

# **Petroleum Storage Tank Release Indemnity Fund**

*(Administered by the Petroleum Tank Division  
of the Oklahoma Corporation Commission)*

## **FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**Includes Independent Auditor's  
Report Issued By**



**CPAs & Advisors**

**Petroleum Storage Tank Release Indemnity Fund**  
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**June 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

To the Oklahoma Corporation Commission  
Petroleum Storage Tank Release Indemnity Fund  
Oklahoma City, Oklahoma

### **Opinion**

We have audited the accompanying statement of net position/governmental funds balance sheet (cash basis) and the statements of activities/statement of revenues, expenditures, and changes to fund balance (cash basis) of the governmental activities and General Fund of Petroleum Storage Tank Release Indemnity Fund (the Indemnity Fund), administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Indemnity Fund's basic cash basis financial statements as listed in the table of contents.

In our opinion, the financial statement referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and general fund of the Indemnity Fund as of June 30, 2025, and the changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

### **Basis for Opinions**

We conducted our audit in accordance with 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. 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 Indemnity Fund 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.

### **Emphasis of Matters**

As discussed in Note 1, the financial statements of the Indemnity Fund are intended to present the financial position and the changes in financial position of only the Petroleum Storage Tank Division of the Oklahoma Corporation Commission that is attributable to the transactions of the Indemnity Fund. They do not purport to, and do not, present fairly the financial position of the General Fund of the Petroleum Storage Tank Division of the Oklahoma Corporation Commission as of June 30, 2025, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis of Accounting**

We draw attention to Note 1, of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

## **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 generally accepted auditing standards 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 generally accepted auditing standards 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 Indemnity Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used 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 Indemnity Fund'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.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management discussion and analysis that the basis of cash receipts and cash disbursements requires to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026, on our consideration of the Indemnity Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Indemnity Fund'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 Indemnity Fund's internal control over financial reporting and compliance.

*HBC CPAs + Advisors*

Oklahoma City, Oklahoma  
February 24, 2026

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Statement of Net Position/ Governmental Fund Balance Sheet (Cash Basis)**  
**Year Ended June 30, 2025**

	<u>General Fund/ Governmental Activities</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 8,545,562
Cash and cash equivalents-restricted	17,026,823
<b>Total assets</b>	<u>\$ 25,572,385</u>
<b>Net position/fund balance, unrestricted/unassigned (cash basis):</b>	<u>\$ 25,572,385</u>

See Notes to Cash Basis Financial Statements

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Statement of Activities/Statement of Revenues, Expenditures,**  
**and Change in Fund Balance (Cash Basis)**  
**Year Ended June 30, 2025**

	<b>General Fund/ Governmental Activities</b>
Operating revenues:	
Proceeds from motor fuel tax assesment	\$ 28,615,632
Deductible on claims	143,676
Interest income	884,826
Total operating revenue	29,644,134
Operating expenses:	
Claims reimbursement	22,689,820
Storage tank inspection and compliance	2,342,050
Claims processing	1,309,354
Administrative expenses	344,171
Allocations to the Oklahoma Corporation Commission	1,197,518
Total operating expenses	27,882,913
Change in net position/fund balance	1,761,221
Net position/fund balance, beginning of year (cash basis)	23,811,164
Net position/fund balance, end of year (cash basis)	\$ 25,572,385

See Notes to Cash Basis Financial Statements

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 1. Summary of Significant Accounting Policies**

**Principal activity:** The Petroleum Storage Tank Release Indemnity Fund (the Indemnity Fund) is administered by the Oklahoma Corporation Commission's (the Commission) Petroleum Storage Tank Division (the Division). The Indemnity Fund was created by a legislative act in 1989 to provide funding for the rehabilitation of polluted sites due to releases of petroleum from storage tank systems into the environment of the state. The Indemnity Fund encourages voluntary corrective action in a manner and to a level of completion that protects public health, safety, and welfare and minimizes damage to the environment by reimbursing to eligible persons allowable costs incurred for corrective actions to remediate eligible releases. The activities of the Indemnity Fund are subject to Oklahoma Statutes Title 17, Chapter 14, Sections 301 through 348.9, known as the Oklahoma Petroleum Storage Tank Consolidation Act. Expenditures from the Indemnity Fund are set forth in Section 324 of Title 17, which were amended by House Bill 2616 which was effective June 4, 2004, Senate Bill 155 which was effective November 1, 2005, House Bill 3430 which was effective November 1, 2018, and House Bill 2151 which was effective July 1, 2019, as follows:

