

**State of Oklahoma
Implicit Rate Subsidy of
Health Insurance OPEB Liability**

*Schedule of Employer Allocations and
Schedule of Collective Other
Postemployment Benefit Amounts*

June 30, 2024
(With Independent Auditors' Report Thereon)

*To be used by participating agencies to record applicable balances
in their June 30, 2024, financial statements.*

**STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY**

**SCHEDULES OF EMPLOYER ALLOCATIONS AND
COLLECTIVE OPEB AMOUNTS**

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INDEPENDENT AUDITORS' REPORT

To the State of Oklahoma

Opinions

We have audited the accompanying Schedule of Employer Allocations of the State of Oklahoma Implicit Rate Subsidy of Health Insurance OPEB Liability as of and for the year ended June 30, 2024, and the related notes and have also audited the totals for the columns titled "Total OPEB Liability," "Total Deferred Outflows of Resources," "Total Deferred Inflows of Resources," and "Plan OPEB Expense" included in the accompanying Schedule of Collective OPEB Amounts (the "Schedules") of the State of Oklahoma Implicit Rate Study Health Insurance OPEB Liability as of and for the year ended June 30, 2024.

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer allocations and total OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and Plan OPEB expense for the total of all participating entities for the State of Oklahoma Implicit Rate Subsidy of Health Insurance OPEB Liability as of and for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the State of Oklahoma, 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 opinions.

Emphasis of Matters

As discussed in Note 1, the Schedules only include information for employer agencies which participate in the State of Oklahoma's group insurance through the Employee Group Insurance Division and whose payroll is processed through the State's payroll system. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the Schedules present only information relating to the State of Oklahoma's Implicit Rate Subsidy of Health Insurance OPEB Liability and do not purport to, and do not, present the financial position of the State of Oklahoma as of June 30, 2024, or the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Our opinions are not modified with respect to this matter.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with the accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 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 Schedules.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, 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 Schedules.
- 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 State of Oklahoma'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 Schedules.

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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Restriction on Use

Our report is intended solely for the information and use of the State of Oklahoma, the Oklahoma State Auditor & Inspector, and participating (employer) State agencies and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

Finley + Cook, PLLC

Shawnee, Oklahoma
June 25, 2024

**STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY**

SCHEDULE OF EMPLOYER ALLOCATIONS

As of and for the Year Ended June 30, 2024

<u>Agency Number</u>	<u>Agency Name</u>	<u>Number of Active Employees</u>	<u>Active OPEB Liability</u>	<u>Proportion of Liability</u>	<u>Total Portion of Liability</u>
20	Oklahoma Accountancy Board	11	44,459	0.000306312	61,196
22	Abstractors Board	2	3,615	0.000024907	4,976
25	Oklahoma Military Department	363	1,139,519	0.007851019	1,568,507
30	Alcoholic Beverage Laws Enforcement	37	495,474	0.003413700	682,002
39	Boll Weevil Eradication Org	5	6,377	0.000043936	8,778
40	Department of Agriculture	346	1,512,615	0.010421564	2,082,060
45	OK Board of Architects	4	23,311	0.000160607	32,087
47	Indigent Defense System	122	451,960	0.003113899	622,107
49	Attorney General	220	731,922	0.005042771	1,007,464
55	State Arts Council	16	52,980	0.000365020	72,925
60	OK Aeronautics Commission	13	37,544	0.000258669	51,678
65	State Banking Department	39	272,249	0.001875732	374,741
85	Oklahoma Broadband Office	11	29,402	0.000202573	40,471
90	Mgmt and Enterprise Services	1,320	4,683,082	0.032265340	6,446,092
92	Tobacco Board of Directors	30	112,858	0.000777565	155,345
125	Department of Mines	19	57,817	0.000398346	79,583
127	Commission on Children and Youth	26	153,811	0.001059722	211,715
131	Department of Corrections	3,465	23,587,071	0.162509404	32,466,752
145	State Board of Chiropractic Exam	2	15,021	0.000103491	20,676
148	Board of Chiropractic Examiners	3	33,475	0.000230635	46,077
160	Department of Commerce	128	453,673	0.003125701	624,465
170	Construction Industries Board	29	61,035	0.000420517	84,012
185	Corporation Commission	514	1,950,211	0.013436498	2,684,395
190	Cosmetology Board	11	11,912	0.000082071	16,396
199	Court of Criminal Appeals	27	165,801	0.001142330	228,219
204	Jm Davis Arms & History Museum	4	10,741	0.000074003	14,785
215	Board of Dentistry	6	20,468	0.000141020	28,173
219	District Courts	583	2,003,834	0.013805948	2,758,205
220	District Attorneys Council	911	3,111,282	0.021436005	4,282,567
265	Department of Education	379	989,478	0.006817272	1,361,981
266	OK Education Television Authority	51	158,701	0.001093413	218,446
270	State Election Board	25	84,871	0.000584741	116,822
275	Educ Quality & Accountability	55	54,896	0.000378221	75,562
285	Embalmers & Funeral Directors Board	3	6,361	0.000043826	8,756
290	Employment Security Commission	453	1,702,486	0.011729730	2,343,411
292	Dept of Environmental Quality	491	2,379,924	0.016397120	3,275,880
296	Ethics Commission	5	19,064	0.000131347	26,241

