

**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, 2022
(With Independent Auditors' Report Thereon)

*To be used by participating agencies to record applicable
balances in their June 30, 2022, financial statements.*



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

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

Table of Contents

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Schedules:</u>	
Schedule of Employer Allocations	4
Schedule of Collective OPEB Amounts	8
Notes to Schedules of Employer Allocations and Collective OPEB Amounts	9



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, 2022, 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, 2022.

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, 2022, 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, 2022, 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
May 31, 2022

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

SCHEDULE OF EMPLOYER ALLOCATIONS

As of and for the Year Ended June 30, 2022

<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	10	\$ 30,244	0.000353335	49,728
22	Abstractors Board	2	1,567	0.000018307	2,577
25	Oklahoma Military Department	371	687,798	0.008035407	1,130,897
30	Alcoholic Beverage Laws Enforcement	38	306,934	0.003585849	504,670
39	Boll Weevil Eradication Org	4	4,303	0.000050271	7,075
40	Department of Agriculture	344	886,221	0.010353543	1,457,150
45	OK Board of Architects	4	14,500	0.000169401	23,841
47	Indigent Defense System	99	222,151	0.002595346	365,267
49	Attorney General	176	370,391	0.004327204	609,008
55	State Arts Council	13	28,390	0.000331675	46,680
60	OK Aeronautics Commission	9	20,530	0.000239848	33,756
65	State Banking Department	37	147,216	0.001719895	242,057
90	Mgmt and Enterprise Services	991	2,198,650	0.025686388	3,615,083
92	Tobacco Board of Directors	27	50,404	0.000588860	82,876
125	Department of Mines	29	59,820	0.000698865	98,358
127	Commission on Children and Youth	21	79,353	0.000927065	130,474
131	Department of Corrections	3,834	15,435,716	0.180332385	25,379,847
145	State Board of Chiropractic Exam	2	7,708	0.000090051	12,674
148	Board of Chiropractic Examiners	3	23,285	0.000272034	38,286
160	Department of Commerce	117	256,132	0.002992339	421,140
170	Construction Industries Board	31	34,571	0.000403886	56,843
185	Corporation Commission	542	1,061,016	0.012395638	1,744,553
190	Cosmetology Board	15	14,199	0.000165884	23,346
199	Court of Criminal Appeals	27	91,148	0.001064864	149,868
204	Jm Davis Arms & History Museum	3	4,913	0.000057398	8,078
215	Board of Dentistry	6	10,393	0.000121419	17,088
219	District Courts	586	1,215,349	0.014198679	1,998,312
220	District Attorneys Council	949	1,848,697	0.021597958	3,039,681
265	Department of Education	345	554,608	0.006479374	911,902
266	OK Education Television Authority	48	103,859	0.001213364	170,768
270	State Election Board	26	37,324	0.000436049	61,369
275	Educ Quality & Accountability	8	10,078	0.000117739	16,571
285	Embalmers & Funeral Directors Board	3	12,619	0.000147425	20,749
290	Employment Security Commission	500	1,008,808	0.011785702	1,658,711
292	Dept of Environmental Quality	492	1,387,898	0.016214535	2,282,022
296	Ethics Commission	6	4,981	0.000058192	8,190