Monies from the Indemnity Fund may be used to pay or reimburse the Commission for the salary and indirect expense of any employee of the Petroleum Storage Tank Division while such employee is performing work involved in the regulation of storage tanks pursuant to the Oklahoma Petroleum Storage Tank Consolidation Act or the administration of programs pursuant to said act, including the development, review and approval of corrective action plans as required by the regulatory programs. The Indemnity Fund shall pay for all costs associated with administering the Compliance and Inspection Department including, but not limited to, automobile and travel costs, computer software and equipment, and other costs incurred in administering the Compliance and Inspection Department. The Commission shall cross-train the field staff of the Petroleum Storage Tank Division to perform inspections and related field activities for all programs within the Division and the Indemnity Fund may reimburse the Division the actual costs of inspection services performed on behalf of the Indemnity Fund.

Pursuant to Oklahoma Statutes Title 17 Section 327.1, the Indemnity Fund is funded by a \$0.01 assessment on the sale of each gallon of motor fuel, as defined by the Motor Fuel Tax Code in Section 500.3(44) of Title 68 of the Oklahoma Statutes.

After deducting four and a half percent (4.5%) for participating Native American Tribes, the assessment is then distributed in the following manner:

- The first One Million Dollars (\$1,000,000.00) received each fiscal year is deposited directly into the Corporation Commission Revolving Fund
- Eight percent (8%) of the monthly assessment is deposited into the Department of Environmental Quality Revolving Fund
- The balance of the monthly assessment is then deposited into the Petroleum Storage Tank Indemnity Fund.

See Note 8 for a breakdown of the required transfers under Oklahoma Statutes Title 17.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Funds included in presentation:** For purposes of this report, the Indemnity Fund (Fund 1185F) cash account and (Fund 205), a revolving fund, established by the Commission are reflected in the financial statements presentation.

**Financial reporting entity:** The Indemnity Fund is included in the Storage Tank Revolving Fund of the Petroleum Storage Tank Division of the Oklahoma Corporation Commission. The accompanying cash basis financial statements are intended to present the financial position and the changes in financial position of only the Petroleum Storage Tank Division of the Oklahoma Corporation Commission attributable to the transactions of the Indemnity Fund and not that of the General Fund of the Petroleum Storage Tank Division of the Oklahoma Corporation Commission.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, consists of the primary government, organizations for which the primary government is financially accountable, and other organization for which the nature and significance of their relationship with the primary government are such the exclusion could cause the financial statements to be misleading. The Indemnity Fund has determined there are no other organizations for which it has financial accountability.

**Basis of presentation:** The financial statements have been prepared using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, defines the accounting principles to be used for the presentation of financial statements of the Indemnity Fund.

For financial statement presentation, the Indemnity Fund has two funds, which are the General Fund (Fund 1185F) and the revolving fund (Fund 205). The General Fund is the operating fund of the Indemnity Fund and is used to account for all transactions excluding the interagency transactions within the Oklahoma Corporation Commission. The (Fund 205), revolving fund, is used to pay the administrative expenses of the Indemnity fund utilizing monies transferred from the Indemnity fund to the Oklahoma Corporation Commission.

**Basis of accounting:** Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied. The accompanying financial statements have been prepared using the cash basis of accounting and are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 1. Summary of Significant Accounting Policies (Continued)**

If the aforementioned financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, the following changes would be necessary:

- The Indemnity Fund would utilize the accrual basis of accounting in the government-wide financial statements and the modified accrual basis of accounting in the fund financial statements.
- The Indemnity Fund would capitalize and record on its accrual basis financial statements, at cost, capital assets (such as land, buildings, furniture and equipment) and depreciate such assets.
- The Indemnity Fund would record liabilities and long-term debt on its accrual basis financial statements.

**Net position/fund balance:** The Indemnity Fund's net position/fund balance is classified as follows:

*Unrestricted net position:* Consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets." Restricted net position consists of net position with constraints placed on its use. All net position meet the definition of unrestricted due to the presentation of these financial statements being on a cash basis, and no constraints have been placed on the remaining net position balances.

*Unassigned fund balance:* The unassigned fund balance classification is the residual classification for the General Fund only. All fund balances meet this definition.

It is the Indemnity Fund's policy to first use restricted net position/fund balance prior to the use of unrestricted net position/unassigned fund balance when an expenditure is incurred for purposes for which both restricted/assigned and unrestricted net position/unassigned fund balance are available.

