased by $2,175,000 from the prior year. The decrease in the claims refunds receivable is attributed to the receipt of funds from the settlement agreement previously discussed.

Fees receivable, net of allowance for uncollectible amounts, decreased by approximately $61,000 (5.51%) from the prior year. A detailed review of each receivable was undertaken and based on information available as of June 30, 2015, accounts were separated into six categories, each with an assigned probability of collection. The estimated collectible amount was then determined by applying the assumed probability of collection percentage to each category. The collectible amount of the largest category of outstanding fees is calculated using percentages based on the per-tank fee and late fee payments received for delinquent accounts certified to the State of Ohio Attorney General's Office, Collections Enforcement for collection. Historically, the Attorney General's Office has collected 14.65%, 4.99% and 4.01% of fees certified within one, two and three years of the date of certification, respectively. Late payment fees have been collected by the Attorney General's Office at rates of 6.07%, 1.93% and 1.21% within one, two, and three years of the date of certification, respectively.

The allowance for uncollectible amounts was approximately $4,482,000 and $4,546,000 for fiscal years 2015 and 2014, respectively. The $64,000 decrease in the allowance for uncollectible amounts is primarily attributable to the aging of accounts certified to the Attorney General's Office for collection and the write-off of the receivable and allowance for the uncollectible amounts for those accounts outstanding more than three years from the date of certification.

Collateral on loaned securities increased by approximately $3,000 (67.54%) from the prior year due to an increase in cash equity held by the Treasurer of State as of June 30, 2015.

Capital assets decreased by approximately $11,000 (22.59%). Approximately $14,300 was spent on office furniture and data processing equipment; and accumulated depreciation increased by $25,400. Approximately $34,200 in fully depreciated capital assets were salvaged during the fiscal year. Of the $14,300 spent on office furniture and data processing, $11,850 was spent to replace existing furniture in five offices; and $2,450 was spent to purchase data backup hardware.

There is no related debt on capital assets.

Current liabilities decreased by $1,735,000 (8.39%) primarily due to decreases in fees received in advance and refundable fees payable of $1,715,000, and $21,000 respectively.

Fees received in advance decreased approximately 17.49%. At its March 11, 2015 meeting, the Board voted to reduce the annual per-tank fee from $500 per tank to $400 per tank effective with the fiscal year 2016 fees. This $100 reduction in the annual per-tank fee resulted in a decrease in the fees received in advance.

Refundable fees decreased approximately 1.26%. The decrease is attributable to the amount of refunds paid to owners or operators, or applied to offset outstanding fees, exceeding the amount of refunds identified during the fiscal year.

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, 2015. In determining the amount to obligate, the Board considers the unobligated balance, claims paying experience and anticipated revenue. The Board obligated $9,000,000 for the payment of claims anticipated to be paid in each of the 2015 and 2014 fiscal years. Consequently, current liabilities were not affected by the change in reserves for unpaid claims.

Reserve for unpaid claims, including the current portion, increased by approximately $2,777,000 (9.98%) as a result of claim reimbursements being paid at a rate less than the increase in ultimate estimated loss. Ultimate estimated loss is an estimate of the amount the Financial Assurance Fund will ultimately pay for releases discovered on or before June 30, 2015, 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 $10,825,000 from June 30, 2014 to June 30, 2015; fiscal year 2015 claim payments were approximately $8,231,000. 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, 2015" that represents the analysis of the loss reserves. It is available on the Board's website at www.petroboard.org, or may be obtained by writing to the Board at P.O. Box 163188, Columbus, Ohio, 43216-3188 or by calling 614-752-8963.

Total net position decreased approximately $422,000 (5.36%) due primarily to net expenses exceeding operating and non-operating net revenues during fiscal year 2015.

The unrestricted net position includes management's estimate of the current and long-term reserve for unpaid claims of approximately $31,628,000.

Financial Information

Revenue

The following schedule presents a summary of revenues for the fiscal years ended June 30, 2015 and 2014:

	2015	2014
Operating Revenues:		
Tank fees	$ 11,680,581	$ 13,750,924
Recovery of bad debt	121,491	179,545
Other	169	18,167
	11,802,241	13,948,636
Non-operating Revenues:		
Earnings on investments	67,140	48,260
Claim refunds receivable	-	2,175,000
Loss on disposal of assets	(9)	-
	67,131	2,223,260
Total Revenue	$ 11,869,372	$ 16,171,896

Total revenue for 2015 decreased approximately $4,303,000 (26.60%) from the previous year due to a decrease in non-operating revenues of $2,156,000 and a decrease in operating revenues of $2,146,000.