See Independent Auditors' Report.

See accompanying notes to the Schedules of Employer Allocations and Collective OPEB Amounts.

STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY

SCHEDULE OF EMPLOYER ALLOCATIONS, CONTINUED

As of and for the Year Ended June 30, 2024

<u>Agency Number</u>	<u>Agency Name</u>	<u>Number of Active Employees</u>	<u>Active OPEB Liability</u>	<u>Proportion of Liability</u>	<u>Total Portion of Liability</u>
300	State Auditor and Inspector	112	569,944	0.003926781	784,507
305	Governor	27	30,262	0.000208498	41,655
306	Pardon and Parole Board	24	121,708	0.000838540	167,527
307	Interstate Oil Compact Commission	4	1,753	0.000012078	2,413
308	State Bureau of Investigation	335	3,396,277	0.023399554	4,674,853
309	Dept of Emergency Mgmt	86	170,791	0.001176710	235,088
310	State Fire Marshal	16	57,437	0.000395727	79,060
315	Firefighters Pension & Ret System	10	48,643	0.000335139	66,955
320	Department of Wildlife Conservation	341	2,674,651	0.018427720	3,681,561
326	Office of Disability Concerns	3	0	-	-
340	State Department of Health	1,996	6,043,156	0.041635932	8,318,186
342	Board of Medicolegal Investigations	118	362,147	0.002495108	498,482
345	State Dept of Transportation	2,229	11,883,346	0.081873475	16,356,996
346	OK Space Industry Develop Authority	6	2,734	0.000018837	3,763
350	Historical Society	133	454,154	0.003129015	625,127
353	OK Horse Racing Commission	33	39,814	0.000274309	54,803
369	Workers Compensation Court	6	36,932	0.000254453	50,836
370	OK Industrial Finance Authority	5	38,222	0.000263341	52,611
385	Insurance Department	119	449,806	0.003099058	619,142
391	Multiple Injury Trust Fund	8	6,607	0.000045521	9,094
400	Office of Juvenile Affairs	427	1,942,871	0.013385927	2,674,292
405	Department of Labor	74	336,321	0.002317173	462,934
410	Commission of the Land Office	56	176,958	0.001219199	243,576
415	Council on Law Enfc & Training	43	104,771	0.000721848	144,214
416	OK Law Enforcement Ret System	6	31,169	0.000214747	42,903
421	OK State Senate	161	361,962	0.002493834	498,228
422	OK House of Representatives	238	511,609	0.003524866	704,211
423	Legislative Service Bureau	18	62,914	0.000433463	86,599
430	Department of Libraries	30	83,668	0.000576453	115,166
435	OK Lottery Commission	30	54,162	0.000373164	74,552
440	Lieutenant Governor	5	13,371	0.000092123	18,405
445	Liquefied Petroleum Gas Board	8	21,759	0.000149914	29,950
448	Lic Alcohol & Drug Counselors	1	0	-	-
450	Bd of Med Licensure & Supv	27	66,724	0.000459713	91,843
452	Mental Health & Substance Abuse	1,808	4,231,372	0.029153164	5,824,331
455	OK Medical Marijuana Authority	278	486,140	0.003349391	669,154

