



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 25, 2008

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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, 2007.

The UST Board has implemented a new standard to account for and report pollution (including contamination) remediation obligations for the year ended June 30, 2007.

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 \$20,209,906, a slight increase over the prior year. Revenues included \$17,000,000 of motor vehicle use tax collections, \$430,000 of groundwater tank management fees and \$2,741,514 of interest on investments. Expenses totaled \$3,154,288, a 37% decrease from prior year restated expenses. Expenses included \$1,395,224 for administrative costs and \$1,793,111 for interest expense on revenue bonds.

At June 30, 2007, the estimate for potential claims for clean-up charges totals \$71,168,602. Revenue bonds outstanding at June 30, 2007 total \$39,765,000.

A copy of the 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/reports.htm>.

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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, 2007

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

Officials

<u>Name</u>	<u>Title</u>
	State
Honorable Chester J. Culver	Governor
Charles J. Krogmeier	Director, Department of Management
Dennis C. Prouty	Director, Legislative Services Agency

Board

Susan E. Voss	Chairperson
Douglas M. Beech	Member
Honorable Michael L. Fitzgerald	Member
James M. Holcomb	Member
Jaqueline Johnson	Member
Nancy Lincoln	Member
Jeffrey W. Robinson	Member
Jeffrey R. Vonk	Member (Through Dec 2006)
Richard A. Leopold	Member (From Jan 2007)

Administrator

Scott Scheidel	AON Risk Services, Inc.
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**Iowa Petroleum Underground Storage Tank Board
State of Iowa**



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STATE OF IOWA

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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, 2007, 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, 2007, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

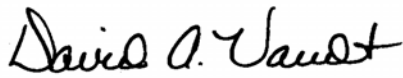
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Iowa Petroleum Underground Storage Tank Board as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 6 to the financial statements, during the year ended June 30, 2007, the Iowa Petroleum Underground Storage Tank Board adopted Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

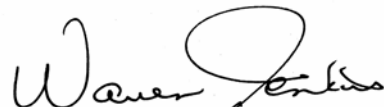
In accordance with Government Auditing Standards, we have also issued our report dated June 5, 2008 on our consideration of the Iowa Petroleum Underground Storage Tank Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 internal control over financial reporting or 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 20 through 21 are not required parts of the basis 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 5, 2008

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 fiscal year ended June 30, 2007, along with restated comparative data for the year ended June 30, 2006, and is provided for consideration in conjunction with the Board's financial statements, which follow. The June 30, 2006 comparative data was restated to show the effects of implementing Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. The statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations.

2007 FINANCIAL HIGHLIGHTS

- The Board had revenues of \$20,209,906 during the fiscal year from a combination of motor vehicle use tax appropriations, environmental protection charges (EPC), cost recovery and community buy-ins, groundwater tank management fees and interest on investments. This was a .02% increase compared to the previous fiscal year, due almost entirely to an increase in interest on investments.
- The Board had expenses of \$3,154,288 during the fiscal year. This was a decrease of \$1,853,186, or 37%, compared to previous year restated expenses.
- The Board's net assets increased 21.7%, or approximately \$13 million.

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 what remains for future spending.

The financial statements also include notes and required and other supplementary information that explain some of the information in the 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 that 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,				
	2007	2006, as restated	Change	Percentage Change
Assets	\$ 65,744,862	71,881,514	(6,136,652)	-8.5%
Liabilities	114,062,045	133,554,315	(19,492,270)	-14.6%
Net Assets	(48,317,183)	(61,672,801)	13,355,618	21.7%

Net assets of the Board increased nearly 21.7% (negative \$48.3 million at June 30, 2007 compared to negative \$61.7 million at June 30, 2006). This increase was due to recording the estimated claims liability of \$71 million and \$84 million at June 30, 2007 and 2006, respectively, to implement GASB Statement No. 49.

Change in Net Assets of Governmental Activities		
	June 30,	
	2007	2006, as restated
Revenues	\$ 20,209,906	20,205,936
Expenses	3,154,288	5,007,474
Transfers out to the:		
Iowa Department of Natural Resources for administrative expenses	(200,000)	(200,000)
Iowa Treasurer of State, Watershed Improvement Fund	-	(5,000,000)
Iowa Department of Economic Development, Renewable Fuel Infrastructure Fund	(3,500,000)	-
Total transfers out	(3,700,000)	(5,200,000)
Change in net assets	13,355,618	9,998,462
Net assets beginning of year, as restated	(61,672,801)	(71,671,263)
Net assets end of year	\$ (48,317,183)	(61,672,801)

Revenues increased approximately \$4,000 from the prior year.

