

**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, 2021
(With Independent Auditors' Report Thereon)

*To be used by participating agencies to record applicable
balances in their June 30, 2021, 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, 2021, 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, 2021.

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, 2021, 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, 2021, 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.

Finlay + Cook, PLLC

Shawnee, Oklahoma
May 24, 2021

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

SCHEDULE OF EMPLOYER ALLOCATIONS

As of and for the Year Ended June 30, 2021

<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	\$ 24,555	0.000295783	42,029
22	Abstractors Board	2	1,089	0.000013118	1,864
25	Oklahoma Military Department	346	646,118	0.007782962	1,105,907
30	Alcoholic Beverage Laws Enforcement	31	225,080	0.002711253	385,251
39	Boll Weevil Eradication Org	4	10,867	0.000130901	18,600
40	Department of Agriculture	329	903,978	0.010889074	1,547,265
45	OK Board of Architects	4	12,616	0.000151969	21,594
47	Indigent Defense System	102	259,603	0.003127107	444,341
49	Attorney General	193	380,847	0.004587580	651,865
55	State Arts Council	12	21,312	0.000256719	36,478
60	OK Aeronautics Commission	9	16,543	0.000199272	28,315
65	State Banking Department	45	171,385	0.002064457	293,346
90	Mgmt and Enterprise Services	1,086	2,611,101	0.031452615	4,469,208
92	Tobacco Board of Directors	21	32,745	0.000394437	56,047
125	Department of Mines	28	62,292	0.000750353	106,620
127	Commission on Children and Youth	16	64,372	0.000775408	110,180
131	Department of Corrections	4,143	14,636,284	0.176304711	25,051,728
145	State Board of Chiropractic Exam	3	11,463	0.000138080	19,620
148	Board of Chiropractic Examiners	3	10,421	0.000125529	17,837
160	Department of Commerce	95	241,192	0.002905333	412,829
170	Construction Industries Board	31	43,045	0.000518508	73,677
185	Corporation Commission	532	968,989	0.011672179	1,658,539
190	Cosmetology Board	14	18,198	0.000219208	31,148
199	Court of Criminal Appeals	27	94,507	0.001138406	161,760
204	Jm Davis Arms & History Museum	3	3,829	0.000046123	6,554
215	Board of Dentistry	6	12,365	0.000148945	21,164
219	District Courts	584	1,056,905	0.012731191	1,809,018
220	District Attorneys Council	980	1,975,827	0.023800277	3,381,862
265	Department of Education	316	472,485	0.005691426	808,714
266	OK Education Television Authority	39	96,362	0.001160751	164,935
270	State Election Board	25	23,259	0.000280172	39,811
275	Educ Quality & Accountability	8	13,576	0.000163533	23,237
285	Embalmers & Funeral Directors Board	3	8,527	0.000102714	14,595
290	Employment Security Commission	432	1,101,847	0.013272550	1,885,942
292	Dept of Environmental Quality	506	1,282,286	0.015446070	2,194,784
296	Ethics Commission	6	4,602	0.000055434	7,877