See Independent Auditors' Report.

See accompanying notes to the Schedules of Employer Allocations and Collective OPEB Amounts.

STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY

SCHEDULE OF EMPLOYER ALLOCATIONS, CONTINUED

As of and for the Year Ended June 30, 2024

<u>Agency Number</u>	<u>Agency Name</u>	<u>Number of Active Employees</u>	<u>Active OPEB Liability</u>	<u>Proportion of Liability</u>	<u>Total Portion of Liability</u>
475	OK Motor Vehicle Commission	3	8,396	0.000057846	11,557
477	Bureau of Narc & Dangerous Drugs	160	1,843,097	0.012698507	2,536,957
509	Long Term Care Admin Board	3	7,330	0.000050502	10,089
510	OK Board of Nursing	29	91,193	0.000628298	125,524
515	Oklahoma Public Employees Retirement System	57	224,243	0.001544982	308,662
520	Optometry Board	3	7,049	0.000048566	9,703
525	State Bd of Osteopathic Exam	7	14,497	0.000099881	19,955
557	Police Pension & Ret System	11	80,130	0.000552077	110,296
560	State Pharmacy Board	14	44,126	0.000304018	60,738
563	Board of Private Vocational Schools	2	1,068	0.000007358	1,470
566	Dept of Tourism & Recreation	516	1,593,990	0.010982218	2,194,070
570	Prof Engineer & Land Surveyors	9	20,708	0.000142673	28,504
575	Bd of Psychologists Examiners	1	18,224	0.000125559	25,085
585	Dept of Public Safety	1,097	18,264,109	0.125835440	25,139,886
588	OK Real Estate Commission	11	16,557	0.000114074	22,790
619	Physician Manpower Trng Comm	9	24,458	0.000168510	33,666
622	OK St Bd of Licensed Social Workers	1	23,268	0.000160311	32,028
625	Secretary of State	32	120,003	0.000826793	165,180
628	Ctr for Advance of Science/Tech	12	45,058	0.000310439	62,021
629	School of Science and Math— Oklahoma City	45	165,545	0.001140566	227,867
630	Department of Securities	27	101,977	0.000702598	140,368
632	Speech-Lang Pathology & Audio	2	7,802	0.000053754	10,739
635	Dept of Consumer Credit	34	106,027	0.000730501	145,942
645	OK Conservation Commission	53	279,872	0.001928253	385,234
650	Dept of Veteran Affairs	1,200	3,654,365	0.025177720	5,030,102
670	JD McCarty Center	215	482,393	0.003323575	663,997
677	Supreme Court	181	722,580	0.004978407	994,605
678	Council on Judicial Complaints	2	3,812	0.000026264	5,247
695	OK Tax Commission	533	1,662,742	0.011455904	2,288,704
715	Teachers' Retirement System	46	149,608	0.001030764	205,930
740	State Treasurer	49	130,674	0.000900313	179,868
753	Uniform Building Code Commission	2	11,746	0.000080927	16,168
755	Used Motor Vehicle & Parts	11	33,894	0.000233522	46,654
772	Bd of Chem Test Alcohol/Drug	6	36,113	0.000248810	49,708

See Independent Auditors' Report.

See accompanying notes to the Schedules of Employer Allocations and Collective OPEB Amounts.