Board expenses decreased approximately \$1.853 million.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Board did not amend the budget.

Expenditures during the year ended June 30, 2007 exceeded the amount budgeted in the innocent landowner claims, payments to other state agencies and debt service function because it is the Board's policy to use the budget as a projection tool and to not amend the budget throughout the year.

DEBT ADMINISTRATION

At June 30, 2007, the Board had \$39,765,000 in bond principal outstanding versus \$46,680,000 at June 30, 2006. Additional information about the Board's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for 2008 includes estimates for revenues to be fairly flat along with all expenses. Barring any statutory or regulatory changes by the Iowa Department of Natural Resources that would affect 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, 2007

	General Fund	Adjustments	Statement of Net Assets
Assets			
Cash and investments	\$ 64,806,897	-	64,806,897
Accounts receivable	371,336	-	371,336
Due from other state agencies	566,629	-	566,629
Total assets	\$ 65,744,862	-	65,744,862
Liabilities			
Accounts payable	\$ 1,630,030	-	1,630,030
Accrued interest payable	-	924,788	924,788
Due to other state agencies	121,898	-	121,898
Long-term liabilities:			
Portion due or payable within one year:			
Pollution remediation liability	-	14,063,137	14,063,137
Revenue bonds	-	7,245,000	7,245,000
Portion due or payable after one year:			
Pollution remediation liability	-	57,105,465	57,105,465
Revenue bonds	-	32,971,727	32,971,727
Total liabilities	1,751,928	112,310,117	114,062,045
Fund balance/Net assets			
Fund balance:			
Reserved for:			
Underground storage tank remedial activities	56,475,035	(56,475,035)	-
Payment on defaulted loans	1,248,510	(1,248,510)	-
Capital reserve	6,269,389	(6,269,389)	-
Total fund balance	63,992,934	(63,992,934)	-
Total liabilities and fund balance	\$ 65,744,862		
Net assets			
Restricted for:			
Payment on defaulted loans		1,248,510	1,248,510
Capital reserve		6,269,389	6,269,389
Unrestricted:			
Underground storage tank remedial activities		(55,835,082)	(55,835,082)
Total net assets		\$ (48,317,183)	(48,317,183)

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, 2007

	General Fund	Adjustments	Statement of Activities
Revenues:			
Motor vehicle use tax	\$ 17,000,000	-	17,000,000
Groundwater tank management fees	430,000	-	430,000
License and application fees	29,794	-	29,794
Environmental protection charges, cost recovery and community remediation buy-ins	8,598	-	8,598
Interest on investments	2,741,514	-	2,741,514
Total revenues	<u>20,209,906</u>	<u>-</u>	<u>20,209,906</u>
Expenditures/expenses:			
Administrative costs	1,395,224	-	1,395,224
Innocent landowner claims	2,502,385	(2,502,385)	-
Remedial claims	9,687,871	(9,687,871)	-
Above ground storage tank claims	126,517	(126,517)	-
Payments to other state agencies	590,019	-	590,019
Change in estimated pollution remediation liability	-	(624,066)	(624,066)
Debt service:			
Principal repayment	6,915,000	(6,915,000)	-
Interest and trustee fees	2,013,238	(220,127)	1,793,111
Total expenditures/expenses	<u>23,230,254</u>	<u>(20,075,966)</u>	<u>3,154,288</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(3,020,348)</u>	<u>20,075,966</u>	<u>17,055,618</u>
Other financing uses:			
Transfers to the:			
Iowa Department of Natural Resources for administrative expenses	(200,000)	-	(200,000)
Iowa Department of Economic Development, Renewable Fuel Infrastructure Fund	(3,500,000)	-	(3,500,000)
Total other financing uses	<u>(3,700,000)</u>	<u>-</u>	<u>(3,700,000)</u>
Deficiency of revenues under expenditures/expenses and other financing uses	(6,720,348)	6,720,348	-
Change in net assets	-	13,355,618	13,355,618
Fund balance/net assets beginning of year, as restated	<u>70,713,282</u>	<u>(132,386,083)</u>	<u>(61,672,801)</u>
Fund balance/net assets end of year	<u>\$ 63,992,934</u>	<u>(112,310,117)</u>	<u>(48,317,183)</u>