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, 2022

<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>
298	Merit Protection Commission	3	6,835	0.000079852	11,238
300	State Auditor and Inspector	112	335,011	0.003913867	550,835
305	Governor	32	23,339	0.000272665	38,375
306	Pardon and Parole Board	21	58,518	0.000683654	96,217
307	Interstate Oil Compact Commission	4	1,637	0.000019125	2,692
308	State Bureau of Investigation	317	1,867,669	0.021819604	3,070,875
309	Dept of Emergency Mgmt	67	92,407	0.001079573	151,938
310	State Fire Marshal	17	28,516	0.000333147	46,887
315	Firefighters Pension & Ret System	10	24,192	0.000282630	39,777
320	Department of Wildlife Conservation	334	1,433,100	0.016742621	2,356,344
326	Office of Disability Concerns	5	2,765	0.000032303	4,546
340	State Department of Health	1,886	3,537,138	0.041323676	5,815,864
342	Board of Medicolegal Investigations	101	179,620	0.002098465	295,336
345	State Dept of Transportation	2,307	6,967,426	0.081399045	11,456,042
346	OK Space Industry Develop Authority	6	1,411	0.000016484	2,320
350	Historical Society	121	270,858	0.003164380	445,352
353	OK Horse Racing Commission	31	36,385	0.000425079	59,825
369	Workers Compensation Court	7	25,999	0.000303741	42,748
370	OK Industrial Finance Authority	5	24,672	0.000288238	40,566
385	Insurance Department	109	233,404	0.002726812	383,770
391	Multiple Injury Trust Fund	8	748	0.000008739	1,230
400	Office of Juvenile Affairs	556	1,274,928	0.014894729	2,096,273
405	Department of Labor	73	189,179	0.002210140	311,054
410	Commission of the Land Office	56	86,545	0.001011088	142,300
415	Council on Law Enfc & Training	35	38,343	0.000447954	63,045
416	OK Law Enforcement Ret System	5	9,115	0.000106489	14,987
421	OK State Senate	153	216,357	0.002527656	355,740
422	OK House of Representatives	236	300,910	0.003515471	494,765
423	Legislative Service Bureau	13	45,399	0.000530387	74,646
430	Department of Libraries	31	45,752	0.000534511	75,227
435	OK Lottery Commission	33	32,383	0.000378324	53,245
440	Lieutenant Governor	5	2,399	0.000028027	3,945
445	Liquefied Petroleum Gas Board	8	14,985	0.000175067	24,639
448	Lic Alcohol & Drug Counselors	1	-	0.000000000	-
450	Bd of Med Licensure & Supv	22	34,766	0.000406164	57,163
452	Mental Health & Substance Abuse	1,694	2,442,361	0.028533615	4,015,800

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, 2022

<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	4	6,714	0.000078438	11,039
477	Bureau of Narc & Dangerous Drugs	144	875,589	0.010229331	1,439,669
509	Long Term Care Admin Board	3	4,084	0.000047713	6,715
510	OK Board of Nursing	27	39,849	0.000465548	65,521
515	Oklahoma Public Employees Retirement System	52	110,021	0.001285353	180,900
520	Optometry Board	3	3,647	0.000042607	5,997
525	State Bd of Osteopathic Exam	7	1,839	0.000021485	3,024
557	Police Pension & Ret System	11	50,166	0.000586079	82,484
560	State Pharmacy Board	12	16,700	0.000195103	27,459
563	Board of Private Vocational Schools	2	1,103	0.000012886	1,814
566	Dept of Tourism & Recreation	495	982,735	0.011481097	1,615,841
570	Prof Engineer & Land Surveyors	9	13,290	0.000155264	21,852
575	Bd of Psychologists Examiners	1	9,693	0.000113241	15,938
585	Dept of Public Safety	1,332	11,769,415	0.137499723	19,351,610
588	OK Real Estate Commission	12	6,914	0.000080775	11,368
619	Physician Manpower Trng Comm	7	10,667	0.000124620	17,539
622	OK St Bd of Licensed Social Workers	1	15,963	0.000186493	26,247
625	Secretary of State	32	50,166	0.000586079	82,484
628	Ctr for Advance of Science/Tech	14	30,638	0.000357938	50,376
629	School of Science and Math— Oklahoma City	42	75,305	0.000879773	123,819
630	Department of Securities	22	60,728	0.000709473	99,851
632	Speech-Lang Pathology & Audio	2	3,498	0.000040866	5,752
635	Dept of Consumer Credit	38	54,303	0.000634411	89,287
645	OK Conservation Commission	45	129,171	0.001509079	212,387
650	Dept of Veteran Affairs	1,350	2,275,238	0.026581151	3,741,012
670	JD McCarty Center	206	308,387	0.003602824	507,059
677	Supreme Court	171	349,463	0.004082706	574,597
678	Council on Judicial Complaints	2	1,900	0.000022197	3,124
695	OK Tax Commission	607	1,144,993	0.013376724	1,882,630
715	Teachers' Retirement System	36	81,171	0.000948305	133,464
740	State Treasurer	46	82,822	0.000967593	136,178
753	Uniform Building Code Commission	3	5,500	0.000064255	9,043
755	Used Motor Vehicle & Parts	10	16,632	0.000194308	27,347
772	Bd of Chem Test Alcohol/Drug	6	14,378	0.000167975	23,641