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, 2021

<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	2	8,372	0.000100847	14,330
300	State Auditor and Inspector	111	286,176	0.003447199	489,824
305	Governor	22	26,714	0.000321790	45,724
306	Pardon and Parole Board	19	39,881	0.000480396	68,261
307	Interstate Oil Compact Commission	5	7,138	0.000085982	12,218
308	State Bureau of Investigation	279	1,670,189	0.020118644	2,858,726
309	Dept of Emergency Mgmt	40	56,437	0.000679825	96,599
310	State Fire Marshal	15	30,048	0.000361950	51,431
315	Firefighters Pension & Ret System	10	22,496	0.000270981	38,505
320	Department of Wildlife Conservation	327	1,289,323	0.015530836	2,206,829
326	Office of Disability Concerns	5	3,209	0.000038655	5,493
340	State Department of Health	1,665	3,659,670	0.044083393	6,263,958
342	Board of Medicolegal Investigations	93	163,933	0.001974693	280,591
345	State Dept of Transportation	2,353	6,766,407	0.081506305	11,581,506
346	OK Space Industry Develop Authority	6	4,537	0.000054651	7,766
350	Historical Society	115	251,186	0.003025718	429,935
353	OK Horse Racing Commission	32	37,847	0.000455895	64,780
369	Workers Compensation Court	20	38,123	0.000459219	65,252
370	OK Industrial Finance Authority	5	22,031	0.000265379	37,709
385	Insurance Department	121	211,568	0.002548491	362,124
391	Multiple Injury Trust Fund	8	15,153	0.000182529	25,936
400	Office of Juvenile Affairs	589	1,281,710	0.015439131	2,193,798
405	Department of Labor	72	183,122	0.002205838	313,435
410	Commission of the Land Office	61	129,378	0.001558452	221,446
415	Council on Law Enfc & Training	38	43,313	0.000521737	74,135
416	OK Law Enforcement Ret System	5	5,458	0.000065746	9,342
421	OK State Senate	153	224,726	0.002706989	384,645
422	OK House of Representatives	202	240,633	0.002898600	411,872
423	Legislative Service Bureau	6	16,683	0.000200959	28,555
430	Department of Libraries	34	63,632	0.000766494	108,914
435	OK Lottery Commission	30	38,920	0.000468820	66,616
440	Lieutenant Governor	4	-	0.000000000	-
445	Liquefied Petroleum Gas Board	7	11,094	0.000133635	18,989
448	Lic Alcohol & Drug Counselors	1	-	0.000000000	-
450	Bd of Med Licensure & Supv	24	48,731	0.000587000	83,409
452	Mental Health & Substance Abuse	1,661	2,471,717	0.029773633	4,230,636

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, 2021

<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	18,351	0.000221051	31,410
477	Bureau of Narc & Dangerous Drugs	135	771,983	0.009299098	1,321,340
509	Long Term Care Admin Board	3	4,263	0.000051351	7,297
510	OK Board of Nursing	28	41,474	0.000499585	70,988
515	Oklahoma Public Employees Retirement System	55	109,709	0.001321525	187,780
520	Optometry Board	3	4,510	0.000054326	7,719
525	State Bd of Osteopathic Exam	8	1,777	0.000021405	3,042
557	Police Pension & Ret System	11	47,099	0.000567342	80,616
560	State Pharmacy Board	12	19,218	0.000231495	32,894
563	Board of Private Vocational Schools	2	2,151	0.000025910	3,682
566	Dept of Tourism & Recreation	428	997,461	0.012015145	1,707,273
570	Prof Engineer & Land Surveyors	8	16,287	0.000196189	27,877
575	Bd of Psychologists Examiners	1	2,596	0.000031271	4,443
585	Dept of Public Safety	1,381	11,144,603	0.134244868	19,075,307
588	OK Real Estate Commission	15	28,720	0.000345953	49,158
619	Physician Manpower Trng Comm	6	17,495	0.000210740	29,945
622	OK St Bd of Licensed Social Workers	1	14,417	0.000173663	24,676
625	Secretary of State	31	50,613	0.000609670	86,630
628	Ctr for Advance of Science/Tech	14	25,790	0.000310659	44,143
629	School of Science and Math— Oklahoma City	52	69,614	0.000838551	119,153
630	Department of Securities	24	57,570	0.000693473	98,538
632	Speech-Lang Pathology & Audio	2	2,847	0.000034294	4,873
635	Dept of Consumer Credit	40	52,384	0.000631003	89,661
645	OK Conservation Commission	44	117,195	0.001411699	200,593
650	Dept of Veteran Affairs	1,544	2,327,273	0.028033700	3,983,403
670	JD McCarty Center	217	316,393	0.003811184	541,544
677	Supreme Court	162	316,659	0.003814389	541,999
678	Council on Judicial Complaints	2	3,002	0.000036161	5,138
695	OK Tax Commission	698	1,426,779	0.017186593	2,442,101
715	Teachers' Retirement System	38	81,053	0.000976342	138,732
740	State Treasurer	40	66,567	0.000801848	113,937
753	Uniform Building Code Commission	3	4,779	0.000057567	8,180
755	Used Motor Vehicle & Parts	8	15,071	0.000181541	25,796
772	Bd of Chem Test Alcohol/Drug	6	12,148	0.000146332	20,793

