

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, 2025
(With Independent Auditors' Report Thereon)

*To be used by participating agencies to record applicable balances
in their June 30, 2025, 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, 2025, 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, 2025.

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, 2025, 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, 2025, 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
October 6, 2025

STATE OF OKLAHOMA
IMPLICIT RATE SUBSIDY OF
HEALTH INSURANCE OPEB LIABILITY

SCHEDULE OF EMPLOYER ALLOCATIONS

As of and for the Year Ended June 30, 2025

<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	\$ 46,969	0.000303205	\$ 60,602
22	Abstractors Board	2	3,856	0.000024892	4,975
25	Oklahoma Military Department	363	1,215,712	0.007847948	1,568,572
30	Alcoholic Beverage Laws Enforcement	37	527,783	0.003407068	680,972
39	Boll Weevil Eradication Org	5	6,944	0.000044827	8,959
40	Department of Agriculture	346	1,620,753	0.010462663	2,091,176
45	OK Board of Architects	4	25,096	0.000162006	32,380
47	Indigent Defense System	122	484,875	0.003130078	625,610
49	Attorney General	220	780,333	0.005037388	1,006,824
55	State Arts Council	16	56,362	0.000363841	72,721
60	OK Aeronautics Commission	13	39,704	0.000256307	51,228
65	State Banking Department	39	293,608	0.001895367	378,828
85	Oklahoma Broadband Office	11	31,666	0.000204418	40,857
90	Mgmt and Enterprise Services	1,320	5,022,262	0.032420878	6,479,972
92	Tobacco Board of Directors	30	119,787	0.000773277	154,555
125	Department of Mines	19	62,530	0.000403658	80,679
127	Commission on Children and Youth	26	165,061	0.001065540	212,970
131	Department of Corrections	3,465	25,059,873	0.161772344	32,333,497
145	State Board of Chiropractic Exam	2	16,001	0.000103293	20,645
148	Board of Chiropractic Examiners	3	35,457	0.000228890	45,748
160	Department of Commerce	128	484,679	0.003128813	625,357
170	Construction Industries Board	29	65,772	0.000424587	84,862
185	Corporation Commission	514	2,090,007	0.013491901	2,696,631
190	Cosmetology Board	11	12,656	0.000081700	16,329
199	Court of Criminal Appeals	27	179,066	0.001155949	231,040
204	Jm Davis Arms & History Museum	4	11,411	0.000073663	14,723
215	Board of Dentistry	6	21,999	0.000142013	28,384
219	District Courts	583	2,159,618	0.013941270	2,786,447
220	District Attorneys Council	911	3,324,729	0.021462567	4,289,731
265	Department of Education	379	1,057,257	0.006825052	1,364,126
266	OK Education Television Authority	51	170,597	0.001101278	220,113
270	State Election Board	25	90,362	0.000583326	116,590
275	Educ Quality & Accountability	55	58,991	0.000380812	76,113
285	Embalmers & Funeral Directors Board	3	6,644	0.000042890	8,572
290	Employment Security Commission	453	1,827,150	0.011795045	2,357,480
292	Dept of Environmental Quality	491	2,541,047	0.016403560	3,278,585
296	Ethics Commission	5	20,135	0.000129980	25,979

