

**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, 2020
(With Independent Auditors' Report Thereon)

*To be used by participating agencies to record applicable
balances in their June 30, 2020, 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

Report on the Schedules of Employer Allocations and Collective Other Postemployment Benefit (OPEB) Amounts

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, 2020, 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, 2020.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with accounting principles generally accepted in the United States; this includes 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' Responsibility

Our responsibility is to express opinions on the Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the State of Oklahoma's preparation and fair presentation of the Schedules 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinions

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, 2020, in accordance with accounting principles generally accepted in the United States

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, 2020, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

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 26, 2020

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

SCHEDULE OF EMPLOYER ALLOCATIONS

As of and for the Year Ended June 30, 2020

<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	\$ 20,763	0.000277797	36,725
22	Abstractors Board	2	958	0.000012817	1,694
25	Oklahoma Military Department	346	585,899	0.007838978	1,036,315
30	Alcoholic Beverage Laws Enforcement	31	202,642	0.002711229	358,425
39	Boll Weevil Eradication Org	4	10,011	0.000133941	17,707
40	Department of Agriculture	329	833,616	0.011153283	1,474,467
45	OK Board of Architects	4	11,669	0.000156124	20,640
47	Indigent Defense System	102	241,701	0.003233815	427,511
49	Attorney General	193	342,864	0.004587315	606,444
55	State Arts Council	12	18,722	0.000250489	33,115
60	OK Aeronautics Commission	9	14,788	0.000197855	26,156
65	State Banking Department	45	162,249	0.002170795	286,980
90	Mgmt and Enterprise Services	1,086	2,399,980	0.032110296	4,244,989
92	Tobacco Board of Directors	21	29,223	0.000390986	51,688
125	Department of Mines	28	61,593	0.000824077	108,943
127	Commission on Children and Youth	16	58,277	0.000779711	103,078
131	Department of Corrections	4,143	12,842,621	0.171826585	22,715,510
145	State Board of Chiropractic Exam	3	9,684	0.000129566	17,129
148	Board of Chiropractic Examiners	3	8,880	0.000118809	15,707
160	Department of Commerce	95	218,984	0.002929875	387,330
170	Construction Industries Board	31	40,673	0.000544180	71,941
185	Corporation Commission	532	893,427	0.011953519	1,580,258
190	Cosmetology Board	14	17,605	0.000235544	31,139
199	Court of Criminal Appeals	27	90,414	0.001209685	159,921
204	Jm Davis Arms & History Museum	3	3,284	0.000043938	5,809
215	Board of Dentistry	6	11,020	0.000147441	19,492
219	District Courts	584	999,198	0.013368671	1,767,341
220	District Attorneys Council	980	1,800,289	0.024086790	3,184,279
265	Department of Education	316	429,279	0.005743496	759,292
266	OK Education Television Authority	39	89,087	0.001191931	157,574
270	State Election Board	25	21,275	0.000284647	37,630
275	Educ Quality & Accountability	8	12,852	0.000171952	22,732
285	Embalmers & Funeral Directors Board	3	7,203	0.000096372	12,740
290	Employment Security Commission	432	1,029,880	0.013779178	1,821,611
292	Dept of Environmental Quality	506	1,160,457	0.015526220	2,052,570

(Continued)

