



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

August 4, 2011

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Iowa Petroleum Underground Storage Tank Board (UST Board) for the year ended June 30, 2010.

The responsibilities of the UST Board include expending moneys for remedial (cleanup) action, underground storage tank improvement and maintaining existing loan guarantees.

Vaudt reported the UST Board had total revenues of \$883,093 for the year ended June 30, 2010, a 3% increase over the prior year. Revenues included \$338,316 of groundwater tank management fees, \$336,739 of license and application fees and \$158,038 of interest on investments.

General Fund expenditures totaled \$8,488,189 for the year ended June 30, 2010, a 15% decrease from the prior year. Expenditures included \$5,196,017 for remedial claims, \$1,349,332 for innocent landowner claims, \$1,441,975 for administrative costs and \$500,865 for payments to other state agencies.

At June 30, 2010, the estimate for potential claims for clean-up charges totaled \$46,700,284.

A copy of the audit report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1160-6560-B000.pdf>.

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**IOWA PETROLEUM UNDERGROUND STORAGE TANK BOARD
STATE OF IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2010

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**Iowa Petroleum Underground Storage Tank Board
State of Iowa**

Officials

Name

Title

Governor

Honorable Chester J. Culver
(Ended during January 2011)

Honorable Terry E. Branstad
(Began during January 2011)

Director, Department of Management

Richard C. Oshlo, Jr.
(Ended during January 2011)

David Roederer
(Began during January 2011)

Director, Legislative Services Agency

Glen P. Dickinson

Board

Susan E. Voss
Douglas M. Beech
Honorable Michael L. Fitzgerald
Eric Johnson
Nancy Lincoln
Jeffrey W. Robinson
Richard A. Leopold
(Vacant)

Chairperson
Member
Member
Member
Member
Member
Member
Member

Administrator

Scott Scheidel

AON Risk Services, Inc.

**Iowa Petroleum Underground Storage Tank Board
State of Iowa**



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STATE OF IOWA

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Auditor of State

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Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Members of the Iowa Petroleum
Underground Storage Tank Board:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Iowa Petroleum Underground Storage Tank Board as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

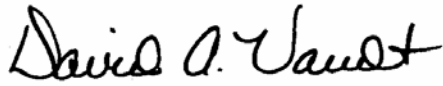
As described in Note 1, the financial statements of the Iowa Petroleum Underground Storage Tank Board are intended to present the financial position and the changes in financial position of only that portion of the governmental activities of the State of Iowa that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2010, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Iowa Petroleum Underground Storage Tank Board as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2011 on our consideration of the Iowa Petroleum Underground Storage Tank Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 read in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 9 and 19 through 20 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Iowa Petroleum Underground Storage Tank Board's basic financial statements. Other supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied to our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 13, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Iowa Petroleum Underground Storage Tank Board (Board) provides an overview of the Board's financial activities for the year ended June 30, 2010, along with comparative data for the year ended June 30, 2009, and is provided for consideration in conjunction with the Board's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- The Board had revenues of approximately \$883,000 during the fiscal year from a combination of environmental protection charges, cost recovery and community remediation buy-ins, groundwater tank management fees and interest on investments. This was a 3% increase compared to the previous fiscal year.
- The Board had expenditures of approximately \$8,488,200 during the fiscal year. This was a decrease of approximately \$1,554,300, or 15%, compared to the previous fiscal year, primarily due to a decrease in administrative costs.

USING THIS FINANCIAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the financial statements and provides an analytical overview of the Board's financial activities.

The Entity-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Board as a whole and present an overall view of the Board's finances.

The Fund Financial Statements tell how governmental services were financed in the short term, as well as identifying amounts which remain for future spending.

The financial statements also include notes and required and other supplementary information which explain some of the information in the financial statements and provide more detailed data.

REPORTING THE BOARD'S FINANCIAL ACTIVITIES

Entity-wide Financial Statements

One of the most important questions asked about the Board's finances is, "Is the Board as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Board as a whole and about its activities in a way which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The Statement of Activities presents information showing how the Board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Board's governmental activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include claim payments, administrative costs and payments to other state agencies.

ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position.

The Board's combined net assets increased compared to a year ago. Our analysis below focuses on the net assets and the change in net assets of the Board's governmental activities.

	Net Assets of Governmental Activities			
	June 30,		Change	Percentage Change
	2010	2009		
Assets	\$ 34,296,182	25,686,854	8,609,328	33.5%
Liabilities	47,437,276	51,720,873	(4,283,597)	-8.3%
Net Assets	(13,141,094)	(26,034,019)	12,892,925	49.5%

Net assets of the Board increased approximately 50% (negative \$13 million at June 30, 2010 compared to negative \$26 million at June 30, 2009). This increase was partially due to a reduction of approximately \$3.7 million in the pollution remediation liability.