**Cash and cash equivalents:** The Indemnity Fund's cash and cash equivalents are considered to be cash on hand and are invested in an internal investment pool held by the Oklahoma State Treasurer.

**Co-pay:** Eligible claims for reimbursements are subject to a co-payment equal to 1 percent of the eligible costs, up to a maximum co-payment of \$5,000 unless the release occurred prior to June 4, 2004. Then the co-payment is \$5,000.

**Encumbrances:** Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded as expenditures of the applicable funds, is used. This is an extension of the formal budgetary integration in the General Fund. Encumbrances do not represent any further constraint on the use of amounts than is already communicated by governmental fund balance classification as restricted, committed, or assigned. As of June 30, 2025, \$25,314,590 of encumbrances were outstanding.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Indemnity Fund maintenance level:** State statute sets forth a maintenance level of cash (presented herein as cash and cash equivalents-restricted) for the Indemnity Fund in an amount equal to \$5,000,000 plus the previous 6 months' cash disbursements for claim reimbursements. In the event the Indemnity Fund's cash balance falls below this specified maintenance level at any month end on or before December 31, 2016, the \$0.01 assessment (or applicable portion thereof) is to be deposited into the Indemnity Fund for at least the following 3 calendar months. If the Indemnity Fund's cash balance exceeds the specified maintenance level, the assessment (or applicable portion thereof) is to be deposited into other funds as directed by state statute. Senate Bill 155, which was effective November 1, 2005, amended State Statute 17 O.S. 352(7) to define disbursements as funds expended or encumbered for the purpose of calculating the regulatory maintenance level. Effective June 8, 2012, Senate Bill 1336 extended the compliance maintenance level requirement from December 31, 2012 to December 31, 2022. House Bill 3430, effective November 1, 2018, extended the compliance maintenance level requirement in Section 327.1(D)(1) of Title 17 of the Oklahoma Statutes to December 31, 2032.

**Income taxes:** The Indemnity Fund is exempt from state and federal income taxes, and accordingly, no provision for income taxes is reflected by the Indemnity Fund.

**Subsequent events:** We have accounted for subsequent events through February 24, 2026, the date of our financial statements were issued, and we believe that all required subsequent events disclosures have been made.

**Note 2. Deposits and Investments**

The Indemnity Fund's carrying amount of the deposits with the State Treasurer were \$25,572,384 at June 30, 2025, respectively. Cash equivalents are recorded at cost.

Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives that establish the framework for the day-to-day OK INVEST management, with an emphasis on safety of the capital and the probable income to be derived and meeting the State and its funds' and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer>. The State Treasurer, at his discretion, may further limit or restrict such investments on a day-to-day basis. OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to three years. OK INVEST maintains an overall weighted average maturity of less than 270 days.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 2. Deposits and Investments (Continued)**

Participants in OK INVEST maintain interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher.

Custodial credit risk of investments is the risk that in the event of a bank failure, the government's investments may not be returned to it. Interest in OK INVEST are not insured or guaranteed by the State, the FDIC, or any other government agency.

**Note 3. Claims Reimbursements**

Claims reimbursements for the years ended June 30 consisted of the following:

Third-Party Claims	\$ 21,933,285
Suspicion of Releases	672,148
Direct Bill	84,387
	<hr/>
	\$ 22,689,820

Third-party claims are those claims in which an eligible tank owner has received reimbursement from the Indemnity Fund for allowable cleanup costs incurred.

Payments for suspicion of releases are payments to third parties for costs incurred to investigate and assess a site for a confirmed release and to determine whether additional cleanup procedures are necessary.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 4. Operating Expenses**

Operating expenses at June 30 consisted of the following:

	Adminstrative Expenses	Claims Processing	Storage Tank Inspection and Compliance
Salaries and Benefits	\$ 253,071	\$ 1,016,898	\$ 2,224,377
Professional Services	54,726	150,922	53,412
Other	36,374	141,534	64,261
<b>Total</b>	<b>\$ 344,171</b>	<b>\$ 1,309,354</b>	<b>\$ 2,342,050</b>

**Note 5. Allocations to the Oklahoma Corporation Commission**

The overhead allocation paid to the Commission is determined by the OCC Chief Financial Officer. For the year ended June 30, 2025, amounts paid included \$741,000 for salaries of personnel in the Office of General Counsel and \$457,000, respectively, for other general and administrative expenses of the Commission.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 6. Retirement Plan**

Plan description: The Indemnity Fund indirectly contributes to the Oklahoma Public Employees Retirement Plan (the Retirement Plan), a cost-sharing, multiple-employer public employee retirement system administered by the Oklahoma Public Employees Retirement System (the System). The Retirement Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the Oklahoma Legislature.