The decrease in non-operating revenues is due to the decrease in the claim refunds receivable of $2,175,000 discussed previously, and a $19,000 increase in earnings on the investments in STAR Ohio, US Treasuries, and US Agency Bonds. During fiscal year 2015 interest earned on STAR Ohio investments was $9,800. The interest earned on US Treasuries and Agency Bonds was $47,100 and the fair market value increased $9,700 from the prior year.

The 15.39% decrease in operating revenues is due to a decrease in the tank fees collected for the current and prior fiscal years of $2,070,000, a decrease in the recovery of fees previously determined uncollectible of $58,000, and a decrease in other income of $18,000. For 2015, the Board decreased its per-tank fee $100 from fiscal year 2014. Per tank fees were $500 per-tank for the standard $55,000 deductible and $600 per-tank for the reduced $11,000 deductible.

Expenses

The following schedule presents a summary of expenses for the fiscal years ended June 30, 2015 and 2014:

	2015	2014
Incurred claims and claims adjustment	$ 10,811,046	$ 8,375,800
Administration	1,454,979	1,488,472
Depreciation	25,365	23,987
Total Operating Expenses	$ 12,291,390	$ 9,888,259

Total operating expenses increased approximately $2,403,000 from 2014 (24.30%) due to an increase in the incurred claims and claims adjustment expense of $2,435,000 and a decrease in administration expenses of $33,000.

Incurred claims and claims adjustment expense increased 29.07% from the prior year. For fiscal year 2015, incurred claims and claims adjustment expenses represent the incurred claims and claims adjustment expense and the increase in the change in reserve for unpaid claims of approximately $3,374,000 and $7,450,000, respectively. In addition, netted in incurred claims and claims adjustment expense is $14,000 received for the settlement of a subrogation claim. A fuel delivery resulted in an overfill of a UST causing a release of petroleum at a fund eligible UST site. The Board approved a settlement with the fuel delivery company's insurer for $14,000. For fiscal year 2014, the expense was approximately $2,568,000 and the change in reserve for unpaid claims increased by approximately $5,807,000.

As previously stated, the Board annually obligates funds for the payment of claims in the upcoming fiscal year. For fiscal year 2015, the Board obligated $9,000,000. Claim settlement determinations issued for fiscal years 2015 and 2014 were approximately $8,000,000 and $7,300,000, respectively. Claimants are provided a 30-day period in which to object to the claim settlement determination. If an objection is not received, payment is issued to the claimant within 45 days of the date of the determination. Claim payments made during 2015 totaled $8,231,000.

Administration costs decreased 2.25% from fiscal year 2014. This change is a net result of decreases in legal and professional expenses, travel expenses, office supplies, and salaries, and an increase in temporary services.

- Legal and Professional expense decreased $21,000 due primarily to a decrease in costs associated with the annual audit ($12,200), hearing officer fees ($4,600), IT related services ($3,200), and bank fees ($2,500).

- Travel expense decreased $7,000 primarily due to a decrease in out-of-state mediations associated with allegations made against two major oil companies that they received monies from their insurers for costs for which they also received reimbursement from the Financial Assurance Fund.

- Office Supplies expense decreased $7,000 from the prior year. In fiscal year 2014, the Board purchased voice over internet protocol (VoIP) compatible telephones, Microsoft Office desktop software, and experienced an increase in expenses related to the retrieval of files stored offsite at a secure location operated by an external party.

- Salaries expense decreased $9,000, and was offset by an increase in Temporary Services of $9,000 from the use of a temporary employee to fill a vacancy in a full-time permanent personnel position.