See notes to financial statements.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Statutory authority for the Iowa Petroleum Underground Storage Tank Board, State of Iowa, is found in Chapter 455G of the Code of Iowa. The Iowa Petroleum Underground Storage Tank 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 Iowa Petroleum Underground Storage Tank 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 Iowa Petroleum Underground Storage Tank Board's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Iowa Petroleum Underground Storage Tank Board has included all funds. The Iowa Petroleum Underground Storage Tank 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 Iowa Petroleum Underground Storage Tank Board are such that exclusion would cause the Iowa Petroleum Underground Storage Tank 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 Iowa Petroleum Underground Storage Tank Board's (UST Board) 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 Iowa Petroleum Underground Storage Tank Board prepares an annual budget for the Board's general operations. This budget is approved and monitored by the Iowa Petroleum Underground Storage Tank 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 change in estimated pollution remediation liability.

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.

The portion reserved/restricted for "capital reserve" represents the amount set up to maintain the capital reserve requirement as specified in the Master Trust Indenture for bonds.

(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 insure there will be no loss of public funds. Earned interest, \$2,741,514 for the year ended June 30, 2007, 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) Revenue Bonds Payable

A summary of changes in revenue bonds payable for the year ended June 30, 2007 is as follows:

	<u>Amount</u>
Balance beginning of year	\$ 47,188,193
Increases	-
Decreases	<u>6,971,466</u>
Balance end of year	<u>\$ 40,216,727</u> *
Due within one year	<u>\$ 7,245,000</u>

* Net of the unamortized premium and deferred charges of \$827,407 and \$375,680, respectively, at June 30, 2007.

Iowa Underground Storage Tank Fund revenue bonds have been issued by the Iowa Finance Authority to fund the Iowa Petroleum Underground Storage Tank (UST) Fund established under Chapter 455G of the Code of Iowa. The UST Fund is administered by the UST Board and its moneys and accounts are held by the Treasurer of State. The revenue bonds are payable solely from specific pledged revenues and assets of the UST Fund, including portions of the State of Iowa's motor vehicle use tax and annual storage tank management fees.

Details of revenue bonds payable at June 30, 2007 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2007
Revenue bonds:						
1997A Revenue refunding bonds	Jun 15, 1997	4.65-5.00%	Jul 1, 2011	\$ 5,510,000-6,375,000	42,610,000	23,790,000
2004A Revenue refunding bonds	Nov 17, 2004	2.50-5.00	Jul 1, 2014	1,735,000-2,330,000	19,765,000	15,975,000
Total						<u>\$ 39,765,000</u>

Debt service requirements to maturity for revenue bonds payable at June 30, 2007 are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 7,245,000	1,698,404	8,943,404
2009	7,545,000	1,358,606	8,903,606
2010	7,925,000	996,678	8,921,678
2011	8,295,000	616,000	8,911,000
2012	2,090,000	356,375	2,446,375
2013-2015	6,665,000	437,812	7,102,812
Total	\$ 39,765,000	5,463,875	45,228,875

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

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

Total fund balance - General Fund	\$ 63,992,934
Long term liabilities, including bonds payable and pollution remediation payable, applicable to the Board's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities.	(111,385,329)
Some interest expense reported in the Statement of Activities did not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental fund.	<u>(924,788)</u>
Net assets of governmental activities	<u>\$ (48,317,183)</u>

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

Net change in fund balance – General Fund	\$ (6,720,348)
Accrued interest expense reported in the Statement of Activities did not require the use of current financial resources and, therefore, was not reported as an expenditure in the governmental fund.	220,127
Principal repayment on bonds is reported as an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Assets.	6,915,000
The pollution remediation liability reported in the Statement of Net Assets did not require the use of current financial resources and, therefore, was not reported as expenditures in the governmental fund.	<u>12,940,839</u>
Change in net assets of governmental activities	<u>\$ 13,355,618</u>

(6) Accounting Change and Restatement

Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, was implemented for the year ended June 30, 2007. The statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations. Liabilities and expenses have been appropriately recorded in the government-wide financial statements.