	Change in Net Assets of Governmental Activities	
	June 30,	
	2010	2009
Revenues	\$ 883,093	856,193
Expenses	4,790,168	4,183,412
Excess (deficiency) of revenues over (under) expenses	(3,907,075)	(3,327,219)
Transfers in (out) to the:		
Statutory Allocations Fund	17,000,000	17,000,000
Iowa Department of Natural Resources for:		
Administrative expenses of the underground storage tank section	(200,000)	(200,000)
Snowmobile programs	-	(950,000)
All-terrain vehicle programs	-	(775,000)
State General Fund	-	(5,655,818)
Total transfers in (out)	16,800,000	9,419,182
Change in net assets	12,892,925	6,091,963
Net assets beginning of year	(26,034,019)	(32,125,982)
Net assets end of year	\$ (13,141,094)	(26,034,019)

Net revenues increased approximately \$26,900 over the prior year.

Board expenses increased approximately \$607,000.

BUDGETARY HIGHLIGHTS

Expenditures exceeded amounts budgeted for payment to other state agencies because of the timing of claim reimbursements to state agencies with eligible claims because it is the Board's policy to use the budget as a projection tool and not to amend the budget throughout the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for fiscal year 2011 includes estimates for revenues to decrease based on the reduced interest on investments associated with the reduction in assets along with slightly increased expenditures associated with potential funding for the study of theoretical potential water well impacts associated with the calibration of the Iowa Department of Natural Resources (DNR) prescribed model for assessment. Also, legislative transfers to the State General Fund will significantly impact the Board's Statement of Net Assets. The net assets will likely decrease substantially during 2011. Barring any statutory or regulatory changes by the DNR affecting the Board's claim liability, claim payments should remain fairly flat compared to the previous year.

CONTACTING THE UST BOARD FINANCIAL MANAGEMENT

This financial report is designed to provide our claimants, the citizens of Iowa and creditors with a general overview of the Board's finances to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Iowa Petroleum Underground Storage Tank Board at 2700 Westown Parkway, Suite 320, West Des Moines, IA 50266.

**Iowa Petroleum Underground Storage Tank Board
State of Iowa**

Basic Financial Statements

Exhibit A

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Governmental Fund Balance Sheet and Statement of Net Assets

June 30, 2010

	General Fund	Adjustments	Statement of Net Assets
Assets			
Cash and investments	\$ 33,871,422	-	33,871,422
Due from other state agencies	424,760	-	424,760
Total assets	\$ 34,296,182	-	34,296,182
Liabilities			
Accounts payable	\$ 519,970	-	519,970
Due to other state agencies	217,022	-	217,022
Long-term liabilities:			
Portion due or payable within one year:			
Pollution remediation liability	-	7,361,729	7,361,729
Portion due or payable after one year:			
Pollution remediation liability	-	39,338,555	39,338,555
Total liabilities	736,992	46,700,284	47,437,276
Fund Balance/Net Assets			
Fund balance:			
Reserved:			
Underground storage tank remedial activities	33,282,964	(33,282,964)	-
Payment on defaulted loans	276,226	(276,226)	-
Total fund balance	33,559,190	(33,559,190)	-
Total liabilities and fund balance	\$ 34,296,182		
Net assets			
Restricted:			
Payment on defaulted loans		276,226	276,226
Unrestricted:			
Underground storage tank remedial activities		(13,417,320)	(13,417,320)
Total net assets		\$ (13,141,094)	(13,141,094)

See notes to financial statements.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Governmental Fund Statement of Revenues, Expenditures
and Changes in Fund Balance and Statement of Activities

Year ended June 30, 2010

	General Fund	Adjustments	Statement of Activities
Revenues:			
Groundwater tank management fees	\$ 388,316	-	388,316
License and application fees	336,739	-	336,739
Interest on investments	158,038	-	158,038
Total revenues	<u>883,093</u>	<u>-</u>	<u>883,093</u>
Expenditures/expenses:			
Administrative costs	1,441,975	(7,086)	1,434,889
Innocent landowner claims	1,349,332	33,247	1,382,579
Remedial claims	5,196,017	(3,724,182)	1,471,835
Payments to other state agencies	500,865	-	500,865
Total expenditures/expenses	<u>8,488,189</u>	<u>(3,698,021)</u>	<u>4,790,168</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(7,605,096)</u>	<u>3,698,021</u>	<u>(3,907,075)</u>
Other financing sources (uses):			
Transfers from the			
Statutory Allocations Fund	17,000,000	-	17,000,000
Transfers to the Iowa Department of Natural Resources for administrative expenses of the underground storage tank section	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>16,800,000</u>	<u>-</u>	<u>16,800,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses and other financing uses	9,194,904	3,698,021	-
Change in net assets	-	-	12,892,925
Fund balance/net assets beginning of year	<u>24,364,286</u>	<u>(50,398,305)</u>	<u>(26,034,019)</u>
Fund balance/net assets end of year	<u>\$ 33,559,190</u>	<u>(46,700,284)</u>	<u>(13,141,094)</u>