OHIO PETROLEUM UNDERGROUND STORAGE TANK RELEASE COMPENSATION BOARD

STATEMENTS OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

ASSETS		
CURRENT ASSETS		
Cash with custodian	$	2,410,371
Unrestricted investments		26,551,082
Collateral on loaned securities		7,531
Fees receivable, net of allowance for uncollectible amounts of $4,482,226		1,047,194
Total Current Assets		30,016,178
UNRESTRICTED INVESTMENTS		4,005,029
CAPITAL ASSETS AT COST - Net of accumulated depreciation		38,070
Total Assets	$	34,059,277
DEFERRED OUTFLOWS OF RESOURCES		
Pension	$	84,713
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Fees received in advance	$	8,090,300
Claims payable		1,031,854
Current portion of reserve for unpaid claims		7,968,146
Refundable fees		1,643,753
Accounts payable		31,590
Accrued liabilities		186,446
Obligations under loaned securites		7,531
Total Current Liabilities		18,959,620
NON-CURRENT LIABILITIES		
Net Pension Liability		683,853
RESERVE FOR UNPAID CLAIMS - Less current portion		22,628,431
Total Liabilities	$	42,271,904
DEFERRED INFLOWS OF RESOURCES		
Pension	$	13,419
NET POSITION		
Invested in capital assets, net of related debt	$	38,070
Unrestricted net position		(8,179,403)
Total Net Position	$	(8,141,333)

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES	
Tank fees, net of refunds	$ 11,680,581
Recovery of bad debt	121,491
Other	169
Total Operating Revenues	11,802,241
OPERATING EXPENSES	
Incurred claims and claims adjustment	10,811,046
Administration	1,454,979
Depreciation	25,365
Total Operating Expenses	12,291,390
OPERATING INCOME (LOSS)	(489,149)
NON-OPERATING REVENUE (EXPENSE)	
Earnings on investments	67,140
Loss on disposal of assets	(9)
Total Non-operating Revenue	67,131
Increase (Decrease) in Net Position	(422,018)
NET POSITION	
Beginning of year	(7,719,315)
End of year	$ (8,141,333)

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 10,284,103
Cash paid to employees	(1,116,131)
Cash paid to claimants	(6,042,072)
Cash paid to others	(509,884)
Net Cash Provided By Operating Activities	2,616,016
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(14,267)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(23,862,773)
Sale of investments	17,587,240
Investments matured	4,000,000
Interest on investments	56,593
Net Cash Used In Investing Activities	(2,218,940)
NET INCREASE (DECREASE) IN CASH WITH CUSTODIAN	382,809
CASH WITH CUSTODIAN	
Beginning of year	2,027,562
End of year	$ 2,410,371

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

STATEMENTS OF CASH FLOWS, Continued
FOR THE YEAR ENDED JUNE 30, 2015

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income (loss)	$ (489,149)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	25,365
Allowance for uncollectible accounts	(63,931)
Reserves for unpaid claims	2,776,816
Changes in assets and liabilities:	
Fees receivable	125,006
Fees received in advance	(1,715,300)
Claims payable	(182,842)
Claims refund	2,175,000
Refundable fees	(20,963)
Accounts payable and accrued liablities	(2,056)
Net Pension Liability	12,377
Deferred Outflow - Pension	(37,726)
Deferred Inflow - Pension	13,419
Total Adjustments	3,105,165
Net Cash Provided By Operating Activities	$ 2,616,016

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 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, except the Board may assess a fee in the year to which the determination applies to the extent required in or by, or necessary to comply with covenants or other requirements in, revenue bonds. 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.

Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenues are primarily derived from tank fees. Operating expenses include the costs of claims and related administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 Governmental Accounting Standards Board (GASB) guidance as applicable to proprietary funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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.

Cash and Cash Equivalents – The Treasurer of the State of Ohio (Treasurer) acts as the custodian of the funds for the State. Cash and Cash Equivalents of the Board are pooled and invested by the Treasurer. Account integrity is maintained through a series of checks and balances with the Auditor, Treasurer, and the Office of Budget and Management.

The Cash and Cash Equivalents with the Treasurer has the general characteristics of a demand deposit account whereby additional cash can be deposited at any time and can also be effectively withdrawn at any time, within certain budgetary limitations, without prior notice or penalty.

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 the unclaimed monies trust account, not placed in a linked deposit account, and not placed in a debt service account. The unobligated fund balance is $32,167,995 at June 30, 2015.

Investments - Investments are stated at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting For Certain Investments and for External Pools". The Board's investments consist of U.S. Treasury Notes and Agency Bonds, which are stated at fair value. Dividends, interest earnings, the net increase (decrease) in the fair value of investments (which includes both the change in fair value and realized gains and losses), and investment expenses are aggregated and reported as net investment income in the statements of revenues, expenses and changes in net position. The cost of securities sold is determined using the average cost method. Purchases and sales of investments are recorded as of the trade date.