**STATE OF OKLAHOMA
 IMPLICIT RATE SUBSIDY OF
 HEALTH INSURANCE OPEB LIABILITY**

SCHEDULE OF EMPLOYER ALLOCATIONS, CONTINUED

As of and for the Year Ended June 30, 2024

<u>Agency Number</u>	<u>Agency Name</u>	<u>Number of Active Employees</u>	<u>Active OPEB Liability</u>	<u>Proportion of Liability</u>	<u>Total Portion of Liability</u>
790	Bd of Veterinary Med Exam	3	11,426	0.000078722	15,727
800	Department of Career & Technology Equipment	201	854,530	0.005887512	1,176,230
803	Virtual Charter School Board	5	12,417	0.000085550	17,092
805	Dept of Rehabilitation Services	856	3,381,392	0.023297000	4,654,364
807	Health Care Authority	550	2,349,260	0.016185852	3,233,672
830	Dept of Human Services	6,032	24,680,014	0.170039525	33,971,148
835	Water Resources Board	102	441,834	0.003044133	608,169
865	Workers Compensation Commission	45	173,252	0.001193666	238,475
978	OK Turnpike Authority	496	1,738,573	0.011978361	2,393,083
	Total	<u>31,223</u>	<u>\$ 145,142,807</u>	<u>1.000000000</u>	<u>199,783,839</u>

The total liability of \$199,783,839 is as of July 1, 2023 measurement date as shown in this report.

See Independent Auditors' Report.

See accompanying notes to the Schedules of Employer Allocations and Collective OPEB Amounts.

**STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY**

SCHEDULE OF COLLECTIVE OPEB AMOUNTS

As of and for the Year Ended June 30, 2024

	June 30, 2024 Total OPEB Liability	Deferred Outflows of Resources			Deferred Inflows of Resources			Plan OPEB Expense
		Differences Between Expected and Actual Plan Experience	Changes in Assumptions	Total Deferred Outflows of Resources, Excluding Employer- Specific Amounts*	Differences Between Expected and Actual Plan Experience	Changes in Assumptions	Total Deferred Inflows of Resources, Excluding Employer- Specific Amounts*	
TOTALS	\$ 199,783,839	-	70,770,156	70,770,156	3,950,595	8,623,737	12,574,332	18,203,741

* Employer-specific amounts that are excluded from this schedule are the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

The June 30, 2024, valuation is based on a measured date of July 1, 2023, with a measurement period of July 1, 2022, to July 1, 2023.

See Independent Auditors' Report.

See accompanying notes to Schedules of Employer Allocations and Collective OPEB Amounts.

**STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY**

**NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND
COLLECTIVE OPEB AMOUNTS**

June 30, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Employer Allocations and the Schedule of Collective OPEB Amounts (the “Schedules”) for the State of Oklahoma Implicit Rate Subsidy of Health Insurance OPEB Liability were prepared in accordance with the following significant accounting policies.

The Schedules present only information relating to the State of Oklahoma’s Implicit Rate Subsidy of Health Insurance OPEB Liability and do not purport to, and do not, present the financial position of the State of Oklahoma as of June 30, 2024, or the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Description of the OPEB

The State of Oklahoma Implicit Rate Subsidy of Health Insurance OPEB Liability is associated with certain State agencies that participate in the Employee Group Insurance Division’s (EGID) health insurance plan (the “Plan”) and whose payroll is processed through the State’s payroll system. EGID is a division of the Oklahoma Office of Management and Enterprise Services (OMES).

The Plan is a non-trusted single-employer plan that provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the Plan before retiring. The State of Oklahoma provides postretirement medical benefits through the Plan until age 65 if the retiree and spouse pay the full active premium. Participants can elect to enroll in special coverage, and surviving spouses may continue in the Plan until age 65.

Contributions are made by both participants and participating employer agencies on a “pay as you go” basis.