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, 2025

<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	611,250	0.003945884	788,665
305	Governor	27	32,070	0.000207026	41,378
306	Pardon and Parole Board	24	129,768	0.000837709	167,433
307	Interstate Oil Compact Commission	4	1,849	0.000011936	2,386
308	State Bureau of Investigation	335	3,599,974	0.023239393	4,644,866
309	Dept of Emergency Mgmt	86	182,749	0.001179724	235,792
310	State Fire Marshal	16	61,328	0.000395899	79,128
315	Firefighters Pension & Ret System	10	52,056	0.000336044	67,165
320	Department of Wildlife Conservation	341	2,847,821	0.018383919	3,674,400
326	Office of Disability Concerns	3	-	-	-
340	State Department of Health	1,996	6,473,302	0.041787971	8,352,177
342	Board of Medicolegal Investigations	118	385,876	0.002490997	497,876
345	State Dept of Transportation	2,229	12,720,751	0.082117962	16,412,946
346	OK Space Industry Develop Authority	6	2,941	0.000018985	3,795
350	Historical Society	133	484,625	0.003128464	625,287
353	OK Horse Racing Commission	33	42,693	0.000275602	55,085
369	Workers Compensation Court	6	39,641	0.000255900	51,147
370	OK Industrial Finance Authority	5	41,432	0.000267462	53,458
385	Insurance Department	119	481,718	0.003109699	621,537
391	Multiple Injury Trust Fund	8	7,189	0.000046408	9,276
400	Office of Juvenile Affairs	427	2,084,104	0.013453795	2,689,015
405	Department of Labor	74	360,365	0.002326312	464,961
410	Commission of the Land Office	56	190,093	0.001227133	245,267
415	Council on Law Enfc & Training	43	111,620	0.000720555	144,018
416	OK Law Enforcement Ret System	6	33,324	0.000215121	42,996
421	OK State Senate	161	387,047	0.002498556	499,387
422	OK House of Representatives	238	545,449	0.003521110	703,765
423	Legislative Service Bureau	18	67,112	0.000433237	86,591
430	Department of Libraries	30	90,271	0.000582738	116,472
435	OK Lottery Commission	30	57,765	0.000372898	74,531
440	Lieutenant Governor	5	14,333	0.000092526	18,493
445	Liquefied Petroleum Gas Board	8	23,348	0.000150721	30,125
448	Lic Alcohol & Drug Counselors	1	-	-	-
450	Bd of Med Licensure & Supv	27	72,212	0.000466160	93,172
452	Mental Health & Substance Abuse	1,808	4,525,900	0.029216647	5,839,542
455	OK Medical Marijuana Authority	278	517,211	0.003338821	667,331

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, 2025

<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	9,207	0.000059435	11,879
477	Bureau of Narc & Dangerous Drugs	160	1,954,285	0.012615757	2,521,516
509	Long Term Care Admin Board	3	8,009	0.000051702	10,334
510	OK Board of Nursing	29	98,088	0.000633201	126,558
515	Oklahoma Public Employees Retirement System	57	239,057	0.001543217	308,443
520	Optometry Board	3	7,369	0.000047570	9,508
525	State Bd of Osteopathic Exam	7	15,296	0.000098742	19,736
557	Police Pension & Ret System	11	86,027	0.000555342	110,996
560	State Pharmacy Board	14	47,122	0.000304193	60,799
563	Board of Private Vocational Schools	2	1,181	0.000007624	1,524
566	Dept of Tourism & Recreation	516	1,701,196	0.010981958	2,194,968
570	Prof Engineer & Land Surveyors	9	22,358	0.000144331	28,847
575	Bd of Psychologists Examiners	1	19,568	0.000126320	25,248
585	Dept of Public Safety	1,097	19,366,927	0.125021910	24,988,173
588	OK Real Estate Commission	11	17,422	0.000112467	22,479
619	Physician Manpower Trng Comm	9	26,333	0.000169991	33,976
622	OK St Bd of Licensed Social Workers	1	25,155	0.000162386	32,456
625	Secretary of State	32	128,128	0.000827122	165,317
628	Ctr for Advance of Science/Tech	12	48,750	0.000314702	62,900
629	School of Science and Math— Oklahoma City	45	177,821	0.001147912	229,434
630	Department of Securities	27	109,509	0.000706928	141,294
632	Speech-Lang Pathology & Audio	2	8,268	0.000053374	10,668
635	Dept of Consumer Credit	34	113,429	0.000732233	146,352
645	OK Conservation Commission	53	300,131	0.001937476	387,244
650	Dept of Veteran Affairs	1,200	3,911,478	0.025250286	5,046,784
670	JD McCarty Center	215	513,056	0.003311999	661,970
677	Supreme Court	181	773,730	0.004994763	998,305
678	Council on Judicial Complaints	2	4,005	0.000025854	5,167
695	OK Tax Commission	533	1,784,559	0.011520102	2,302,527
715	Teachers' Retirement System	46	159,242	0.001027976	205,462
740	State Treasurer	49	139,678	0.000901682	180,220
753	Uniform Building Code Commission	2	12,615	0.000081435	16,277
755	Used Motor Vehicle & Parts	11	36,197	0.000233667	46,703
772	Bd of Chem Test Alcohol/Drug	6	38,311	0.000247314	49,431