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, 2021

<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	3,629	0.000043714	6,211
800	Department of Career & Technology Equipment	209	493,300	0.005942158	844,341
803	Virtual Charter School Board	2	1,474	0.000017755	2,523
805	Dept of Rehabilitation Services	867	1,914,029	0.023055875	3,276,087
807	Health Care Authority	539	1,293,373	0.015579621	2,213,761
830	Dept of Human Services	5,831	12,760,869	0.153713971	21,841,737
835	Water Resources Board	99	209,440	0.002522857	358,481
865	Workers Compensation Commission	40	73,018	0.000879555	124,979
978	OK Turnpike Authority	529	1,189,966	0.014334008	2,036,768
		<u>31,280</u>	<u>\$ 83,016,976</u>	<u>1.000000000</u>	<u>142,093,379</u>

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

The June 30, 2021, valuation is based on a measured date of July 1, 2020, with a measurement period of July 1, 2019, to July 1, 2020.

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, 2021

		Deferred Outflows of Resources			Deferred Inflows of Resources			
		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*	Plan OPEB Expense
June 30, 2021 Total OPEB Liability								
TOTALS	\$ 142,093,379	-	9,936,392	9,936,392	1,259,263	8,281,970	9,541,233	6,361,082

* 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, 2021, valuation is based on a measured date of July 1, 2020, with a measurement period of July 1, 2019, to July 1, 2020.

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, 2021

(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, 2021, 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, 2021.

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, 2020, measurement date utilizing a census date of July 1, 2019, 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, 2021, is calculated as set forth below in the following table:

Total OPEB liability, beginning July 1, 2020	\$ 132,200,231
Total OPEB expense	6,361,082
Change in deferred inflows of resources	4,340,174
Changes in deferred outflows of resources	9,936,392
Benefit payments	<u>(10,744,500)</u>
Total OPEB liability, ending June 30, 2021	<u><u>\$ 142,093,379</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, 2020, measurement date and a census date of July 1, 2019, 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-2020
- 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, 2021, valuation is based on a measured date of July 1, 2020, with a measurement period of July 1, 2019, to July 1, 2020.

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 2.21%. 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, 2021, calculated using the discount rate of 2.21%, 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 (1.21%)	Current Discount Rate (2.21%)	1% Increase in Discount Rate (3.21%)
Total OPEB liability	\$ 151,656,898	142,093,379	133,092,561

Sensitivity of the total OPEB liability to changes in the healthcare trend rate—The following presents the total OPEB liability at June 30, 2021, 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	\$ 127,956,042	142,093,379	158,726,141

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, 2021	5.76

(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, 2021, is as follows:

2022	\$ (2,531,223)
2023	(1,414,691)
2024	(191,491)
2025	1,642,232
2026	1,642,232
Thereafter	<u>1,248,100</u>
	<u>\$ 395,159</u>

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**

(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, 2021, is calculated as set forth below in the following table:

Service cost	\$ 4,910,509
Interest cost	4,625,647
Expensed portion of current period differences between expected and actual plan experience	(483,749)
Expensed portion of current period changes in assumptions	<u>(2,691,325)</u>
	<u><u>\$ 6,361,082</u></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/ActuarialValuationReport2021.pdf>

See Independent Auditors' Report.