

OHIO PETROLEUM UNDERGROUND  
STORAGE TANK RELEASE  
COMPENSATION BOARD

FRANKLIN COUNTY, OHIO

*REGULAR AUDIT*

FOR THE FISCAL YEAR ENDED JUNE 30, 2025







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Columbus, Ohio 43215  
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800-282-0370

Members of the Board  
Ohio Petroleum Underground Storage Tank Release Compensation Board  
4151 Executive Parkway, Suite 350  
Westerville, OH 43081

We have reviewed the *Independent Auditor's Report* of the Ohio Petroleum Underground Storage Tank Release Compensation Board, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Petroleum Underground Storage Tank Release Compensation Board is responsible for compliance with these laws and regulations.

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

**May 07, 2026**

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**OHIO PETROLEUM UNDERGROUND STORAGE TANK  
RELEASE COMPENSATION BOARD  
FRANKLIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	14
Required Supplementary Information	35
Notes to Required Supplementary Information	38
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 <i>Government Auditing Standards</i>	40

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board  
Ohio Petroleum Underground Storage Tank Release Compensation Board  
4151 Executive Parkway, Suite 350  
Westerville, Ohio 43081

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Ohio Petroleum Underground Storage Tank Release Compensation Board, located in Franklin County, Ohio (the Board), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Petroleum Underground Storage Tank Release Compensation Board, located in Franklin County, Ohio, as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and other post-employment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with GAAS, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2026 on our consideration of the 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 solely 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 effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Rea & Associates, Inc.  
Dublin, Ohio  
February 10, 2026

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025  
(Unaudited)

The following Management's Discussion and Analysis (MD&A) section of the Ohio Petroleum Underground Storage Tank Release Compensation Board's (the Board) financial report represents a discussion and analysis of the Board's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the Board's financial statements, which follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Board accounts for all transactions under a single enterprise fund (Financial Assurance Fund) and the financial statements are prepared using proprietary fund (enterprise fund) accounting. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting are used. Revenue is recognized in the year for which coverage is provided, and expenses are recorded when incurred. The financial statements include Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. These are followed by notes to the financial statements.

The Statement of Net Position presents information on the assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these items reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

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

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

More information on the Financial Statements may be obtained by writing to Ohio Petroleum Underground Storage Tank Release Compensation Board, P.O. Box 2280, Westerville, Ohio 43086, or by calling 614-752-8963.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025  
(Unaudited)

**Financial Position**

The following summarizes the Board's financial position as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<b>ASSETS:</b>		
Current assets	\$ 20,671,351	\$ 22,437,050
Unrestricted investments	9,115,196	5,943,259
Capital assets	422,225	495,496
Net OPEB asset	<u>120,165</u>	<u>47,645</u>
Total Assets	<u>\$ 30,328,937</u>	<u>\$ 28,923,450</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	\$ 238,998	\$ 364,600
OPEB	<u>4,463</u>	<u>43,417</u>
Total Deferred Outflows of Resources	<u>\$ 243,461</u>	<u>\$ 408,017</u>
<b>LIABILITIES:</b>		
Current liabilities	\$ 16,864,157	\$ 16,738,755
Lease liability	276,933	351,472
Net pension liability	1,209,106	1,368,713
Reserve for unpaid claims – noncurrent	<u>33,729,779</u>	<u>31,027,025</u>
Total Liabilities	<u>\$ 52,079,975</u>	<u>\$ 49,485,965</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	\$ 49,780	\$ 49,946
OPEB	<u>23,188</u>	<u>27,293</u>
Total Deferred Inflows of Resources	<u>\$ 72,968</u>	<u>\$ 77,239</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 70,753	\$ 73,622
Unrestricted	<u>(21,651,298)</u>	<u>(20,305,359)</u>
Total Net Position	<u>\$ (21,580,545)</u>	<u>\$ (20,231,737)</u>

**Current assets and unrestricted investments** increased by approximately \$1.41 million (4.95%) from last year primarily due to increases in cash with custodian and accounts receivable of \$2,588,000 and \$166,000, respectively; and decreases in investments and collateral on loaned securities of \$1,337,000 and \$10,000, respectively.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025  
(Unaudited)

As of June 30, 2025, unrestricted investments were comprised of approximately \$15,541,000 in current unrestricted investments with maturity dates less than one year, and \$9,115,000 in non-current unrestricted investments with maturity dates exceeding one year. As of June 30, 2024, the current and non-current portions of unrestricted investments were \$20,050,000 and \$5,943,000, respectively. The decrease in unrestricted investments of approximately \$1,337,000 (5.15%) is primarily due to an increase in cash with custodian due to the timing of transfer of excess funds.

The increase in the cash with custodian of \$2,587,784 (174.90%) is due to the timing of the transfer of excess funds from the custodial account to the STAR Ohio unobligated account at year end. A significant amount of the annual tank fees for the program year commencing July 1 are received in May and June and transfers of the excess cash from the custodial account to the unobligated account are typically made prior to June 30. A larger portion of the fees received in May and June and held in the custodial account were transferred to the unobligated account prior to June 30 in the 2024 fiscal year than in the 2025 fiscal year.

Fees receivable, net of allowance for uncollectible amounts, increased by approximately \$166,000 (18.76%) from the prior year. A detailed review of each receivable was undertaken and based on information available as of June 30, 2025, accounts were separated into six categories, each with an assigned probability of collection. The estimated collectible amount was then determined by applying the assigned probability of collection percentage to each category. The estimated collectible amount of the largest category of outstanding fees, which consists of delinquent fees certified to the State of Ohio Attorney General's Office, Collections Enforcement for collection, as well as delinquent fees not yet certified, is calculated using percentages based on the per-tank and late fee payments received for delinquent accounts previously certified to Collections Enforcement. Historically, the Attorney General's Office has collected 14.41%, 5.57% and 4.00% of the fees certified within one, two and three years of the date of certification, respectively. Late payment fees have been collected by the Attorney General's Office at rates of 5.82%, 1.93% and 1.11% within one, two, and three years of the date of certification, respectively.

The allowance for uncollectible amounts was approximately \$2,825,000 and \$3,196,000 for fiscal years 2025 and 2024, respectively. The \$371,000 decrease in the allowance for uncollectible amounts is attributable to (1) the aging of accounts certified to the Attorney General's Office for collection as the accounts are treated as uncollectible if outstanding for more than three years from the date of certification and (2) the identification of approximately \$153,000 of refunds that offset outstanding fees for which an allowance was recognized in fiscal year 2024.