Beginning net assets for governmental activities have been restated to include the liability at July 1, 2006 for pollution remediation obligations resulting from the implementation of GASB Statement No. 49, as follows:.

	<u>Amount</u>
Net assets, June 30, 2006, as previously reported	\$ 22,436,640
GASB 49 adjustment	<u>(84,109,441)</u>
Net assets, July 1, 2006, as restated	<u>\$ (61,672,801)</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, 2007

	Actual	Budget	Favorable (Unfavorable) Variance
Revenues:			
Motor vehicle use tax	\$ 17,000,000	17,000,000	-
Groundwater tank management fees	430,000	400,000	30,000
License and application fees	29,794	32,300	(2,506)
Environmental protection charges, cost recovery and community remediation buy-ins	8,598	20,000	(11,402)
Interest on investments	2,741,514	2,715,000	26,514
Total revenues	20,209,906	20,167,300	42,606
Expenditures:			
Administrative costs	1,395,224	2,055,584	660,360
Innocent landowner claims	2,502,385	2,000,000	(502,385)
Remedial claims	9,687,871	14,800,000	5,112,129
Above ground storage tank claims	126,517	251,921	125,404
Tank closure claims	-	150,000	150,000
Payments to other state agencies	590,019	169,200	(420,819)
Debt service:			
Principal repayment	6,915,000	7,245,000	330,000
Interest and trustee fees	2,013,238	1,849,576	(163,662)
Total expenditures	23,230,254	28,521,281	5,291,027
Excess (deficiency) of revenues over (under) expenditures	(3,020,348)	\$ (8,353,981)	5,333,633
Other financing uses:			
Transfers out:			
Iowa Department of Natural Resources for administrative expenses	(200,000)		
Iowa Department of Economic Development, Renewable Fuel Infrastructure Fund	(3,500,000)		
Total other financing uses	(3,700,000)		
Deficiency of revenues under expenditures and other financing uses	(6,720,348)		
Fund balance beginning of year	70,713,282		
Fund balance end of year	\$ 63,992,934		

See accompanying independent auditor's report.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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 Iowa Petroleum Underground Storage Tank Board.

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

Other Supplementary Information

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Expenditures by Object
General Fund

Year ended June 30, 2007

Classification	Administrative Costs	Innocent Landowner Claims	Remedial Claims	Above Ground Storage Tank Claims
Contractual services	\$ 1,395,224	-	9,687,871	126,517
Claims and miscellaneous	-	2,502,385	-	-
Total	<u>\$ 1,395,224</u>	<u>2,502,385</u>	<u>9,687,871</u>	<u>126,517</u>

See accompanying independent auditor's report.

Payments to other State Agencies	Debt Service - Principal, Interest and Trustee Fees	Total
590,019	-	11,799,631
-	8,928,238	11,430,623
590,019	8,928,238	23,230,254

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



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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, 2007 and have issued our report thereon dated June 5, 2008. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Iowa Petroleum Underground Storage Tank Board's financial statements that is more than inconsequential will not be prevented or detected by the Iowa Petroleum Underground Storage Tank Board's internal control.

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

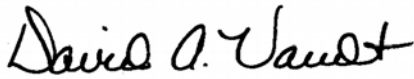
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

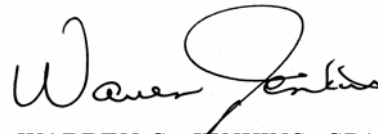
As part of obtaining reasonable assurance about whether the Iowa Petroleum Underground Storage Tank Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct 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 5, 2008

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Schedule of Findings

Year ended June 30, 2007

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Findings Related to Required Statutory Reporting:

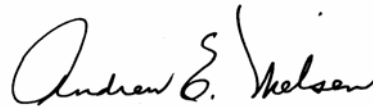
No matters were noted.

Iowa Petroleum Underground Storage Tank Board
State of Iowa

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager
Heather L. Templeton, Senior Auditor
Brian P. Schenkelberg, CPA, Staff Auditor
Lori M. Dinville, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State