Title 74 of the Oklahoma Statutes, Sections 901 through 932 and 935, as amended, assigns the authority for management and operation of the Retirement Plan to the Board of Trustees of the System. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the Retirement Plan. That annual report may be obtained by writing to the Oklahoma Public Employees Retirement System, 5801 N. Broadway Extension, Suite 400, Oklahoma City, Oklahoma 73118 or by calling 1-800-733-9008.

**Funding policy:** Retirement Plan members and the Indemnity Fund are required to contribute at a rate set by statute. The contribution requirements of Retirement Plan members and the Indemnity Fund are established and may be amended by the Oklahoma Legislature. The contribution rates are as follows:

2025		2024	
State Employees All Salary	Indemnity Fund All Salary	State Employees All Salary	Indemnity Fund All Salary
3.50%	16.50%	3.50%	16.50%
2023			
State Employees All Salary		Indemnity Fund All Salary	
3.50%		16.50%	

The Indemnity Fund's contributions to the Retirement Plan for the years ended June 30, 2025, 2024, and 2023, were approximately \$630,000, \$585,000, and \$485,000, respectively, and were equal to its required contributions for each year.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 7. Oklahoma State Employees Deferred Compensation Plan and Deferred Savings Incentive Plan**

**Deferred compensation plan:** The State of Oklahoma offers its employees a Deferred Compensation Plan (the Plan) as authorized by Section 457 of the Internal Revenue Code (IRC), as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Sections 1701 through 1706 of Title 74 of the Oklahoma Statutes.

The supervisory authority for the management and operation of the Plan is the Board of Trustees of the Oklahoma Public Employees Retirement System (the Board).

The Plan is available to all State of Oklahoma employees, as well as any elected officials receiving a salary from the State of Oklahoma. Participants may direct the investment of their contributions in available investment options offered by the Plan. The minimum contribution amount is the equivalent of \$25 per month, and participants are immediately 100 percent vested in their respective accounts. All interest, dividends and investment fees are allocated to participants' accounts.

Participants may defer until future years up to the lesser of 100 percent of their compensation as defined by Plan documents or the maximum amount allowed each year as determined by the Internal Revenue Service. As of June 30, 2025, the maximum amount allowed is \$23,500.

The Plan offers a catch-up program to participants, which allows them to defer annually for the 3 years prior to their year of retirement up to twice that plan year's deferral limit. The amount of additional contributions in excess of the normal maximum contributions to the Plan is also limited to contributions for years in which the participant was eligible but did not participate in the Plan or the difference between contributions made and the maximum allowable level. To be eligible for the catch-up program, the participant must be within 3 years of retirement with no reduced benefits. Participants age 50 or older may make additional contributions of up to \$7,500 annually, subject to certain limits.

Deferred compensation benefits are paid to participants or beneficiaries upon termination, retirement, death or unforeseeable emergency. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments at the option of the participant or beneficiaries in accordance with the Plan's provisions.

Effective January 1, 1998, the Board established a trust and a trust fund covering the Plan's assets, pursuant to federal legislation enacted in 1996, requiring public employers to establish such trusts for plans meeting the requirements of Section 457 of the IRC no later than January 1, 1999. Under the terms of the trust, the corpus or income of the trust fund may be used only for the exclusive benefit of the Plan's participants and their beneficiaries. Prior to the establishment of the trust, the Plan's assets were subject to the claims of general creditors of the State of Oklahoma. The Board acts as trustee of the trust. The participants' accounts are invested in accordance with the investment elections of the participants. The Board is accountable for all deferred compensation received, but has no duty to require any compensation to be deferred or to determine that the amounts received comply with the Plan or to determine that the trust fund is adequate to provide the benefits payable pursuant to the Plan.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 7. Oklahoma State Employees Deferred Compensation Plan and Deferred Savings Incentive Plan (Continued)**

Further information may be obtained from the Oklahoma State Employees Deferred Compensation Plan's audited financial statement for the years ended June 30, 2025. The Indemnity Fund believes that it has no liabilities with respect to the Plan.

**Deferred savings incentive plan:** Effective January 1, 1998, the State of Oklahoma established the Oklahoma State Employees Deferred Savings Incentive Plan (the Savings Incentive Plan) as a money purchase pension plan pursuant to IRC Section 401(a). The Savings Incentive Plan and its related trust are intended to meet the requirements of IRC Sections 401(a) and 501(a).