**Capital assets** decreased by approximately \$73,000 (14.79%). Approximately \$26,000 was spent on data processing equipment for the purchase of a UPS battery pack (\$4,300), development of a vendor form in the Statistical Tank and Reimbursement Records System (STARRS) database (\$4,000) and the configuration and integration of document management software, PaperVision Enterprise, and scanning software, PaperFlow, with the STARRS database (\$17,700). Approximately \$95,000 in fully depreciated capital assets were disposed. Accumulated depreciation and amortization increased by approximately \$99,000, which includes an increase of approximately \$77,000 related to the amortization of the lease for the Board's office space and an increase of approximately \$22,000 related to depreciation of data processing equipment. Additional information on Capital Assets can be found in Note 5 to the financial statements.

**Current liabilities** increased by approximately \$125,000 (0.75%) primarily due to an increase in fees received in advance (\$78,000), refundable fees (\$63,000), lease liability (\$4,000), and compensated absences (\$71,000); and a decrease in accounts payable (\$27,000), unclaimed monies payable (\$16,000), accrued liabilities (\$38,000) and obligations under loaned securities (\$10,000). The Board implemented GASB Statement No. 101, "Compensated

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025  
(Unaudited)

Absences," in fiscal year 2025. In prior fiscal years, a liability for compensated absences, including accumulated sick and personal time, was recorded as an accrued liability.

Fees received in advance increased approximately \$78,000 (1.19%) due to a slight increase in the number of tanks for which the program year 2025 annual per-tank fees were paid prior to June 30, 2025, as compared to the program year 2024 annual per-tank fees paid prior to June 30, 2024.

Refundable Fees increased approximately \$63,000 (3.56%). The increase is due to an increase in newly identified refunds exceeding the number of refunds paid in fiscal year 2025.

**Reserve for unpaid claims**, increased by approximately \$2,703,000 (8.71%) as a result of claim reimbursements being paid at a rate less than the increase in the estimated ultimate loss. Estimated ultimate loss is an estimate of the amount the Financial Assurance Fund will ultimately pay for releases discovered on or before June 30, 2025, and includes both losses for the most recent year and changes in the estimates of ultimate losses for prior years. The estimated ultimate loss for both reported and incurred but not reported (IBNR) covered events increased approximately \$9,368,000 from June 30, 2024 to June 30, 2025; fiscal year 2025 claim payments were approximately \$6,665,000. Additional discussion regarding the reserve for unpaid claims can be found in Note 3 to the financial statements. The Board retained an actuarial firm to perform an independent analysis of the Fund's loss reserves. The report, titled "Independent Actuarial Analysis of Fund Liabilities as of June 30, 2025" represents the analysis of the loss reserves. The report may be obtained by writing to the Board at P.O. Box 2280, Westerville, Ohio 43086-2280 or by calling 614-752-8963.

**Total net position** decreased approximately \$1,349,000 (6.67%) primarily due to operating and non-operating expenses exceeding operating and non-operating revenue during fiscal year 2025.

The deficit in unrestricted net position includes the actuary's estimate of the current and long-term reserve for unpaid claims of \$41,729,779.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025  
(Unaudited)

**Financial Information**

The following schedule presents a summary of revenues, expenses and changes in net position for the fiscal years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Operating Revenues:			
Tank fees	\$ 8,586,089	\$ 8,369,210	216,879
Recovery of bad debt	87,833	83,870	3,963
Other	427	234	193
Total Operating Revenues	<u>8,674,349</u>	<u>8,453,314</u>	<u>221,035</u>
Non-operating Revenues:			
Earnings on investments	<u>1,315,078</u>	<u>1,352,084</u>	<u>(37,006)</u>
 Total Revenue	 <u>\$ 9,989,427</u>	 <u>9,805,398</u>	 <u>184,029</u>
Operating Expenses			
Incurred claims and claims adjustment	\$ 9,368,242	\$ 10,639,552	\$ (1,271,310)
Administration	1,855,778	1,771,749	101,334
Depreciation and Amortization	99,168	94,238	(2,075)
Total Operating Expenses	<u>11,323,188</u>	<u>12,505,539</u>	<u>(1,182,351)</u>
Non-operating Expenses:			
Interest Expense	15,047	16,130	(1083)
Loss on Disposal of Assets	0	601	(601)
Total Non-operating Expenses	<u>15,047</u>	<u>16,731</u>	<u>(1,684)</u>
 Total Expenses	 <u>\$ 11,338,235</u>	 <u>\$ 12,522,270</u>	 <u>\$ (1,184,035)</u>
 Change in Net Position	 <u>\$ (1,348,808)</u>	 <u>\$ (2,716,872)</u>	 <u>\$ (1,368,064)</u>

**Revenue**

Total revenue for 2025 increased approximately \$184,000 (1.88%) from the previous year due to an increase in operating revenues of \$221,000 and a decrease in non-operating revenues of \$37,000.

Operating revenues increased approximately \$221,000 due to increases in tank fees collected for the current and prior years, net of refunds paid, and in fees receivable. During the fiscal year, outstanding fees for the 2024 program year were certified to the Ohio Attorney General's Office for collection, resulting in an increase in the collection of delinquent accounts.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025  
(Unaudited)

Non-operating revenues decreased approximately \$37,000 (2.74%) due to a decrease in earnings on monies held in the State Treasury Asset Reserve of Ohio ("STAR Ohio") and on US Treasury and US Agency Bond investments. During fiscal year 2025, the interest earned on monies held in STAR Ohio was \$501,000. The investments in US Treasuries and Agency Bonds earned \$340,000 in interest and the fair market value increased \$473,000 from the prior year. In fiscal year 2024, the interest earned on monies held in STAR Ohio was \$557,000. The investments in US Treasuries and Agency Bonds earned \$258,000 in interest and the fair market value increased \$536,000 from the 2023 fiscal year.

### Expenses

Total operating expenses decreased approximately \$1,182,000 (9.45%) from the previous year due to a decrease in incurred claims and claims adjustment expense of \$1,271,000; and an increase in administration expense (\$84,000), and depreciation and amortization expense (\$5,000).

Incurred claims and claims adjustment expense decreased \$1,271,000 (11.95%) from the prior year. For fiscal year 2025, incurred claims and claims adjustment expense represents the provision for insured events of the current year and the change in the provision for prior years of approximately \$5,010,000 and \$4,358,000, respectively. For fiscal year 2024, the provision for insured events of the current year was approximately \$4,531,000 and the change in the provision for prior years was an increase of approximately \$6,108,000.

The Board annually obligates funds for the payment of claims in the upcoming fiscal year. For fiscal year 2025, the Board obligated \$8,000,000. Claim determinations issued for fiscal years 2025 and 2024 provided for reimbursement amounts of approximately \$6,746,000 and \$7,381,000, respectively. Claimants are provided a 30-day period in which to object to the claim determination. If an objection is not received, payment is issued to the claimant within 45 days of the date of the determination. Claim reimbursement payments made during 2025 totaled approximately \$6,665,000.