Capital Assets - Capital asset purchases are recorded at historical cost, and are depreciated using the straight-line method over the estimated useful life of five years.

Refundable Fees - The Board has determined that certain 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.

Pensions - For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The OPERS pension system reports investments at fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources – In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Board, deferred outflows of resources are reported on the statements of net position for pension and are explained in Note 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Board, deferred inflows of resources are reported on the statements of net position for pension and are explained in Note 7.

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.

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 a claim is approved 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 present value. Assumptions include the estimate of IBNR claims, the Board's payment experience, the eligibility approval rate and third-party claims.

Accounting Pronouncements - The GASB has recently issued the following new accounting pronouncements that will be effective in future years and may be relevant to the Board:

- GASB No. 72, "Fair Value Measurement and Application"
- GASB No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68"
- GASB No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pensions Plans"
- GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"
- GASB No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"
- GASB No. 77, "Tax Abatement Disclosures"

Management has not yet determined the impact that these new GASB Pronouncements will have on the Board's financial statements.

NOTE 3 - COVERAGE

Petroleum underground storage tank owners/operators must pay a fee each fiscal year as determined by the Board ($500 per tank in 2015). 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 2015). 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:

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 the solvency of the Fund based on projected revenues, administrative expenses and claim payment obligations. 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 2015
Unpaid claims and claim adjustment expenses- Beginning of year	$	29,034,457
Incurred claim and claim adjustment expenses:		
Provision for insured events of current year		3,374,332
Change in provision for prior years		7,450,868
Total Incurred Claims and Claim Adjustment Expense		10,825,200
Claim and claim adjustment payments attributable to Insured events of prior years		(8,231,226)
Total Unpaid Claims and Claim Adjustment Expenses- End of year	$	31,628,431

This liability is shown in the statement of net position as follows:

Claims payable	$	1,031,854
Current portion of reserve for unpaid claims		7,968,146
Reserve for unpaid claims-less current portion		22,628,431
Estimated Unpaid Liability	$	31,628,431

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 (decreases the liability).

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 non-reimbursable and undocumented costs and deductible amounts. In fiscal year 2015, the reported gross face value increased by approximately $11,415,000 and the estimated ultimate face value increased by approximately $14,111,000.

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.

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:

		2015
Carrying amount	$	2,410,371
Custodial balance	$	2,410,371

Custodial balances are collateralized with securities held by the pledging financial institution's trust department or an agent in the State's name.

Investments:

U.S Government and U.S. Government Agency Obligations - At its January 13, 2013 meeting, the Board authorized the investment of $6,000,000 of unobligated funds in equal amounts of U.S. Treasury Notes and U.S. Agency Bonds with maturity dates of the investments laddered over one, two and three years. Authorization was also granted by the Board to reinvest the funds in like securities upon maturity. In May 2013, U.S. Treasury Notes and U.S. Agency Bonds with par values of $3,000,000 each were purchased. At its March 20, 2014 meeting, the Board authorized the investment of an additional $2,000,000 of unobligated funds in equal amounts of U.S. treasury notes and U.S. agency bonds having maturity dates of three years which were subsequently purchased in June 2014. On June 26, 2015 U.S. agency bonds, with a par value of $2,000,000 and due to mature in June 2017, were redeemed by the issuing agency and the proceeds were deposited in the money market fund. Subsequent to June 30, 2015 the $2,000,000 was reinvested in U.S. agency bonds with a similar maturity date as the U.S. agency bonds previously redeemed.

STAR Ohio - 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, 2015. The value of the STAR Ohio investments was approximately $22,489,000 as of June 30, 2015.

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 1-800-228-1102.

NOTE 4 - CASH AND INVESTMENTS (Continued)

Linked Deposits - The Act authorizes the Board to place certificates of deposit with financial institutions at interest rates below current market rates. 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.