Basis of the Allocation

The State of Oklahoma has determined that active employees as of the measurement date was appropriate as the allocation basis in determining each employer agency’s proportion of the total OPEB liability.

See Independent Auditors’ Report.

**STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY**

**NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND
COLLECTIVE OPEB AMOUNTS, CONTINUED**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Nature of the Schedules

The purpose of these Schedules is to provide participating employer agencies with information necessary to disclose the appropriate information related to the total OPEB liability for their financial statements. The Schedules provide employer agencies with the basis to determine their proportionate share of the total OPEB liability, deferred outflows and inflows of resources, and OPEB expense as of and for the year ended June 30, 2024.

The Schedule of Collective OPEB Amounts represents collective amounts for the State of Oklahoma Implicit Rate Subsidy of Health Insurance OPEB Liability. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with governmental accounting standards. Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

Use of Estimates

The preparation of the Schedules in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts, and changes therein, and disclosures. Actual results could differ from those estimates and differences could be material.

See Independent Auditors' Report.

**STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY**

**NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND
COLLECTIVE OPEB AMOUNTS, CONTINUED**

(2) TOTAL OPEB LIABILITY

The total OPEB liability is the portion of the actuarial present value of projected benefit payments related to past periods. The total OPEB liability for the participating employer agencies is based on the allocation percentages from the Schedule of Employer Allocations.

Participant data for the Plan as of the July 1, 2023, measurement date utilizing a census date of July 1, 2022, is as follows:

<u>Active Participants:</u>	
Number	31,223
Average age	46.2
Average years of service	10.9
<u>Inactive Participants:</u>	
Retirees and surviving spouses	1,817
Average age	60.8
Covered spouses	240
Average age	<u>59.1</u>
Total participants	<u><u>33,280</u></u>

The total OPEB liability for the year ended June 30, 2024, is calculated as set forth below in the following table:

Total OPEB liability, beginning July 1, 2023	\$ 127,072,555
Total OPEB expense	18,203,741
Change in deferred inflows of resources	336,074
Change in deferred outflows of resources	64,283,900
Benefit payments	<u>(10,112,431)</u>
Total OPEB liability, ending June 30, 2024	<u><u>\$ 199,783,839</u></u>

See Independent Auditors' Report.

**STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY**

**NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND
COLLECTIVE OPEB AMOUNTS, CONTINUED**

(2) TOTAL OPEB LIABILITY, CONTINUED

The total OPEB liability was determined based on actuarial valuations prepared using a July 1, 2023, measurement date and a census date of July 1, 2023, using the following actuarial assumptions:

- Investment return—Not applicable, as the Plan is unfunded and benefits are not paid from a qualifying trust
- Mortality rates—Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2021 as of July 1, 2023
- Salary scale, retirement rate, withdrawal rate, and disability rate actuarial assumptions are based on rates for the various retirement systems that the Plan’s participants are in, including—
 - Oklahoma Public Employees Retirement System
 - Oklahoma Law Enforcement Retirement System
 - Teachers’ Retirement System of Oklahoma
 - Uniform Retirement System of Justices & Judges
 - Oklahoma Department of Wildlife Conservation Defined Benefit Pension Plan
- Plan participation—65% of retired employees are assumed to participate in the Plan.
- Marital assumptions—Male participants: 25% who elect coverage are assumed to have a spouse who will receive coverage
Female participants: 15% who elect coverage are assumed to have a spouse who will receive coverage
Males are assumed to be 4 years older than their spouses
- Plan entry date is the date of hire
- Actuarial cost method—Entry age normal based upon salary
- Healthcare trend rate—7.80% decreasing to 4.45%

The June 30, 2024, valuation is based on a measured date of July 1, 2023, with a measurement period of July 1, 2022, to July 1, 2023.

See Independent Auditors’ Report.