Administration costs increased approximately \$84,000 (4.74%) from fiscal year 2024. This change is a result of increases in salaries, legal and professional expenses, and temporary services.

- Salary expenses increased approximately \$35,000 (2.54%), due to an annual cost of living increase of 5.00% being provided to all Board staff to maintain parity with state employees under the Ohio Civil Service Employees Association (OCSEA) contract.
- Legal and Professional expenses increased approximately \$44,000 (19.88%) due to increases in the costs for the Attorney General's office for collection of delinquent fees, the actuarial analysis for the Estimate of the Unpaid Claim Liability, IT consulting services, audit services and administrative hearing costs.
- Temporary services expenses increased approximately \$4,000 (21.50%) due to the use of contract employees to temporarily fill two vacant positions.

Depreciation and amortization increased approximately \$5,000 (5.23%) from the prior year. For fiscal year 2025, depreciation includes approximately \$22,000 related to the depreciation of capital assets, and \$77,000 related to the amortization of the Board's leased office space, which is classified as a right-to-use-asset in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87. Additional information on depreciation can be found in Notes 5 and 6 to the financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD  
STATEMENT OF NET POSITION  
JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS	
Cash with custodian	\$ 4,067,392
Unrestricted investments	15,540,612
Collateral on loaned securities	10,705
Fees receivable, net of allowance for uncollectible amounts of \$2,824,632	1,052,642
Total Current Assets	20,671,351
NON-CURRENT ASSETS	
Unrestricted investments	9,115,196
Capital assets at cost - Net of accumulated depreciation	422,225
Net OPEB asset	120,165
Total Non-Current Assets	9,657,586
Total Assets	30,328,937
DEFERRED OUTFLOWS OF RESOURCES	
Pension	238,998
OPEB	4,463
Total Deferred Outflows of Resources	243,461

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES	
Fees received in advance	6,617,770
Claims payable	732,736
Current portion of reserve for unpaid claims	7,267,264
Refundable fees	1,831,714
Unclaimed monies payable	40,808
Accounts payable	32,007
Accrued liabilities	185,648
Compensated Absences	70,966
Lease liability	74,539
Obligations under loaned securities	10,705
Total Current Liabilities	16,864,157
NON-CURRENT LIABILITIES	
Lease liability	276,933
Net pension liability	1,209,106
Total Non-Current Liabilities	1,486,039
RESERVE FOR UNPAID CLAIMS - Less current portion	33,729,779
Total Liabilities	52,079,975
DEFERRED INFLOWS OF RESOURCES	
Pension	49,780
OPEB	23,188
Total Deferred Inflows of Resources	72,968
NET POSITION	
Net investment in capital assets	70,753
Unrestricted	(21,651,298)
Total Net Position	\$ (21,580,545)

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

OPERATING REVENUES	
Tank fees, net of refunds	\$ 8,586,089
Recovery of bad debt	87,833
Other	<u>427</u>
Total Operating Revenues	<u>8,674,349</u>
OPERATING EXPENSES	
Incurred claims and claims adjustment	9,368,242
Administration	1,855,778
Depreciation and amortization	<u>99,168</u>
Total Operating Expenses	<u>11,323,188</u>
OPERATING INCOME (LOSS)	<u>(2,648,839)</u>
NON-OPERATING REVENUE (EXPENSE)	
Earnings on investments	1,315,078
Interest expense	<u>(15,047)</u>
Total Non-operating Revenue (Expense)	<u>1,300,031</u>
Increase (Decrease) in Net Position	(1,348,808)
NET POSITION	
Beginning of year	<u>(20,231,737)</u>
End of year	<u><u>\$ (21,580,545)</u></u>

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 8,729,246
Cash paid to employees	(1,453,640)
Cash paid to claimants	(6,665,488)
Cash paid to others	<u>(563,495)</u>
Net Cash Provided by Operating Activities	<u>46,623</u>
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(25,897)
Principal paid on leased asset	(70,402)
Interest paid on leased asset	<u>(15,047)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(111,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(28,758,178)
Sale of investments	20,577,492
Investments matured	10,000,000
Interest on investments	<u>833,193</u>
Net Cash Provided by Investing Activities	<u>2,652,507</u>
NET INCREASE (DECREASE) IN CASH WITH CUSTODIAN	<u>2,587,784</u>
CASH WITH CUSTODIAN	
Beginning of year	<u>1,479,608</u>
End of year	<u><u>\$ 4,067,392</u></u>

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

STATEMENT OF CASH FLOWS, Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
USED IN OPERATING ACTIVITIES:

Operating income (loss)	\$ (2,648,839)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization	99,168
Allowance for uncollectible accounts	(371,425)
Reserves for unpaid claims	2,541,393
Changes in assets and liabilities:	
Fees receivable	205,177
Fees received in advance	77,615
Claims payable	161,361
Refundable fees	62,932
Unclaimed monies payable	(15,675)
Accounts payable and accrued liabilities	6,758
Net Pension Liability	(159,607)
NET OPEB Liability / (Asset)	(72,520)
Deferred Outflow - Pension	125,602
Deferred Outflow - OPEB	38,954
Deferred Inflow - Pension	(166)
Deferred Inflow - OPEB	(4,105)
 Total Adjustments	 <u>\$ 2,695,462</u>
 Net Cash Provided by Operating Activities	 <u><u>\$ 46,623</u></u>

See notes to financial statements.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1 - DESCRIPTION OF THE BOARD

The Ohio Petroleum Underground Storage Tank Release Compensation Board (the Board) was established as a body both corporate and politic of the State of Ohio upon enactment of House Bill 421 (the Act) in 1989 in response to USEPA Resource Conservation and Recovery Act Subtitle I regulations, which require responsible persons to demonstrate financial responsibility for paying the costs of corrective action resulting from accidental releases of petroleum from the operation of underground storage tanks. The Board consists of the Treasurer of State and the directors of the State of Ohio Departments of Commerce and Environmental Protection as ex-officio members, and nine members appointed by the Governor with the advice and consent of the Senate.

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

The Fund is authorized by law to collect (1) annual and supplemental fees from underground storage tank owners/operators, (2) interest earned on monies in the Fund, and (3) proceeds from revenue bonds authorized by the Board. Authorized disbursements from the Fund are for (1) the Board's administrative expenses, (2) payment of claims to tank owner/operators who hold valid certificates of coverage, (3) transfers of funds required under trust agreements established in connection with bond issuances, and (4) placement of certificates of deposit with financial institutions for the purpose of providing low-cost financing to eligible tank owners through the Board's linked deposit program.