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, 2022

<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	2	1,699	0.000019849	2,794
800	Department of Career & Technology Equipment	203	454,151	0.005305755	746,728
803	Virtual Charter School Board	3	6,548	0.000076499	10,766
805	Dept of Rehabilitation Services	940	1,976,977	0.023096627	3,250,602
807	Health Care Authority	540	1,347,059	0.015737421	2,214,873
830	Dept of Human Services	6,027	13,708,373	0.160152182	22,539,700
835	Water Resources Board	94	218,201	0.002549199	358,772
865	Workers Compensation Commission	45	80,926	0.000945442	133,061
978	OK Turnpike Authority	473	1,082,456	0.012646117	1,779,805
		<u>31,223</u>	<u>\$ 85,595,918</u>	<u>1.000000000</u>	<u>140,739,265</u>

Due to the computed percentages being different from the percentages presented, the presented totals may vary due to rounding.

The June 30, 2022, valuation is based on a measured date of July 1, 2021, with a measurement period of July 1, 2020, to July 1, 2021.

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, 2022

	June 30, 2022 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	\$ 140,739,265	-	8,211,324	8,211,324	868,468	4,567,278	5,435,746	6,818,107

* 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, 2022, valuation is based on a measured date of July 1, 2021, with a measurement period of July 1, 2020, to July 1, 2021.

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, 2022

(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, 2022, 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, 2022.

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, 2021, measurement date utilizing a census date of July 1, 2021, is as follows:

<u>Active Participants:</u>	
Number	31,223
Average age	46.1
Average years of service	11.0
<u>Inactive Participants:</u>	
Retirees and surviving spouses	2,206
Average age	60.7
Covered spouses	291
Average age	<u>59.1</u>
Total participants	<u><u>33,720</u></u>

The total OPEB liability for the year ended June 30, 2022, is calculated as set forth below in the following table:

Total OPEB liability, beginning July 1, 2021	\$ 142,093,379
Total OPEB expense	6,818,107
Change in deferred inflows of resources	4,105,487
Change in deferred outflows of resources	(1,725,068)
Benefit payments	<u>(10,552,640)</u>
Total OPEB liability, ending June 30, 2022	<u><u>\$ 140,739,265</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, 2021, measurement date and a census date of July 1, 2021, 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
- 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—45% 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 3 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—6.10% decreasing to 4.80%

The June 30, 2022, valuation is based on a measured date of July 1, 2021, with a measurement period of July 1, 2020, to July 1, 2021.

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 2.16%. 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, 2022, calculated using the discount rate of 2.16%, 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 (1.16%)	Current Discount Rate (2.16%)	1% Increase in Discount Rate (3.16%)
Total OPEB liability	<u>\$ 150,301,386</u>	<u>140,739,265</u>	<u>131,684,511</u>

Sensitivity of the total OPEB liability to changes in the healthcare trend rate—The following presents the total OPEB liability at June 30, 2022, calculated using the healthcare trend rate of 6.10% decreasing to 4.80%, 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 (5.10% decreasing to 3.80%)	Current Healthcare Trend Rate (6.10% decreasing to 4.80%)	1% Increase in Healthcare Trend Rate (7.10% decreasing to 5.80%)
Total OPEB liability	<u>\$ 127,498,282</u>	<u>140,739,265</u>	<u>156,290,281</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, 2022	5.75

(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, 2022, is as follows:

2023	\$ (1,440,918)
2024	(217,718)
2025	1,616,005
2026	1,616,005
2027	1,221,873
Thereafter	<u>(19,669)</u>
	<u>\$ 2,775,578</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, 2022, is calculated as set forth below in the following table:

Service cost	\$	6,213,935
Interest cost		3,161,622
Expensed portion of current period differences between expected and actual plan experience		(499,915)
Expensed portion of current period changes in assumptions		<u>(2,057,535)</u>
	\$	<u>6,818,107</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/ActuarialValuationReport2022.pdf>

See Independent Auditors' Report.