STATE OF OKLAHOMA
 IMPLICIT RATE SUBSIDY OF
 HEALTH INSURANCE OPEB LIABILITY

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND
 COLLECTIVE OPEB AMOUNTS, CONTINUED

(2) TOTAL OPEB LIABILITY, CONTINUED

The discount rate used to measure the total OPEB liability was 3.65%. The discount rate was determined using the Bond Buyer GO 20-Bond Municipal Bond Index.

Sensitivity of the total OPEB liability to changes in the discount rate—The following presents the total OPEB liability at June 30, 2024, calculated using the discount rate of 3.65%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Discount Rate <u>(2.65%)</u>	Current Discount Rate <u>(3.65%)</u>	1% Increase in Discount Rate <u>(4.65%)</u>
Total OPEB liability	<u>\$ 214,856,037</u>	<u>199,783,839</u>	<u>185,644,185</u>

Sensitivity of the total OPEB liability to changes in the healthcare trend rate—The following presents the total OPEB liability at June 30, 2024, calculated using the healthcare trend rate of 7.80% decreasing to 4.45%, as well as what the liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Healthcare Trend Rate (6.80% decreasing to <u>3.45%</u>)	Current Healthcare Trend Rate (7.80% decreasing to <u>4.45%</u>)	1% Increase in Healthcare Trend Rate (8.80% decreasing to <u>5.45%</u>)
Total OPEB liability	<u>\$ 179,888,142</u>	<u>199,783,839</u>	<u>223,119,244</u>

See Independent Auditors' Report.

STATE OF OKLAHOMA
 IMPLICIT RATE SUBSIDY OF
 HEALTH INSURANCE OPEB LIABILITY

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND
 COLLECTIVE OPEB AMOUNTS, CONTINUED

(3) AVERAGE EXPECTED REMAINING SERVICE LIFE

The average expected remaining service life is determined by taking the calculated total future service years divided by the number of participants in the Plan, including retirees. The total future service years is determined using the mortality, termination, retirement, and disability assumptions associated with the Plan.

	<u>Years</u>
June 30, 2024	5.66

(4) TYPES OF DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. Deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods.

Difference Between Expected and Actual Experience

The actuary uses economic and demographic assumptions to develop what they expect to be the experience of the Plan. Each year the difference between the expected experience and the actual experience is amortized over the average expected remaining service life of the Plan.

Changes in Assumptions

The impact of changes in assumptions used by the actuary is amortized over the average expected remaining service life of the Plan in place during the year the change in assumptions was effective.

Amortization

The amortization of deferred outflows and deferred inflows at June 30, 2024, is as follows:

2025	\$ 10,782,372
2026	10,782,372
2027	10,388,240
2028	9,146,698
2029	9,805,559
Thereafter	<u>7,290,583</u>
	<u>\$ 58,195,824</u>

See Independent Auditors' Report.

**STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY**

**NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND
COLLECTIVE OPEB AMOUNTS, CONTINUED**

(5) OPEB EXPENSE

OPEB expense includes amounts for service cost (the Normal Cost under Entry Age Normal for the year), interest on the total OPEB liability, changes in the benefit structure (if applicable), recognition of increases/decreases in liability due to actual versus expected experience (if applicable), and actuarial assumption changes. The actuarial experience (if applicable) and assumption change impacts are recognized over the average expected remaining service life of the Plan’s membership as of the measurement date.

The collective OPEB expense for the year ended June 30, 2024, is calculated as set forth below in the following table:

Service cost	\$	4,765,460
Interest cost		4,489,632
Expensed portion of current period differences between expected and actual plan experience		(837,919)
Expensed portion of current period changes in assumptions		<u>9,786,568</u>
	\$	<u>18,203,741</u>

(6) ACCESS TO THE ACTUARIAL VALUATIONS

A copy of the actuarial valuations can be obtained at the following link:

<https://oklahoma.gov/content/dam/ok/en/omes/documents/ActuarialValuationReport2024.pdf>

See Independent Auditors’ Report.