The Board may establish annual fees and assess supplemental fees needed to maintain the financial soundness of the Fund. The Act prohibits the Board from assessing annual fees for any year in which the unobligated fund balance exceeds \$45 million, except the Board may assess a fee in the year to which the determination applies to the extent required in or by, or necessary to comply with covenants or other requirements in, revenue bonds. Supplemental fees may be assessed in any fiscal year in which the unobligated fund balance is less than \$15 million. The Act excludes the State of Ohio from responsibility for liabilities of the Fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Classification and Basis of Accounting** - The Fund is classified as an Enterprise Fund and is reporting as a special-purpose government engaged in business-type activities. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting are used.

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

**Application of Governmental Accounting Standards Board (GASB) Statements and Interpretation** - In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entities That Use Proprietary Fund Accounting”, the Board follows Governmental Accounting Standards Board (GASB) guidance as applicable to proprietary funds.

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

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

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

Unobligated Fund Balance - The Ohio Revised Code requires the Board to maintain an unobligated fund balance at a level that ensures the continued financial soundness of the Fund and allows the Board to assess a supplemental fee in any fiscal year in which the unobligated fund balance is less than \$15 million. The unobligated fund balance is included in unrestricted investments and defined by the Ohio Administrative Code as monies not previously designated by the Board for claims reimbursement, not legally restricted, not placed in the unclaimed monies trust account, not placed in a linked deposit account, and not placed in a debt service account. The unobligated fund balance is \$27,101,335 at June 30, 2025.

Investments - Investments are stated at fair value in accordance with GASB Statement No. 72, “Fair Value Measurement and Application”. The Board’s investments consist of U.S. Treasury Notes and Agency Bonds, which are stated at fair value. Dividends, interest earnings, the net increase (decrease) in the fair value of investments (which includes both the change in fair value and realized gains and losses), and investment expenses are aggregated and reported as net investment income in the statement of revenues, expenses and changes in net position. The cost of securities sold is determined using the average cost method. Purchases and sales of investments are recorded as of the trade date.

Capital Assets - Capital asset purchases equal to or greater than \$500 are recorded at historical cost, and are depreciated using the straight-line method over the estimated useful life of five years. Personal property with a value less than \$500, and maintenance and repair costs are expensed. In accordance with GASB Statement No. 87, Capital assets include lease right-to-use assets, which are recorded at the commencement of the term using the present value of the expected payments over the contract term. Lease right-to-use assets are amortized over the term of the contract.

Refundable Fees - The Board has determined that certain fees were collected from individuals not required to contribute to the Fund. Accordingly, the Board has recorded a liability for the refund of these fees.

Lease Liability – At the commencement of a lease, the Board measures the lease liability as the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Board, deferred outflows of resources are reported on the statement of net position for pension and OPEB and are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Board, deferred inflows of resources are reported on the statement of net position for pension and OPEB and are explained in Notes 7 and 8.

Revenue Recognition - Fees are recognized in the year for which coverage is provided. Fees received prior to the coverage year are recorded as fees received in advance. Earnings on investments are accrued as earned.

Claims Expenses - Claims expenses are recognized to the extent risk has transferred to the Fund. Risk is deemed transferred when the Board approves a claim for payment. Accordingly, claims expenses are accrued when a claim is approved for payment. In order to expedite certain claims, the Board may approve partial (installment) payments. Partial claims expenses are also recognized when approved. These partial payments are subject to further review, upon which the Board may approve additional payments, or, in limited circumstances, require a refund.

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

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

- GASB Statement No. 103, "Financial Reporting Model Improvements"
- GASB Statement No. 104, "Disclosure of Certain Capital Assets"
- GASB Statement No. 105, "Subsequent Events"

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

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 3 - COVERAGE

Petroleum underground storage tank owners/operators must pay a fee each fiscal year as determined by the Board (\$350 per tank in 2025). The tank owners/operators must also demonstrate an ability to fund \$55,000 of eligible costs caused by petroleum releases, in compliance with rules promulgated by the State Fire Marshal. Tank owners/operators with six or fewer tanks may elect to reduce their deductible from \$55,000 to \$11,000 by paying an additional fee per tank (\$200 in 2025). The Board's obligation to pay eligible claims is limited to (1) an annual maximum per individual owner/operator and (2) the availability of unobligated assets in the Fund. The maximum annual disbursement per fiscal year to an individual owner/operator is as follows:

<u>Number of Tanks Owned</u>	<u>Maximum Annual Disbursements (Net of Deductibles)</u>
Less than 100	\$1 million
101 to 200	\$2 million
201 to 300	\$3 million
Over 300	\$4 million

The Board is not required to make payments for the costs of corrective action when the amount of approved claims exceeds the unobligated fund balance. The Board annually sets fees to ensure the solvency of the Fund based on projected revenues, administrative expenses and claim payment obligations. In the event that unobligated funds fall below \$15 million, the Board is able to assess a supplemental fee, and again consider payout of all eligible claims.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 3 - COVERAGE (Continued)

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

	<u>Year Ended June 30, 2025</u>
Unpaid claims and claim adjustment expenses- Beginning of year	\$ <u>39,027,025</u>
Incurred claim and claim adjustment expenses:	
Provision for insured events of current year	5,010,177
Change in provision for prior years	<u>4,358,065</u>
Total Incurred Claims and Claim Adjustment Expense	<u>9,368,242</u>
Claim and claim adjustment payments attributable to Insured events of prior years	<u>(6,665,488)</u>
Total Unpaid Claims and Claim Adjustment Expenses- End of year	\$ <u><u>41,729,779</u></u>
This liability is shown in the statement of net position as follows:	
Claims payable	\$ 732,736
Current portion of reserve for unpaid claims	7,267,264
Reserve for unpaid claims-less current portion	<u>33,729,779</u>
Estimated Unpaid Liability	\$ <u><u>41,729,779</u></u>

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

- i. Estimated ultimate losses on newly reported claims (increases the liability);
- ii. Changes in the estimated ultimate losses on previously reported claims (may increase or decrease the liability);
- iii. Changes in the estimated ultimate losses on unreported claims (may increase or decrease the liability);
- iv. Claim reimbursement payments (decreases the liability).

The amounts that the Fund will ultimately pay (items i, ii, and iii) are measured, in part, by the reported gross claim face values adjusted for non-reimbursable and undocumented costs and deductible amounts.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4 - CASH AND INVESTMENTS

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

Cash:

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

		<u>2025</u>
Carrying amount	\$	4,067,392
Custodial balance	\$	4,649,793

The difference between the carrying amount and the custodial balance is net of the warrants issued but uncashed as of June 30, 2025.

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

Investments:

The Investment policy approved by the Board provides investment guidance for the monies within the Fund. The objective of the investment policy is to conform with state and federal legal requirements and to maintain safety of principal with a focus on liquidity, yield, and the minimization of cost.