The fair value of the investments as of June 30, 2015 are as follows:

		Investment Maturities (in years)	
Investment Type	Fair Value	Less than 1	1-3
U.S. government obligations	$ 4,006,318	$ 1,000,010	$ 3,006,308
U.S. government agency obligations	1,998,724	1,000,003	998,721
Money market funds	2,062,353	2,062,353	-
STAR Ohio	22,488,716	22,488,716	-
	$ 30,566,111	$ 26,551,082	$ 4,005,029

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.

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. The Board's investment in U.S. government obligations and U.S. government agency obligations are not exposed to custodial credit risk since the Board's investments are held in the Board's name at Huntington National Bank.

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 mitigates interest rate risk by maintaining adequate liquidity, investing primarily in shorter term securities, and diversification of maturity dates so ongoing operations can be funded without a sale of investments. The investments held in STAR Ohio limit exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of the portfolio to 60 days, and limiting the final stated maturity on any investment to 397 days, with the exception of U.S. Treasury and Federal Agency obligations with a floating rate of interest which are limited to a maximum maturity of 762 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 Ohio Revised Code, affected by credit risk include certificates of deposit, commercial paper, bankers' acceptances, and counterparties involved in repurchase agreements.

NOTE 4 - CASH AND INVESTMENTS (Continued)

The Fund's unrestricted investments include investments held in the Treasurer of State's investment pool (STAR Ohio), and investments in U.S. government obligations and U.S. government agency obligations held by Huntington National Bank in the Board's name. Unrestricted investments are carried at fair value, which approximates cost and includes $778,776 obligated by the Board for the payment of claims at June 30, 2015. 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. As of June 30, 2015, STAR Ohio's investments in U.S. Agencies were rated AA+ 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.

Concentration of Credit Risk - Concentration of credit is the risk of loss that may be attributed to the magnitude of the Board's investment in a single issuer. The calculation of risk excludes investments issued by or guaranteed by the U.S. government, U.S. government agencies, and STAR Ohio. In 2015 the Board had no single issuer which was not exempt that represented 5% or more of the Board's total investments.

Securities Lending - As of June 30, 2015 the Board had no securities out on loan. The Board has been allocated with cash collateral of $7,531 for fiscal year 2015 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.

NOTE 5 - CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2015 follows:

	Balance June 30, 2014	Additions	Disposals/ Deletion	Balance June 30, 2015
Capital assets:				
Furniture	$ 109,313	$ 11,828	$ (16,439)	$ 104,702
Data processing equipment	845,233	2,439	(17,773)	829,899
Total Capital Assets	954,546	14,267	(34,212)	934,601
Less accumulated depreciation				
Furniture	97,264	3,738	(16,439)	84,563
Data processing equipment	808,105	21,627	(17,764)	811,968
Total Accumulated Depreciation	905,369	25,365	(34,203)	896,531
Net Capital Assets	$ 49,177	$ (11,098)	(9)	$ 38,070

NOTE 6 - OPERATING LEASES

The Board leases office space under an operating lease agreement expiring in fiscal year 2017. Rent expense for the fiscal year ended June 30, 2015 was $109,000. Future minimum payments under the renewed operating lease agreement for each of the years ending June 30, 2016 and June 30, 2017 are $122,000.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

The net pension liability reported on the statements of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Board’s proportionate share of the Ohio Public Employee Retirement System (OPERS) Pension Plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of its fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Board’s obligation for this liability to annually required payments. The Board cannot control benefit terms or the manner in which pensions are financed; however, the Board does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description – OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: The Traditional Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/contribution plan; and the Member-Directed Plan, a defined contribution plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. New public employees (those who establish membership in OPERS on or after January 1, 2003) have 180 days from the commencement of employment to select membership in one of the three pension plans. Contributions to OPERS are effective with the first day of the employee’s employment. Contributions made prior to the employee’s plan selection are maintained in the Traditional Pension Plan and later transferred to the plan elected by the member, as appropriate.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

All public employees, except those covered by another state retirement system in Ohio or the Cincinnati Retirement System, are required to become contributing members of OPERS when they begin public employment unless they are exempted or excluded as defined by the Ohio Revised Code. For actuarial purposes, employees who have earned sufficient service credit (60 contributing months) are entitled to a future benefit from OPERS. Employer, employee and retiree data as of December 31, 2014 can be found in the OPERS 2014 Comprehensive Annual Financial Report, which may be obtained by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Pension Benefits – All benefits of the OPERS, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit.