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, 2025

<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	12,415	0.000080144	16,018
800	Department of Career & Technology Equipment	201	918,074	0.005926566	1,184,545
803	Virtual Charter School Board	5	13,023	0.000084069	16,803
805	Dept of Rehabilitation Services	856	3,624,463	0.023397480	4,676,463
807	Health Care Authority	550	2,510,530	0.016206560	3,239,211
830	Dept of Human Services	6,032	26,390,025	0.170359052	34,049,724
835	Water Resources Board	102	470,893	0.003039818	607,570
865	Workers Compensation Commission	45	185,414	0.001196928	239,230
978	OK Turnpike Authority	496	1,863,981	0.012032805	2,405,001
	Total	<u>31,223</u>	<u>\$ 154,908,264</u>	<u>1.000000000</u>	<u>\$ 199,870,355</u>

The total liability of \$199,870,355 is as of July 1, 2024, the 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, 2025

	June 30, 2025 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	\$ 199,870,355	-	57,382,726	57,382,726	5,003,308	10,296,161	15,299,469	26,201,728

* 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, 2025, valuation is based on a measurement date of July 1, 2024, with a measurement period of July 1, 2023, to July 1, 2024.

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, 2025

(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, 2025, 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, 2025.

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, 2024, measurement date utilizing a census date of July 1, 2023, 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, 2025, is calculated as set forth below in the following table:

Total OPEB liability, beginning July 1, 2024	\$ 199,783,839
Total OPEB expense	26,201,728
Change in deferred inflows of resources	(2,725,137)
Change in deferred outflows of resources	(13,387,430)
Benefit payments	<u>(10,002,645)</u>
 Total OPEB liability, ending June 30, 2025	 <u><u>\$ 199,870,355</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, 2024, 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
 - Pathfinder Defined Contribution Plan
 - 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, 2025, valuation is based on a measurement date of July 1, 2024, with a measurement period of July 1, 2023, to July 1, 2024.

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 3.93%. 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, 2025, calculated using the discount rate of 3.93%, 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>(2.93%)</u>	Current Discount Rate <u>(3.93%)</u>	1% Increase in Discount Rate <u>(4.93%)</u>
Total OPEB liability	\$ <u>214,937,572</u>	<u>199,870,355</u>	<u>185,767,469</u>

Sensitivity of the total OPEB liability to changes in the healthcare trend rate—The following presents the total OPEB liability at June 30, 2025, 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>178,659,627</u>	<u>199,870,355</u>	<u>224,814,652</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, 2025	5.88

(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, 2025, is as follows:

2026	\$ 9,875,876
2027	9,481,744
2028	8,240,202
2029	8,899,063
2030	6,384,087
Thereafter	<u>(797,715)</u>
	<u>\$ 42,083,257</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, 2025, is calculated as set forth below in the following table:

Service cost	\$	8,890,163
Interest cost		7,435,689
Expensed portion of current period differences between expected and actual plan experience		(1,059,516)
Expensed portion of current period changes in assumptions		<u>10,935,392</u>
	\$	<u>26,201,728</u>

(6) ACCESS TO THE ACTUARIAL VALUATIONS

A copy of the [actuarial valuations is available online](#).

See Independent Auditors’ Report.