U.S Government and U.S. Government Agency Obligations – At its January 9, 2013 meeting, the Board authorized the investment of \$6,000,000 of unobligated funds in equal amounts of U.S. Treasury Notes and U.S. Agency Bonds with maturity dates of the investments laddered over one, two and three years. Authorization was also granted by the Board to reinvest the funds in like securities upon maturity. In May 2013, U.S. Treasury Notes and U.S. Agency Bonds with par values of \$3,000,000 each were purchased. At its March 20, 2014 meeting, the Board authorized the investment of an additional \$2,000,000 of unobligated funds in equal amounts of U.S. Treasury Notes and U.S. Agency Bonds having maturity dates of three years which were subsequently purchased in June 2014. At its January 13, 2016 meeting, the Board authorized the investment of an additional \$6,000,000 of unobligated funds in equal amounts of U.S. Treasury Notes and U.S. Agency Bonds having maturity dates laddered equally over two, three, and four years which were subsequently purchased between January and March 2016. At its November 29, 2017 meeting, the Board authorized the investment of an additional \$2,000,000 of unobligated funds in U.S. Agency Bonds with maturity dates of three years, which were subsequently purchased in January 2018. At its January 9, 2019 meeting, the Board authorized the reinvestment of US Treasuries or U.S. Agency Bonds at the discretion of the Treasurer of State and the Executive Director of the Board, so long as the weighted average duration of the buy and hold portfolio does not exceed three years.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4 - CASH AND INVESTMENTS (Continued)

STAR Ohio - STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but has adopted Governmental Accounting Standards Board Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Board measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For the year ended June 30, 2025, there were no limitations on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The value of the STAR Ohio investments were approximately \$13,586,000 as of June 30, 2025.

The State Treasurer’s Office issues a publicly available stand-alone financial report for STAR Ohio that includes financial statements and required supplementary information. That report may be obtained online at <http://tos.ohio.gov/star-ohio>, or by writing to State Treasury Asset Reserve of Ohio, STAR Ohio, 30 East Broad Street, 9<sup>th</sup> Floor, Columbus, Ohio 43215-3461 or by calling 1-800-228-1102.

Linked Deposits - The Act authorizes the Board to place certificates of deposit with financial institutions at interest rates below current market rates. These deposits are insured by the Federal Deposit Insurance Corporation. The financial institutions loan these deposits to tank owners approved by the Board to replace or improve underground storage tanks. The financial institutions assume credit risks associated with these loans.

As of June 30, 2025, the Board had the following investments and maturities subject to interest rate risk:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-2	2-5
U.S. government obligations	\$ 6,059,809	\$ 1,954,395	\$ 2,040,228	\$ 2,065,186
U.S. government agency obligations	5,009,782	-	-	5,009,782
STAR Ohio	13,586,217	13,586,217	-	-
	<u>\$ 24,655,808</u>	<u>\$ 15,540,612</u>	<u>\$ 2,040,228</u>	<u>\$ 7,074,968</u>

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Board’s U.S. government obligations and U.S. government agency obligations are valued using pricing models (Level 2 inputs). STAR Ohio is reported at NAV per share, which approximates fair value.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a public depository failure, the Board will be unable to recover the value of deposits. Public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 102% of the total value of public monies on deposit at the institution.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4 - CASH AND INVESTMENTS (Continued)

for public deposits and investments to be maintained in the Board's name. The Board is not exposed to custodial credit risk because the funds are held by the State Treasurer's Office.

STAR Ohio investments are not exposed to custodial credit risk, as defined by GASB Statement No. 40, "Deposit and Investment Risk Disclosures". Securities in STAR Ohio are either insured, registered or held by STAR Ohio or by its agent in the name of STAR Ohio. The Board's investment in U.S. government obligations and U.S. government agency obligations are not exposed to custodial credit risk since the Board's investments are held in the Board's name at Huntington National Bank.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The Board mitigates interest rate risk by maintaining adequate liquidity, investing primarily in shorter term securities, and diversification of maturity dates so ongoing operations can be funded without a sale of investments. The investments held in STAR Ohio limit exposure to fair value losses arising from increasing interest rates by limiting the weighted average maturity of the portfolio to 60 days, and limiting the final stated maturity on any investment to 397 days, with the exception of U.S. Treasury and Federal Agency obligations with a floating rate of interest which are limited to a maximum maturity of 762 days.

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

The Fund's unrestricted investments include investments held in the Treasurer of State's investment pool (STAR Ohio), and investments in U.S. government obligations and U.S. government agency obligations held by Huntington National Bank in the Board's name. Standard and Poor's rating for both the U.S. government obligations and U.S. government agency obligations is AA+. Unrestricted investments are carried at fair value, which approximates cost and includes \$1,583,595 obligated by the Board for the payment of claims at June 30, 2025. Standard & Poor's rating for the STAR Ohio fund is AAAM. STAR Ohio's investment policy requires money market funds to be rated AAAM by Standard & Poor's Corporation, and all other securities held by STAR Ohio to have short-term ratings equivalent of A-1+ or A-1. Commercial paper holdings are required to have short-term ratings of A-1/P-1 or above. Collateralization of bank deposit investments is required to secure a rating of AAAM. As of June 30, 2025, all investments met the short-term and long-term credit ratings requirements of STAR Ohio's investment policies.

Concentration of Credit Risk - Concentration of credit is the risk of loss that may be attributed to the magnitude of the Board's investment in a single issuer. The calculation of risk excludes investments issued by or guaranteed by the U.S. government, U.S. government agencies, and STAR Ohio. In 2025, the Board had no single issuer which was not exempt that represented 5% or more of the Board's total investments.

Securities Lending - As of June 30, 2025 the Board had no securities out on loan. The Board has been allocated with cash collateral of \$10,705 for fiscal year 2025 from the securities lending program administered through the Treasurer of State's Office based on the amount of cash equity with the State's common cash and investment account.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2025 follows:

	Balance June 30, 2024	Additions	Disposals/ Deletion	Balance June 30, 2025
Capital assets:				
Right to use lease asset	\$ 652,784	-	-	\$ 652,784
Furniture	118,454	-	(269)	118,185
Data processing equipment	<u>977,567</u>	<u>25,897</u>	<u>(95,069)</u>	<u>908,395</u>
Total Capital Assets	<u>1,748,805</u>	<u>25,897</u>	<u>(95,338)</u>	<u>1,679,364</u>
Less accumulated depreciation/amortization				
Right to use lease asset	239,947	77,407	-	317,354
Furniture	118,454	-	-	118,454
Data processing equipment	<u>894,908</u>	<u>21,761</u>	<u>(95,338)</u>	<u>821,331</u>
Total Accumulated Depreciation and Amortization	<u>1,253,309</u>	<u>99,168</u>	<u>(95,338)</u>	<u>1,257,139</u>
Net Capital Assets	<u>\$ 495,496</u>	<u>\$ (73,271)</u>	<u>-</u>	<u>\$ 422,225</u>

NOTE 6 - LEASES

Governmental Accounting Standards Board Statement No. 87, "Leases," requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Board leases office space under a lease agreement requiring monthly payments and expiring on October 31, 2029. Due to the implementation of GASB Statement No. 87, the lease has met the criteria of leases thus requiring it to be recorded by the Board. The monthly lease payments include the Board's pro rata share of the annual operating expenses for the property which, as a variable expense, is not included in the calculation of the lease liability. The future lease payments were discounted based on an interest rate using the Board's incremental borrowing rate. The discount is being amortized over the life of the lease.