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**

SCHEDULE OF EMPLOYER ALLOCATIONS, CONTINUED

As of and for the Year Ended June 30, 2020

<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>
296	Ethics Commission	6	4,066	0.000054401	7,192
298	Merit Protection Commission	2	8,126	0.000108721	14,373
300	State Auditor and Inspector	111	262,429	0.003511143	464,174
305	Governor	22	23,546	0.000315031	41,647
306	Pardon and Parole Board	19	35,104	0.000469671	62,091
307	Interstate Oil Compact Commission	5	6,038	0.000080785	10,680
308	State Bureau of Investigation	279	1,448,934	0.019385870	2,562,816
309	Dept of Emergency Mgmt	40	50,931	0.000681426	90,085
310	State Fire Marshal	15	27,610	0.000369405	48,835
315	Firefighters Pension & Ret System	10	20,469	0.000273863	36,205
320	Department of Wildlife Conservation	327	1,157,203	0.015482684	2,046,814
326	Office of Disability Concerns	5	3,101	0.000041490	5,485
340	State Department of Health	1,665	3,350,395	0.044826280	5,926,045
342	Board of Medicolegal Investigations	93	147,199	0.001969435	260,360
345	State Dept of Transportation	2,353	6,208,568	0.083066925	10,981,467
346	OK Space Industry Develop Authority	6	4,136	0.000055337	7,316
350	Historical Society	115	229,965	0.003076794	406,753
353	OK Horse Racing Commission	32	35,597	0.000476267	62,963
369	Workers Compensation Court	20	35,773	0.000478621	63,274
370	OK Industrial Finance Authority	5	20,090	0.000268792	35,534
385	Insurance Department	121	190,924	0.002554449	337,699
391	Multiple Injury Trust Fund	8	14,341	0.000191874	25,366
400	Office of Juvenile Affairs	589	1,175,193	0.015723379	2,078,634
405	Department of Labor	72	167,391	0.002239591	296,075
410	Commission of the Land Office	61	121,127	0.001620607	214,245
415	Council on Law Enfc & Training	38	38,650	0.000517114	68,363
416	OK Law Enforcement Ret System	5	4,908	0.000065666	8,681
421	OK State Senate	153	207,406	0.002774968	366,851
422	OK House of Representatives	202	216,107	0.002891382	382,241
423	Legislative Service Bureau	6	15,062	0.000201521	26,641
430	Department of Libraries	34	61,054	0.000816866	107,990
435	OK Lottery Commission	30	34,409	0.000460372	60,861
440	Lieutenant Governor	4	-	-	-
445	Liquefied Petroleum Gas Board	7	10,525	0.000140818	18,616
448	Lic Alcohol & Drug Counselors	1	-	-	-

(Continued)

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**

SCHEDULE OF EMPLOYER ALLOCATIONS, CONTINUED

As of and for the Year Ended June 30, 2020

<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>
450	Bd of Med Licensure & Supv	24	46,256	0.000618878	81,816
452	Mental Health & Substance Abuse	1,661	2,262,754	0.030274295	4,002,269
475	OK Motor Vehicle Commission	4	17,595	0.000235411	31,121
477	Bureau of Narc & Dangerous Drugs	135	667,749	0.008934082	1,181,088
509	Long Term Care Admin Board	3	4,064	0.000054374	7,188
510	OK Board of Nursing	28	38,435	0.000514237	67,982
515	Oklahoma Public Employees Retirement System	55	99,820	0.001335532	176,558
520	Optometry Board	3	4,094	0.000054775	7,241
525	State Bd of Osteopathic Exam	8	1,810	0.000024217	3,201
557	Police Pension & Ret System	11	42,561	0.000569441	75,280
560	State Pharmacy Board	12	17,959	0.000240281	31,765
563	Board of Private Vocational Schools	2	2,124	0.000028418	3,757
566	Dept of Tourism & Recreation	428	911,001	0.012188648	1,611,342
570	Prof Engineer & Land Surveyors	8	15,678	0.000209762	27,731
575	Bd of Psychologists Examiners	1	2,323	0.000031080	4,109
585	Dept of Public Safety	1,381	9,671,964	0.129405091	17,107,383
588	OK Real Estate Commission	15	26,905	0.000359973	47,588
619	Physician Manpower Trng Comm	6	16,873	0.000225751	29,844
622	OK St Bd of Licensed Social Workers	1	13,132	0.000175698	23,227
625	Secretary of State	31	44,842	0.000599959	79,315
628	Ctr for Advance of Science/Tech	14	24,408	0.000326564	43,172
629	School of Science and Math— Oklahoma City	52	63,805	0.000853673	112,856
630	Department of Securities	24	54,251	0.000725846	95,957
632	Speech-Lang Pathology & Audio	2	2,405	0.000032177	4,254
635	Dept of Consumer Credit	40	46,872	0.000627119	82,905
645	OK Conservation Commission	44	108,498	0.001451638	191,907
650	Dept of Veteran Affairs	1,544	2,112,596	0.028265270	3,736,675
670	JD McCarty Center	217	283,642	0.003794960	501,695
677	Supreme Court	162	290,040	0.003880562	513,011
678	Council on Judicial Complaints	2	2,885	0.000038600	5,103
695	OK Tax Commission	698	1,336,916	0.017887136	2,364,684
715	Teachers' Retirement System	38	75,179	0.001005850	132,974
740	State Treasurer	40	60,749	0.000812785	107,450

(Continued)