Group C is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career. Refer to the age-and-service tables located in the OPERS 2014 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member’s pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to all OPERS benefit recipients to receive their full statutory benefit even when the benefit exceeds IRC 415(b) limitations. Monthly QEBA payments start when the total amount of benefits received by the recipients exceeds the IRC limit each year. The portion of the benefit in excess of the IRC 415(b) limit is paid out of the QEBA and taxed as employee payroll in accordance with IRS regulations.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the members' FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Defined contribution plan benefits are established in the plan documents, which may be amended by the Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employee contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vest account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect, by April 7, 1993, coverage under either the original plan or the revised plan. All members who entered OPERS after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. After the disability benefit ends, the member may apply for a service retirement benefit or a refund of contributions, which are not reduced by the amount of disability benefits received. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Ohio Revised Code Chapter 145 specifies the dependents and the conditions under which they qualify for survivor benefits.

Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit. A death

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Money Purchase Annuity – Age-and-service retirees who become re-employed in an OPERS-covered position must contribute the regular contribution rates, which are applied towards a money purchase annuity. The money purchase annuity calculation is based on the accumulated contributions of the retiree for the period of re-employment, and an amount of the employer contributions determined by the Board of Trustees. Upon termination of service, members over the age of 65 can elect to receive a lump-sum payout or a monthly annuity. Members under age 65 may leave the funds on deposit with OPERS to receive an annuity benefit at age 65, or may elect to receive a refund of their employee contributions made during the period of re-employment, plus interest.

Refunds – Members who have terminated service in OPERS-covered employment may file an application for refund of their account. The Ohio Revised Code requires a three-month waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's rights and benefits in OPERS.

Refunds processed for the Traditional Pension Plan members include the member's accumulated contributions, interest and any qualifying employer funds. A Combined Plan member's refund may consist of member contributions for the purchase of service plus interest, qualifying employer funds, and the value of their account in the defined contribution plan consisting of member contributions adjusted by the gains or losses incurred based on their investment selections. Refunds paid to members in the Member-Directed Plan include member contributions and vested employer contributions adjusted by the gains or losses incurred based on their investment selections.

Contributions – The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board of Trustees, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code.

Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2014. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

The employee and employer contribution rates are currently set at the maximums authorized by Ohio Revised Code of 10% and 14%, respectively. Based upon the recommendation of the OPERS external actuary, a portion of each employer's contributions to OPERS is set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 2.0%

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

for fiscal year 2015. The employer contribution as a percent of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for fiscal year 2015 was 4.5%.

The Board's contractually required contribution to OPERS was $113,017 for fiscal year 2015.

Ohio Revised Code Chapter 145 assigned authority to the Board of Trustees to amend the funding policy. As of December 31, 2014, the Board of Trustees adopted the contribution rates that were recommended by the external actuary. The contribution rates were included in a new funding policy adopted by the Board of Trustees in October 2013, and are certified biennially by the Board of Trustees as required by the Ohio Revised Code.

As of December 31, 2014, the date of the last actuarial study, the funding period for all defined benefits of the OPERS was 21 years.

Net Pension Liability

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Pension Plan	Combined Plan	Total
Proportionate Share of the Net Pension Liability	$ 688,207	$ (4,354)	$ 683,853
Proportion of the Net Pension Liability	.005706%	.011309%	
Proportionate Share of the Employer Pension Expense	$ 75,139	$ 2,893	$ 78,032

At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investment	$ 36,987
Board contribution subsequent to the December 31, 2014 measurement date	47,726
Total Deferred Outflow of Resources	$ 84,713
Deferred Inflows of Resources	
Difference between expected and actual experience	$ 13,419

The $47,726 reported as deferred outflows of resources related to pension resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For Fiscal Year Ending June 30	Traditional Pension Plan Net Deferred Outflows of Resources	Combined Plan Net Deferred Inflows of Resources
2016	$ (3,601)	$ 92
2017	(3,601)	92
2018	(8,248)	92
2019	(9,181)	90
Thereafter	-	697
Total	$ (24,631)	$ 1,063

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial Information	Traditional Pension Plan	Combined Plan
Valuation Date	December 31, 2014	December 31, 2014
Experience Study	5 Year Period Ending December 31, 2010	5 Year Period Ending December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases	4.25 - 10.05% (includes wage inflation at 3.75%)	4.25 - 8.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	3.00% Simple	3.00% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board of Trustees approved asset allocation policy for 2014 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90 %	5.84 %
Real Estate	10.00 %	4.25 %
Private Equity	10.00 %	9.25 %
International Equities	19.10 %	7.40 %
Other investments	18.00 %	4.59 %
Total	100.00 %	5.28 %

The discount rate, used to measure the total pension liability was 8.0 % for both the Traditional pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net positon was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan, and the VEBA Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expense, for the Defined Benefit portfolio was 6.95% for 2014.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Average Remaining Service Life

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2014, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 3.1673 years and for the Combined Plan was 9.4080 years.