Any qualified participant who is a State of Oklahoma employee that is an active participant in the Oklahoma State Employees Deferred Compensation Plan is eligible for a contribution of the amount determined by the Oklahoma Legislature, currently the equivalent of \$25 per month. Participation in the Savings Incentive Plan is automatic in the month of participation in the Plan and is not voluntary.

Upon cessation of contributions to the Plan, termination of employment with the State of Oklahoma, retirement, or death, a participant will no longer be eligible for contributions from the State of Oklahoma into the Savings Incentive Plan. Participants are at all times 100 percent vested in their Savings Incentive Plan account. Participant contributions are not required or permitted.

Qualified participants may make rollover contributions to the Savings Incentive Plan, provided such rollover contributions meet applicable requirements of the IRC. Plan participants may direct the investment of the contributions in available investment options offered by the Savings Incentive Plan. All interest, dividends and investment fees are allocated to the participants' accounts.

Savings Incentive Plan benefits are paid to participants or beneficiaries upon termination, retirement or death. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments or may be rolled over to a qualified plan at the option of the participant or beneficiaries.

**Note 8. Required Transfers Under Oklahoma Statutes Title 17**

As required by Oklahoma Statutes Title 17, the Participating Native American Tribes received 4.5 percent of the total funds collected from the motor fuel assessment for the year ended June 30, 2025, which approximated \$1,509,900.

As required by Oklahoma Statutes Title 17, the Department of Environmental Quality Revolving Fund received the first 8 percent of the gross motor fuel assessment collected after the annual payments to the Commission's Revolving Fund and the participating tribes for the year ended June 30, 2025, which approximated \$2,483,500.

**Petroleum Storage Tank Release Indemnity Fund**  
**(Administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission)**  
**Notes to Cash Basis Financial Statements**  
**June 30, 2025**

**Note 8. Required Transfers Under Oklahoma Statutes Title 17 (Continued)**

The LUST Trust Fund Grant pays for the cost of remediating polluted sites when the tank owner cannot be located, is financially unable or is unwilling to remediate the site, an imminent threat to public health, safety, or the environment; or an unknown, unwilling, or unavailable owner, operator or otherwise eligible person. After the site is remediated, application can be made to the Indemnity Fund on behalf of the LUST Trust Fund Grant to recover those funds spent. Recovered funds are spent by the LUST Trust Fund Grant on other remediation projects. At June 30, 2025, there was \$478,575 paid from the Indemnity Fund to the LUST Trust Cost Recovery Fund for such site.

**Note 9. Related Party Transactions**

Included in administrative expenses and claims processing are payments to other state agencies for various goods and services which approximated \$290,508 for the year ended June 30, 2025.

**Note 10. Commitments and Contingencies**

From time to time, the Indemnity Fund is subject to claims and lawsuits which arise primarily in the ordinary course of business. Based on information presently available and advice received from legal counsel in connection with such claims and lawsuits, it is the opinion of management that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the cash basis financial position of the Indemnity Fund.

**Note 11. Recently Issued Accounting Pronouncements**

**New accounting pronouncements issued not yet adopted:** As of the fiscal year ended June 30, 2025, there have been no new accounting pronouncements issued during or subsequent to this period that impact the Fund's financial statements.



**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 Oklahoma Corporation Commission  
Petroleum Storage Tank Release Indemnity Fund  
Oklahoma City, Oklahoma

We have audited, in accordance with 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, the cash basis financial statements of the governmental activities and the General Fund of the Petroleum Storage Tank Release Indemnity Fund (the Indemnity Fund), administered by the Petroleum Storage Tank Division of the Oklahoma Corporation Commission, as of and for the years ended June 30, 2025, and the related notes to the cash basis financial statements, which collectively comprise the Indemnity Fund's basic financial statements, and have issued our report thereon dated February 24, 2026. Our report was modified to include explanatory paragraphs noting that the financial statements of the Indemnity Fund were prepared on the cash basis of accounting and are intended to present the financial position (cash basis) and changes in financial position (cash basis) of only that portion of the governmental activities and the General Fund of the Petroleum Storage Tank Division of the Oklahoma Corporation Commission that is attributable to the transactions of the Indemnity Fund.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the cash basis financial statements, we considered the Indemnity Fund's internal control over financial reporting (internal control) to determine the 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 Indemnity Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Indemnity Fund'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 may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Indemnity Fund's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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 Indemnity Fund'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Oklahoma City, Oklahoma  
February 24, 2026