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**

SCHEDULE OF EMPLOYER ALLOCATIONS, CONTINUED

As of and for the Year Ended June 30, 2020

<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>
753	Uniform Building Code Commission	3	4,280	0.000057264	7,570
755	Used Motor Vehicle & Parts	8	13,645	0.000182562	24,135
772	Bd of Chem Test Alcohol/Drug	6	10,570	0.000141420	18,696
790	Bd of Veterinary Med Exam	3	3,890	0.000052046	6,880
800	Department of Career & Technology Equipment	209	463,710	0.006204162	820,192
803	Virtual Charter School Board	2	1,427	0.000019095	2,524
805	Dept of Rehabilitation Services	867	1,762,410	0.023579991	3,117,280
807	Health Care Authority	539	1,173,348	0.015698694	2,075,371
830	Dept of Human Services	5,831	11,564,073	0.154720377	20,454,070
835	Water Resources Board	99	187,836	0.002513133	332,237
865	Workers Compensation Commission	40	67,180	0.000898828	118,825
978	OK Turnpike Authority	529	1,101,760	0.014740890	1,948,749
		<u>31,280</u>	<u>\$ 74,741,758</u>	<u>1.000000000</u>	<u>132,200,231</u>

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

The June 30, 2020, valuation is based on a measured date of July 1, 2019, with a measurement period of July 1, 2018, to July 1, 2019.

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**

SCHEDULE OF COLLECTIVE OPEB AMOUNTS

As of and for the Year Ended June 30, 2020

		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*	
	June 30, 2020 Total OPEB Liability							
TOTALS	\$ 132,200,231	-	-	-	1,183,044	12,698,363	13,881,407	5,997,810

* 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, 2020, valuation is based on a measured date of July 1, 2019, with a measurement period of July 1, 2018, to July 1, 2019.

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, 2020

(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, 2020, and the changes in its financial position and, 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, 2020.

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, 2019, measurement date is as follows:

<u>Active Participants:</u>	
Number	31,280
Average age	46.1
Average years of service	11.0
<u>Inactive Participants:</u>	
Retirees and surviving spouses	2,378
Average age	60.0
Covered spouses	304
Average age	<u>58.7</u>
Total participants	<u><u>33,962</u></u>

The total OPEB liability for the year ended June 30, 2020, is calculated as set forth below in the following table:

Total OPEB liability, beginning July 1, 2019	\$ 146,201,778
Total OPEB expense	5,997,810
Change in deferred inflows of resources	(8,300,865)
Benefit payments	<u>(11,698,492)</u>
Total OPEB liability, ending June 30, 2020	<u><u>\$ 132,200,231</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, 2019, measurement date 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-2019
- 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—40% 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—5.30% decreasing to 5.00%

The June 30, 2020, valuation is based on a measured date of July 1, 2019, with a measurement period of July 1, 2018, to July 1, 2019.

See Independent Auditors' Report.

**STATE OF OKLAHOMA
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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 3.51%. 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, 2020, calculated using the discount rate of 3.51%, 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 (2.51%)	Current Discount Rate (3.51%)	1% Increase in Discount Rate (4.51%)
Total OPEB liability	\$ 141,113,494	132,200,231	123,878,209

Sensitivity of the total OPEB liability to changes in the healthcare trend rate—The following presents the total OPEB liability at June 30, 2020, calculated using the healthcare trend rate of 5.30% decreasing to 5.00%, 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 (4.30% decreasing to 4.00%)	Current Healthcare Trend Rate (5.30% decreasing to 5.00%)	1% Increase in Healthcare Trend Rate (6.30% decreasing to 6.00%)
Total OPEB liability	\$ 120,995,589	132,200,231	145,242,830

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, 2020	3.65

(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 inflows at June 30, 2020, is as follows:

2021	\$ (4,817,306)
2022	(4,173,455)
2023	(3,056,923)
2024	(1,833,723)
2025	-
Thereafter	-
	<u>\$ (13,881,407)</u>

See Independent Auditors' Report.

**STATE OF OKLAHOMA
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**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, 2020, is calculated as set forth below in the following table:

Service cost	\$	5,180,826
Interest cost		5,634,290
Expensed portion of current period differences between expected and actual plan experience		(400,913)
Expensed portion of current period changes in assumptions		<u>(4,416,393)</u>
	\$	<u>5,997,810</u>

(6) ACCESS TO THE ACTUARIAL VALUATIONS

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

<http://omes.ok.gov/sites/g/files/gmc316/f/ActuarialValuationReport2020.pdf>

See Independent Auditors' Report.