See notes to financial statements.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Statutory authority for the Iowa Petroleum Underground Storage Tank Board, State of Iowa, (Board) is found in Chapter 455G of the Code of Iowa. The Board's responsibilities include expending funds for remedial action and maintaining existing loan guarantees for remedial action and underground storage tank improvements.

The financial statements of the Board have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Board has included all funds. The Board has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Board to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Board. The Board has no component units which meet the Governmental Accounting Standards Board criteria.

B. Entity-wide and Fund Financial Statements

The financial statements on pages 12 and 13 combine both an entity-wide perspective and a governmental fund perspective.

The General Fund comprises the Board's governmental fund type. This fund is the general operating fund of the Board and the difference between assets and liabilities of the fund is referred to as "fund balance."

The entity-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Board. Governmental activities are those which normally are supported by tax and intergovernmental revenues.

C. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the “current financial resources measurement focus” and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgements, are recorded only when payment is due.

D. Budget

The Administrator for the Board prepares an annual budget for the Board's general operations. This budget is approved and monitored by the Board.

E. Cash and Cash Equivalents

The cash balances of the Board are pooled and invested by the Treasurer of State.

F. Due from Other State Agencies

Receivables consist primarily of accrued interest on deposits invested by the Treasurer of State.

G. Pollution Remediation Liability

The Iowa Underground Storage Tank Financial Responsibility Program provides payment for remediation claims of contamination of ground water sites due to leakage, spill or release of petroleum products by owner/operators. The estimates of the liabilities are based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. The estimates are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected. Those adjustments are reported in the Statement of Activities as reductions in the various expenditure objects.

H. Reserved Fund Balance/Restricted Net Assets

The portion reserved for “underground storage tank remedial activities” represents the amount available for cleanup of contamination caused by releases from underground storage tanks.

The portion reserved/restricted for “payment on defaulted loans” represents the amount available for the actual payment of claims on guaranteed loans in default status.

(2) Cash and Investments

The Board's deposits with the Treasurer of State throughout the period and at June 30 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. Earned interest, \$158,038 for the year ended June 30, 2010, is retained in the fund holding the cash balance.

The Board's cash and investments are pooled with the Treasurer of State's cash and investments. Accordingly, information regarding the Board's investments is not readily available. See the State of Iowa Comprehensive Annual Financial Report (CAFR) for disclosure of the Treasurer of State's investments and related risk.

(3) Long-Term Liabilities

An estimate for pollution remediation obligations is recorded when the State knows or reasonably believes a site is polluted and when any one of the following events occurs: (1) the State is compelled to take remediation action because pollution creates an imminent endangerment to public health/welfare or the environment, (2) the State is in violation of a pollution prevention-related permit or license, (3) the State is named, or will likely be named, by a regulator as a responsible party or potentially responsible party for remediation, (4) the State is named, or will likely be named, in a lawsuit to compel it to participate in remediation or (5) the State commences or legally obligates itself to commence cleanup activities or monitoring/maintenance of remediation efforts.

At June 30, 2010, pollution remediation obligations totaling \$46,700,284 were recorded for the removal of leaking underground storage tanks.

Leaking underground storage tanks meeting certain eligibility requirements are covered by the Iowa Petroleum Underground Storage Tank program. The program was established to expend funds for remedial action and underground storage tank improvements. Estimated remediation outlays for leaking underground storage tanks are developed by groundwater professionals. The estimates are based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. All estimates for pollution remediation obligations are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected. For the year ended June 30, 2010, the estimated pollution remediation liability decreased \$3,698,021.

The pollution remediation obligation does not include outlays for certain site cleanup activities or operation/maintenance costs because those outlays were not reasonably estimable.

(4) Explanation of the Differences between the Governmental Fund Balance Sheet and the Statement of Net Assets

Total fund balance - General Fund	\$ 33,559,190
Pollution remediation liability payable applicable to the Board's governmental activities are not due and payable in the current year and, therefore, are not reported as fund liabilities.	<u>(46,700,284)</u>
Net assets of governmental activities	<u>\$ (13,141,094)</u>

(5) Explanation of the Difference between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

Excess of revenues and other financing sources over expenditures and other financing uses – General Fund	\$ 9,194,904
Liquidation of the pollution remediation liability is reported as an expenditure in the governmental fund, but the payments reduce the long-term liabilities in the Statement of Net Assets.	<u>3,698,021</u>
Change in net assets of governmental activities	<u><u>\$ 12,892,925</u></u>

Required Supplementary Information

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Budgetary Comparison Schedule of
Revenues, Expenditures and Changes
in Fund Balance – Actual and Budget
General Fund

Year ended June 30, 2010

	Actual	Original/ Final Budget	Favorable (Unfavorable) Variance
Revenues:			
Motor vehicle use tax*	\$ -	17,000,000	(17,000,000)
Groundwater tank management fees	388,316	770,000	(381,684)
License and application fees	336,739	10,000	326,739
Interest on investments	158,038	1,250,000	(1,091,962)
Total revenues	<u>883,093</u>	<u>19,030,000</u>	<u>(18,146,907)</u>
Expenditures:			
Administrative costs	1,441,975	3,353,739	1,911,764
Innocent landowner claims	1,349,332	2,000,000	650,668
Remedial claims	5,196,017	6,300,000	1,103,983
Payments to other state agencies	500,865	116,000	(384,865)
Total expenditures	<u>8,488,189</u>	<u>11,769,739</u>	<u>3,281,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,605,096)</u>	<u>7,260,261</u>	<u>(14,865,357)</u>
Other financing sources (uses):			
Transfers from the Statutory Allocations Fund	17,000,000		
Transfers to the Iowa Department of Natural Resources for administrative expenses of the underground storage tank section	<u>(200,000)</u>		
Total other financing sources (uses)	<u>16,800,000</u>		
Excess of revenues and other financing sources over expenditures and other financing uses	9,194,904		
Fund balance beginning of year	<u>24,364,286</u>		
Fund balance end of year	<u>\$ 33,559,190</u>		

* Effective July 1, 2008, Iowa Code Section 321.145 was amended. The motor vehicle use tax is now collected by the Iowa Department of Transportation and deposited directly into the Statutory Allocations Fund. The Iowa Department of Transportation transfers the collections from the Statutory Allocations Fund to the Board.

See accompanying independent auditor's report.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

The Administrator for the Iowa Petroleum Underground Storage Tank Board prepares an annual budget for the Board's general operations. This budget is approved and monitored by the Board.

Other Supplementary Information

Schedule 1

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Expenditures by Object
General Fund

Year ended June 30, 2010

Classification	Administrative Costs	Innocent Landowner Claims	Remedial Claims	Payments to other State Agencies	Total
Contractual services	\$ 1,441,975	-	5,196,017	500,865	7,138,857
Claims and miscellaneous	-	1,349,332	-	-	1,349,332
Total	<u>\$ 1,441,975</u>	<u>1,349,332</u>	<u>5,196,017</u>	<u>500,865</u>	<u>8,488,189</u>

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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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

To the Members of the Iowa Petroleum
Underground Storage Tank Board:

We have audited the financial statements of the Iowa Petroleum Underground Storage Tank Board as of and for the year ended June 30, 2010 and have issued our report thereon dated June 13, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Iowa Petroleum Underground Storage Tank Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Iowa Petroleum Underground Storage Tank Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iowa Petroleum Underground Storage Tank Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Iowa Petroleum Underground Storage Tank Board's financial statements will not be prevented or detected and corrected on a timely basis.

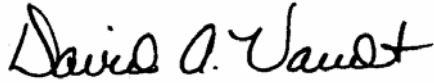
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses, as defined above.

Compliance and Other Matters

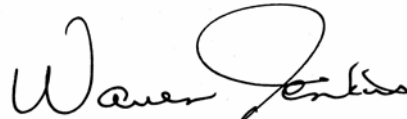
As part of obtaining reasonable assurance about whether the Iowa Petroleum Underground Storage Tank Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct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

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Petroleum Underground Storage Tank Board, citizens of the State of Iowa and other parties to whom the Iowa Petroleum Underground Storage Tank Board may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Petroleum Underground Storage Tank Board during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 13, 2011

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Schedule of Findings

Year ended June 30, 2010

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Findings Related to Required Statutory Reporting and Other Matters:


No matters were noted.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Jessica N. Meierotto, Staff Auditor
Jennifer R. Lawrence, Staff Auditor
Kassi D. Adams, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State