For the period ending June 30, 2025, the total amount of lease payments for the Board's office space was \$70,402 and the lease payable was \$351,472.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 6 – LEASES (Continued)

During the fiscal year, the following activity occurred in the lease liability:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Amount Due One year
Lease Payable	\$ 421,874	\$ -	\$ 70,402	\$ 351,472	\$ 74,539

Future principal and interest payments under the lease agreement are as follows:

Years ending June 30	Principal	Interest	Total
2026	74,539	12,266	86,805
2027	78,167	9,316	87,483
2028	82,610	6,230	88,840
2029	86,555	2,963	89,518
2030	29,601	238	29,839
Total	\$ 351,472	31,013	382,485

NOTE 7 - DEFINED BENEFIT PENSION PLANS

The Board’s employees are covered by the Ohio Public Employees Retirement System (OPERS). The State of Ohio accounts for the activities of the retirement system and the amounts of these funds are not reflected in the accompanying financial statements.

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

Effective January 1, 2024, the Combined Plan was consolidated into the Traditional Pension Plan, as approved by the legislature in House Bill (HB) 33. Prior to the consolidation, the Combined Plan appeared as a separate plan within the Schedules of Collective Pension Amounts and Employer Allocations. Subsequent to the consolidation, the Combined Plan is a division within the Traditional Pension Plan. The calculation of employer allocations reported in the Schedule of Collective Pension Amounts now includes the Combined Plan division within the Traditional Pension Plan.

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

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as long-term net pension liability on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in accrued liabilities on the accrual basis of accounting. The Board had no such liability at fiscal year-end.

Plan Description - The Board participates in OPERS, which administers two separate pension plans: The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan, and the member-directed plan is a defined contribution plan.

The Traditional Pension Plan also includes members of the legacy Combined Plan. Prior to January 1, 2024, the Combined Plan was a separate pension plan. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33 which allowed for the consolidation of the Combined Plan into the Traditional Pension Plan. The Combined Plan was consolidated into the Traditional Pension Plan effective January 1, 2024 and is tracked as a separate division within the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS's fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (See OPERS Comprehensive Annual Financial Report referenced above for additional information including requirements for reduced and unreduced benefits):

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Group A	Group B	Group C
Eligible to Retire on of January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on after January 7, 2013
Age and Service Requirements:		
Age 60 with 60 months of service credit or age 55 with 25 years of service credit	Age 60 with 60 months of service credit or age 55 with 25 years of service credit	Age 57 with 25 years of service credit or age 62 with 5 years of service credit
Formula:		
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service in years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service in years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service in years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for an unreduced benefit receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy: The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

<b>FY 2025 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>FY 2025 Actual Contribution Rates</b>	
Employer	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$141,449 for fiscal year 2025. The entire amount was used to fund pension benefits.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The net pension liability for OPERS was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

		<u>Pension Plan</u>
Proportionate Share of the Net Pension Liability	\$	1,209,106
2024 Proportion of the Net Pension Liability		.004932%
2023 Proportion of the Net Pension Liability		<u>.005228%</u>
2023 Change in Proportionate Share		(.000296%)
Pension Expense	\$	114,181

At June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		<u>Pension Plan</u>
<b>Deferred Outflows of Resources</b>		
Board contribution subsequent to the measurement date	\$	73,225
Differences between expected and actual experience		23,135
Changes of Assumptions		-
Net difference between projected and actual earnings on pension plan investment		142,638
Total Deferred Outflows of Resources	\$	<u><u>238,998</u></u>
<b>Deferred Inflows of Resources</b>		
Change in proportionate share	\$	<u>49,780</u>
Total Deferred Inflows of Resources	\$	<u><u>49,780</u></u>

The \$73,225 reported as deferred outflows of resources related to pension resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For Fiscal Year Ending June 30		<u>Pension Plan</u>
2026	\$	45,597
2027		143,351
2028		(55,033)
2029		<u>(17,922)</u>
Total	\$	<u><u>115,993</u></u>

Actuarial Assumptions OPERS - Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2024, using the following actuarial assumptions and methods applied to all prior periods included in the measurement:

Wage Inflation	2.75 %
Projected Salary Increases COLA or Ad Hoc COLA	2.75 - 10.75 % including wage inflation at 2.75%
Pre-January 7, 2013 Retirees	3.00 %, simple
Post-January 7, 2013 Retirees	2.90%, simple through 2025, then 2.05% simple
Investment Rate of Return	6.90 %
Actuarial Cost Method	Individual entry age normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables for males and females. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables for males and females. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables for males and females. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales for males and females to these tables.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by OPERS' investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2024, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	24.00 %	2.42 %
Domestic Equities	21.00 %	5.70 %
Real Estate	13.00 %	4.17 %
Private Equity	15.00 %	8.40 %
International Equities	20.00 %	6.10 %
Risk Parity	2.00 %	4.40 %
Other investments	5.00 %	2.54 %
Total	<u>100.00 %</u>	

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Board's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.9%) or 1% higher (7.9%) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Board's proportionate share of the net pension liability	\$ 1,978,028	\$ 1,209,106	\$ 570,139

NOTE 8 – DEFINED BENEFIT OPEB PLAN

The Board's employees are covered by the Ohio Public Employees Retirement System. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

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

The net OPEB liability represents the Board's proportionate share of the OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," assumes the liability is solely the right of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLAN (Continued)

in the form of a monthly premium. The Ohio revised Code permits, but does not require, the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of the plan's unfunded benefits is presented as a net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year would be included in accrued liabilities on the accrual basis of accounting. The Board had no such liability at fiscal year-end.

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers two separate pension plans: The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan and the member-directed plan is a defined contribution plan.

The Traditional Pension Plan also includes members of the legacy Combined Plan. Prior to January 1, 2024, the Combined Plan was a separate pension plan. Effective January 1, 2022, the Combined Plan was no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33 which allowed for the consolidation of the Combined Plan into the Traditional Pension Plan. The Combined Plan was consolidated into the Traditional Pension Plan effective January 1, 2024 and is tracked as a separate division within the Traditional Pension Plan.

OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to fund health care for the Traditional Pension, Combine and Member-Directed plans.