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the Board's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8.0%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.0% lower or higher than the current rate.

	1% Decrease (7.0 %)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Traditional Plan:			
Board's proportionate share of the net pension liability	$ 1,266,104	$ 688,207	$ 201,479
Combined Plan:			
Board's proportionate share of the net pension liability/ (asset)	$ 565	$ (4,354)	$ (8,256)

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit 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 maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR for details.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/investments/cafr.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2015, the Board contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate to 14 percent of covered payroll. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

In fiscal year 2015, the Board's contributions to OPERS totaled $113,017. Of this amount, $16,145 was allocated to the health care plan. The portion of the Board's fiscal year 2014 and 2013 contributions that were allocated to the health care plan were $12,006, and $20,706, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 9 – CHANGE IN ACCOUTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2015, the Board implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27” and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68”. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net Position, June 30, 2014	$	(7,094,826)
Adjustments:		
Net Pension Liability		(671,476)
Deferred Outflow – Payments Subsequent to Measurement Date		46,987
Restated Net Position, June 30, 2014	$	(7,719,315)

Other than employer contributions subsequent to the measurement date, the Board made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 10 - CONTINGENCIES

The Board is involved in various claims and legal proceedings arising from the normal course of business. While the ultimate liability, if any, from these proceedings is presently indeterminable, in the opinion of management, these matters should not have a material adverse effect on the Board’s financial statements.

[This Page Intentionally Left Blank]

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

Schedule of Proportionate Share of the Net Pension Liability (Asset)
Ohio Public Employees Retirement System

Last two fiscal years *

		2015		2014
Proportion of the net pension liability				
Traditional Pension Plan		0.005706%		0.005706%
Combined Plan		0.011309%		0.011309%
Proportionate share of the net pension liability (asset)				
Traditional Pension Plan	$	688,207	$	672,663
Combined Plan		(4,354)		(1,187)
Total	$	683,853	$	671,476
Covered-employee payroll	$	807,261	$	809,018
Proportionate share of the net pension liability as a percentage of covered-employee payroll		84.71%		83.00%
Plan fiduciary net position as a percentage of the total pension liability				
Traditional Pension Plan		86.45%		Not Available
Combined Plan		114.83%		Not Available

* The proportion of the net pension liability presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year. The schedule is required to show information for 10 years; however, until a full 10 year trend is compiled, governments are required only to present information for thos years for which information is available.

OHIO PETROLEUM UNDERGROUND STORAGE
TANK RELEASE COMPENSATION BOARD

Schedule of Contributions
Ohio Public Employees Retirement System

Last two fiscal years *

	2015	2014
Contractually required contribution	$ 113,017	$ 113,262
Contributions in relation to the contractually required contribution	$ 113,017	$ 113,262
Contribution deficiency (excess)	$ 0	$ 0
Covered employee payroll	$ 807,261	$ 809,018
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

* This schedule is required to show information for 10 years. However, until a full 10 year trend is compiled, governments are required to only present information for those years for which information is available.

186 North High Street
Gahanna, OH 43230

Kennedy Cottrell Richards

Phone: 614.358.4682
Fax: 614.269.8969
www.kcr-cpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Ohio Petroleum Underground Storage Tank Release Compensation Board
50 West Broad Street, Suite 1500
Columbus, Ohio 43215

To the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Ohio Petroleum Underground Storage Tank Release Compensation Board (the Board), located in Franklin County, Ohio, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated January 13, 2016, wherein we noted the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KENNEDY COTTRELL RICHARDS LLC

Kennedy Cottrell Richards LLC

Columbus, Ohio
January 13, 2016

Dave Yost • 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 21, 2016

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov