



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

October 31, 2019

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an audit report on the Iowa Petroleum Underground Storage Tank Board (UST Board) for the year ended June 30, 2018.

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

Sand reported the UST Board had total revenues of \$334,930 for the year ended June 30, 2018, a 1.2% increase over the prior year.

General Fund expenditures totaled \$17,040,155 for the year ended June 30, 2018, an 83.5% increase over the prior year, due primarily to an increase in remedial claims paid out during the fiscal year of approximately \$7.4 million. Expenditures included \$13,335,678 for remedial claims, \$1,210,582 for administrative costs and \$2,431,320 for innocent landowner claims.

At June 30, 2018, the estimate for potential claims for clean-up charges totaled \$8,377,047.

A copy of the audit report is available for on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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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, 2018

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



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STATE OF IOWA

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Des Moines, Iowa 50319-0004

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October 12, 2019

Officials of Iowa Petroleum Underground Storage Tank Board (UST Board)
Des Moines, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for the Iowa Petroleum Underground Storage Tank Board (UST Board) for the year ended June 30, 2018. The audit was performed pursuant to Chapter 11.2 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Petroleum Underground Storage Tank Board (UST Board) throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

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

Officials

Name

Title

State

Honorable Kim Reynolds
David Roederer
Glen P. Dickinson

Governor
Director, Department of Management
Director, Legislative Services Agency

Board

Douglas M. Beech
Karen E. Andeweg
Joseph D. Barry
Patricia Beck
Dawn M. Carlson
Honorable Michael L. Fitzgerald
Timothy Gartin
Bruce Trautman
N. Kurt Mumm
Jeffrey W. Robinson

Chairperson
Member
Member
Member
Member
Member
Member
Member
Member
Member

Administrator

James R. Gastineau

Iowa Department of Natural Resources



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Independent Auditor's Report

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

Report on the Financial Statements

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, 2018, and the related Notes to Financial Statements, which collectively comprise the basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2018, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 7 through 9 and pages 21 and 22 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

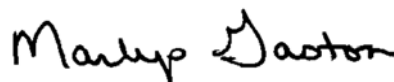
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iowa Petroleum Underground Storage Tank Board's basic financial statements. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2019 on our consideration of the Iowa Petroleum Underground Storage Tank Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Iowa Petroleum Underground Storage Tank Board's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

October 12, 2019

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, 2018, along with comparative data for the year ended June 30, 2017, and is provided for consideration in conjunction with the Board's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- The Board had revenues of approximately \$335,000 during the fiscal year from a combination of environmental protection charges, cost recovery and community remediation buy-ins and interest on investments. This was a 1.2% increase compared to the previous fiscal year.
- The Board had expenditures of approximately \$17,040,000 during the fiscal year. This was an increase of approximately \$7,800,000 or 83.5% compared to the previous fiscal year, primarily due to an increase in remedial claims paid out during the fiscal year.
- The Board's net position decreased approximately \$6,473,000.

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 Position 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 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 Position 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 Position presents all of the Board's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Board's net position 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 position changed during the most recent fiscal year. All changes in net position 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 years.

The Board's governmental activities are displayed in the Statement of Net Position 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 position may serve over time as a useful indicator of financial position.

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

	Net Position of Governmental Activities			
	June 30,		Change	Percentage Change
	2018	2017		
Assets	\$ 18,612,009	36,951,542	(18,339,533)	-49.6%
Liabilities	8,663,546	20,530,454	(11,866,908)	-57.8%
Net Position	\$ 9,948,463	16,421,088	(6,472,625)	-39.42%

Net position of the Board decreased approximately 39% (9.9 million at June 30, 2018 compared to \$16.4 million at June 30, 2017). This decrease was primarily due to an increase in remedial claims paid out during the year ended June 30, 2018.

	Change in Net Position of Governmental Activities	
	June 30,	
	2018	2017
Revenues	\$ 334,930	330,850
Expenses	6,357,249	4,516,899
Deficiency of revenues under expenses	(6,022,319)	(4,186,049)
Other financing sources (uses):		
Transfers from the		
Statutory Allocations Fund	-	7,000,000
Allocations to State Agencies	(450,306)	(449,427)
Total other financing sources (uses)	(450,306)	6,550,573
Change in net position	(6,472,625)	2,364,524
Net position beginning of year	16,421,088	14,056,564
Net position end of year	\$ 9,948,463	16,421,088

Revenues increased approximately \$4,000 and expenses increased approximately \$1,840,000 over the prior year. The increase is due to the amount of remedial claims processed during the year.

BUDGETARY HIGHLIGHTS

Expenditures exceeded amounts budgeted for remedial claims and payments to other State agencies. 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

For fiscal year 2019 the UST Board is forecasting a decline in overall revenues. Barring any statutory or regulatory changes by the Iowa Department of Natural Resources (IDNR) affecting the Board's claim liability, the UST Board is forecasting a decline in claim disbursements as the program continues to be wrapped up.

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 502 East 9th Street Des Moines, Iowa 50319-0034.

Basic Financial Statements

Exhibit AIowa Petroleum Underground Storage Tank Board
State of Iowa

Governmental Fund Balance Sheet and Statement of Net Position

June 30, 2018

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 18,529,498	-	18,529,498
Due from other state agencies	82,511	-	82,511
Total assets	\$ 18,612,009	-	18,612,009
Liabilities			
Accounts payable	\$ 254,979	-	254,979
Due to other State Agencies	31,520	-	31,520
Pollution remediation liability:			
Portion due or payable within one year	-	4,250,000	4,250,000
Portion due or payable after one year	-	4,127,047	4,127,047
Total liabilities	286,499	8,377,047	8,663,546
Fund Balance/Net Position			
Fund balance:			
Restricted for:			
Underground storage tank remedial activities	18,325,510	(18,325,510)	-
Total liabilities and fund balance	\$ 18,612,009		
Net position:			
Unrestricted:			
Underground storage tank remedial activities		9,948,463	9,948,463
Total net position		\$ 9,948,463	9,948,463

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, 2018

	General Fund	Adjustments	Statement of Activities
Revenues:			
Environmental protection charges, cost recovery and community remediation buy-ins	\$ 12,197	-	12,197
Interest on investments	322,733	-	322,733
Total revenues	334,930	-	334,930
Expenditures/expenses:			
Administrative costs	1,210,582	61,835	1,272,417
Innocent landowner claims	2,431,320	(721,296)	1,710,024
Remedial claims	13,335,678	(10,023,445)	3,312,233
Payments to other State Agencies	62,575	-	62,575
Total expenditures/expenses	17,040,155	(10,682,906)	6,357,249
Excess (deficiency) of revenues over (under) expenditures/expenses	(16,705,225)	10,682,906	(6,022,319)
Other financing sources (uses):			
Allocations to other State Agencies	(450,306)	-	(450,306)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses and other financing uses	(17,155,531)	10,682,906	-
Change in net position	-	-	(6,472,625)
Fund balance /net position beginning of year	35,481,041	(19,059,953)	16,421,088
Fund balance /net position end of year	\$ 18,325,510	(8,377,047)	9,948,463

See notes to financial statements.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Notes to Financial Statements

June 30, 2018

(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 Iowa Petroleum Underground Storage Tank (UST) Board is in the process of developing a plan to terminate the UST program, Fund and Board. On June 20, 2018, the Board executed a 28E agreement with the Iowa Department of Natural Resources for the administration of the Iowa Comprehensive Petroleum Underground Storage Tank Fund. The agreement is effective from January 1, 2019 through December 31, 2020.

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 Position 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 judgments, 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 Investments

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 categories.

H. Restricted Fund Balance/Restricted Net Position

Restricted – Amounts are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

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

Unrestricted – All amounts not included in the preceding classification.

(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. Interest earned of \$322,733 for the year ended June 30, 2018 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's 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, 2018, pollution remediation obligations totaling \$8,377,047 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, 2018, the estimated pollution remediation liability decreased \$10,682,906.

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 Difference between the Governmental Fund Balance Sheet and the Statement of Net Position

Total fund balance - General Fund	\$ 18,325,510
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>(8,377,047)</u>
Net position of governmental activities	<u>\$ 9,948,463</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 expenditures and other financing uses over revenues and other financing sources - General Fund	\$ (17,155,531)
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 Position.	<u>10,682,906</u>
Change in net position of governmental activities	<u>\$ (6,472,625)</u>

(6) Statutory Allocations

For the year ended June 30, 2018, the Legislature authorized the following allocations from the Underground Storage Tank (UST) Fund administered by the Board:

Iowa Department of Natural Resources for:	
Administrative expenses for the underground storage tank section	\$ 200,000
Iowa Department of Agriculture and Land Stewardship for fuel inspection	<u>250,306</u>
Total	<u>\$ 450,306</u>

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

Required Supplementary Information

Iowa Petroleum Underground Storage Tank Board
State of Iowa

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

Year ended June 30, 2018

	Actual	Original/ Final Budget	Favorable (Unfavorable) Variance
Revenues:			
Environmental protection charges, cost recovery and community remediation buy-ins	\$ 12,197	3,500	8,697
Interest on investments	322,733	250,000	72,733
Total revenues	334,930	253,500	81,430
Expenditures:			
Administrative costs	1,210,582	1,420,700	210,118
Innocent landowner claims	2,431,320	2,650,000	218,680
Remedial claims	13,335,678	13,200,000	(135,678)
Tank closure claims	-	500,000	500,000
Payments to other State Agencies	62,575	60,000	(2,575)
Total expenditures	17,040,155	17,830,700	790,545
Excess (deficiency) of revenues over (under) expenditures	(16,705,225)	(17,577,200)	871,975
Other financing sources (uses):			
Allocations to other State Agencies	(450,306)		
Excess of expenditures and other financing uses over revenues and other financing sources	(17,155,531)		
Fund balance beginning of year	35,481,041		
Fund balance end of year	\$ 18,325,510		

See notes to financial statements.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2018

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.

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

Supplementary Information

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

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Expenditures by Object
General Fund

Year ended June 30, 2018

Classification	Administrative Costs	Innocent Landowner Claims	Remedial Claims	Payments to other State Agencies	Total
Contractual services	\$ 1,210,582	-	13,335,678	-	14,546,260
Claims and miscellaneous	-	2,431,320	-	62,575	2,493,895
Total	\$ 1,210,582	2,431,320	13,335,678	62,575	17,040,155

See accompanying independent auditor's report.



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STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

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 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, the 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, 2018, and the related Notes to Financial Statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Iowa Petroleum Underground Storage Tank Board's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Iowa Petroleum Underground Storage Tank Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Iowa Petroleum Underground Storage Tank Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 Board's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

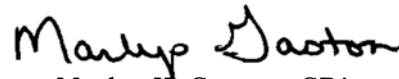
Compliance and Other Matters

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, contracts and grant agreements, 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.


Marlys K. Gaston, CPA
Deputy Auditor of State

October 12, 2019

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Schedule of Findings

Year ended June 30, 2018

Finding Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal control over financial reporting 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:

Marlys K. Gaston, CPA, Deputy
Tammy A. Hollingsworth, CIA, Manager
Steven O. Fuqua, CPA, Senior Auditor II
Michaela M. Goergen, Staff Auditor
April R. Davenport, Assistant Auditor
Edward J. Schroder, Assistant Auditor