The OPERS health care plans are reported as cost-sharing, multiple employer other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased to 20 years with a minimum age of 60, or, generally, 30 years of qualifying service at any age. Beginning in 2016 for Medicare retirees enrolled in Medicare A and B, and in 2022 for non-Medicare retirees, eligible retirees were able to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market or selection of health care plans on the open market. Eligible retirees may receive a monthly allowance in their health reimbursement arrangement account that can be used to reimburse eligible health care expenses.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-800-222-7377.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLAN (Continued)

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2025, the Board contributed at a rate of 14% of earnable salary which is the maximum employer contribution rate permitted by the Ohio Revised Code. A portion of each employer’s contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of employer contributions allocated to healthcare was zero for fiscal year 2025.

OPEB Liabilities or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The net OPEB asset for OPERS was measured as of December 31, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023 and rolled forward to the measurement date of December 31, 2024. The Board’s proportion of the net OPEB asset was based on the Board’s share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

		<u>OPERS Health Care Plan</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$	(120,165)
2024 Proportion of the Net OPEB Asset		.005126%
2023 Proportion of the Net OPEB Liability		.005279%
2024 Change in Proportionate Share		<u>(.000153%)</u>
OPEB Expense/(Income)	\$	(35,106)

At June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		<u>OPERS Health Care Plan</u>
<b>Deferred Outflows of Resources</b>		
Net difference between projected and actual earnings on pension plan investment	\$	2,475
Changes of Assumptions		1,988
Change in proportionate share		<u>4,463</u>
Total Deferred Outflows of Resources	\$	<u>4,463</u>
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	\$	5,849
Changes of Assumptions		17,339
Change in proportionate share		<u>23,188</u>
Total Deferred Inflows of Resources	\$	<u>23,188</u>

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

For Fiscal Year Ending June 30	OPERS Health Care Plan
2026	\$ (10,768)
2027	11,628
2028	(14,483)
2029	(5,102)
Total	\$ <u>(18,725)</u>

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to the measurement date of December 31, 2024. The actuarial valuation used the following actuarial assumptions applied all periods included in the measurement:

Wage Inflation	2.75 %
Projected Salary Increases	2.75 - 10.75 % including wage inflation at 2.75%
Single Discount Rate	6.00 %
Investment Rate of Return	6.00 %
Municipal Bond Rate	4.08 %
Health Care Cost Trend Rate	5.50 % initial, 3.50% ultimate in 2039
Actuarial Cost Method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables for males and females. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables for males and females. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables for males and females. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales for males and females to these tables.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLAN (Continued)

Discount Rate – A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2024. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.08%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2124. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2124, and the municipal bond rate was applied to all health care costs after that date.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The OPERS primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by OPERS.

For each major asset class that is included in the Health Care portfolio’s target asset allocation as of December 31, 2024, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	37.00 %	2.37 %
Domestic Equities	26.00 %	5.70 %
Real REITs	5.00 %	5.00 %
International Equities	26.00 %	6.10 %
Risk Parity	3.00 %	4.40 %
Other investments	3.00 %	2.50 %
Total	<u>100.00 %</u>	

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 8 – DEFINED BENEFIT OPEB PLAN (Continued)

Sensitivity of Board’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the Board’s proportionate share of the net OPEB liability calculated using the single discount rate of 6.00%, as well as what the Board’s proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1% lower (5.000%) or 1% higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Single Discount Rate (6.00%)	1% Increase (7.00%)
Board’s proportionate share of the net OPEB liability/(asset)	\$ (59,667)	\$ (120,165)	\$ (170,645)

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Board’s proportionate share of the net OPEB liability/(asset)	\$ (121,999)	\$ (120,165)	\$ (118,103)

Retiree health care valuations use a health care cost-trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2025 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

NOTE 9 – CONTINGENCIES

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

NOTE 10 – SETTLEMENTS

In October 2024, the Board entered into a Settlement Agreement and Release with an underground storage tank (UST) owner to resolve allegations that the company failed to disclose it had insurance coverage for expenses associated with corrective action for petroleum releases from USTs at six sites in Ohio. The agreement released the Board and Financial Assurance Fund from all past, present, and future liability related to claims for petroleum releases discovered at these six sites prior to the effective date of the agreement. At the time of the agreement, previously filed claims with a face value of \$1.44 million were closed with no payment.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ending June 30, 2025, the Board implemented GASB Statement No. 101, “Compensated Absences.”

GASB Statement No. 101 results in the recognition and measurement of a liability for compensated absences that reflects when an obligation is incurred and eliminates potential comparability issues between governments that offer different types of leave. It results in an estimate of the amount of compensated absences that will be paid or settled, which enhances the relevance and reliability of information about the liability for compensated absences:

Board employees are provided with 32 hours of personal leave per year beginning with the first pay period in December. Upon separation from Board service, employees are entitled to payment at the employee’s regular rate of pay of any unused personal leave pro-rated to the time of separation.

Sick leave for all full-time employees is accumulated at a rate of 3.1 hours every two weeks. Employees with a minimum of one year of State service are eligible to convert any unused sick leave to cash at 50 percent of the employee’s regular rate of pay upon separation, excepting separation due to retirement. Employees retiring from State service are compensated at a rate of 55 percent of the employee’s last regular rate of pay. Employees separated from State service with less than one year of total State service time are not entitled to compensation for unused accrued sick leave.

GASB Statement No. 102, “Certain Risk Disclosures,” improves financial reporting by providing users of financial statements with information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the Board.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

REQUIRED SUPPLEMENTARY INFORMATION

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

	Last ten fiscal years				
	2025	2024	2023	2022	2021
Proportion of the net pension liability					
Traditional Pension Plan	0.004932%	0.005228%	0.005610%	0.005758%	0.006079%
Proportionate share of the net pension liability					
Traditional Pension Plan \$	1,209,106 \$	1,368,713 \$	1,657,198 \$	500,969 \$	900,169
Covered payroll	\$ 1,010,019 \$	\$ 938,796 \$	\$ 917,934 \$	\$ 926,554 \$	\$ 899,267
Proportionate share of the net pension liability as a percentage of covered payroll	119.71%	145.79%	180.54%	54.07%	100.10%
Plan fiduciary net position as a percentage of the total pension liability					
Traditional Pension Plan	80.99%	79.01%	75.74%	92.62%	86.88%
	2020	2019	2018	2017	2016
Proportion of the net pension liability					
Traditional Pension Plan	0.006128%	0.006170%	0.005438%	0.005643%	0.005929%
Proportionate share of the net pension liability					
Traditional Pension Plan \$	1,211,242 \$	1,689,838 \$	853,117 \$	1,281,430 \$	1,026,979
Covered payroll	\$ 947,372 \$	\$ 933,458 \$	\$ 817,494 \$	\$ 802,682 \$	\$ 793,394
Proportionate share of the net pension liability as a percentage of covered payroll	127.85%	181.03%	104.36%	159.64%	129.44%
Plan fiduciary net position as a percentage of the total pension liability					
Traditional Pension Plan	82.17%	74.70%	84.66%	77.25%	81.08%

See notes to Required Supplementary Information.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

REQUIRED SUPPLEMENTARY INFORMATION

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

	Last nine fiscal years *				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net OPEB liability / (asset)					
Health Care Plan	0.005126%	0.005279%	0.005684%	0.005804%	0.006104%
Proportionate share of the net OPEB liability / (asset)					
Health Care Plan \$	(120,165) \$	(47,645) \$	35,839 \$	(181,790) \$	(108,748)
Covered payroll	\$ 1,010,019	\$ 938,796	\$ 917,934	\$ 926,554	\$ 899,267
Proportionate share of the net OPEB liability / (asset) as a percentage of covered payroll	-11.90%	-5.08%	3.90%	-19.62%	-12.09%
Plan fiduciary net position as a percentage of the total OPEB liability	121.51%	107.76%	94.79%	128.23%	115.57%
Health Care Plan					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Proportion of the net OPEB liability / (asset)					
Health Care Plan	0.006144%	0.006917%	0.005520%	0.005728%	
Proportionate share of the net OPEB liability / (asset)					
Health Care Plan \$	848,646 \$	807,943 \$	599,431 \$	578,547	
Covered payroll	\$ 947,372	\$ 933,458	\$ 817,494	\$ 802,682	
Proportionate share of the net OPEB liability / (asset) as a percentage of covered payroll	89.58%	86.55%	73.33%	72.08%	
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%	

\* The proportion of the net OPEB liability/(asset) presented for each fiscal year was determined as of the calendar year end that occurred within the fiscal year. The schedule is required to show information for 10 years; however, until a full 10-year trend is compiled, governments are required only to present information for those years for which information is available.

See notes to Required Supplementary Information.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions  
Ohio Public Employees Retirement System

Last ten fiscal years

		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution						
Pension	\$	141,449	\$ 131,431	\$ 128,511	\$ 129,717	\$ 125,898
OPEB		-	-	-	-	-
Contributions in relation to the contractually required contribution	\$	141,449	\$ 131,431	\$ 128,511	\$ 129,717	\$ 125,898
Contribution deficiency (excess)	\$	-	-	-	-	-
Covered payroll	\$	1,010,019	\$ 938,796	\$ 917,934	\$ 926,554	\$ 899,267
Contributions as a percentage of covered payroll						
Pension		14.00%	14.00%	14.00%	14.00%	14.00%
OPEB		0.00%	0.00%	0.00%	0.00%	0.00%
		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution						
Pension	\$	132,632	\$ 130,684	\$ 110,532	\$ 100,224	\$ 95,213
OPEB		-	-	3,917	12,151	15,862
Contributions in relation to the contractually required contribution	\$	132,632	\$ 130,684	\$ 114,449	\$ 112,375	\$ 111,075
Contribution deficiency (excess)	\$	-	-	-	-	-
Covered payroll	\$	947,372	\$ 933,458	\$ 817,494	\$ 802,682	\$ 793,394
Contributions as a percentage of covered payroll						
Pension		14.00%	14.00%	13.52%	12.49%	12.00%
OPEB		0.00%	0.00%	0.48%	1.51%	2.00%

See notes to Required Supplementary Information.

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

Notes to Required Supplementary Information  
For the Year Ended June 30, 2025

NET PENSION LIABILITY – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Changes in benefit terms: There were no changes in benefit terms for the period 2016 – 2025.

Changes in assumptions:

2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Decrease in actuarial assumed rate of return from 8% to 7.5%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25% - 10.05% to 3.25% - 10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: Decrease in actuarial assumed rate of return from 7.5% to 7.2%.

2020: The cost-of-living adjustment for post-January 7, 2013 retirees decreased from 3% to 1.4%.

2021: The cost-of-living adjustment for post-January 7, 2013 retirees decreased from 1.4% to 0.5%.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Decrease in wage inflation from 3.25% to 2.75%
- The cost-of-living adjustment for post-January 7, 2013 retirees increased from 0.5% to 3%.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2024: The cost-of-living adjustment for post-January 7, 2013 retirees decreased from 3% to 2.3%.

2025: The cost-of-living adjustment for post-January 7, 2013 retirees increased from 2.3% to 2.9%.

NET OPEB LIABILITY - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Changes in benefit terms: There were no changes in benefit terms for the period 2016 – 2025.

Changes in assumptions:

2018: Decrease in single discount rate from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Increase in single discount rate changed from 3.85% to 3.96%
- Decrease in actuarial assumed rate of return from 6.5% to 6%
- Increase in the municipal bond rate from 3.31% to 3.71%
- Increase in health care cost trend rate from 7.5% to 10%

OHIO PETROLEUM UNDERGROUND STORAGE  
TANK RELEASE COMPENSATION BOARD

Notes to Required Supplementary Information  
For the Year Ended June 30, 2025

2020: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Decrease in the single discount rate from 3.96% to 3.16%
- Decrease in the municipal bond rate from 3.71% to 2.75%
- Increase in health care cost trend rate from 10% to 10.5%

2021: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Increase in the single discount rate from 3.16% to 6%
- Decrease in the municipal bond rate from 2.75% to 2%
- Decrease in health care cost trend rate from 10.5% initial to 8.5% initial with 3.5% ultimate extended to 2035

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Decrease in the municipal bond rate from 2% to 1.84%
- Decrease in wage inflation from 3.25% to 2.75%
- Decrease in health care cost trend rate from 8.5% initial to 5.5% initial with 3.5% ultimate to 2034

2023: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Decrease in the single discount rate from 6% to 5.22%
- Increase in the municipal bond rate from 1.84% to 4.05%

2024: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Increase in the single discount rate from 5.22% to 5.70%
- Decrease in the municipal bond rate from 4.05% to 3.77%

2025: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Increase in the single discount rate from 5.7% to 6%
- Increase in the municipal bond rate from 3.77% to 4.08%

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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 Board  
Ohio Petroleum Underground Storage Tank Release Compensation Board  
4151 Executive Parkway, Suite 350  
Westerville, Ohio 43081

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Ohio Petroleum Underground Storage Tank Release Compensation Board, located in Franklin County, Ohio (the Board), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated February 10, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 that a material misstatement of the entity'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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance 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.



Rea & Associates, Inc.  
Dublin, Ohio  
February 10, 2026

# OHIO AUDITOR OF STATE KEITH FABER



**OHIO PETROLEUM UNDERGROUND STORAGE TANK RELEASE COMPENSATION BOARD**

**FRANKLIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 5/19/2026**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)