

Oklahoma Public Employees Health & Welfare Plan
Bartlesville, Oklahoma

Financial Statements

June 30, 2025 and 2024
(With Independent Auditor's Report Thereon)

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
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JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Governance and Management
Oklahoma Public Employees Health & Welfare Plan

Opinion

We have audited the accompanying financial statements of Oklahoma Public Employees Health & Welfare Plan (the "Plan"), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 2025 and 2024, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

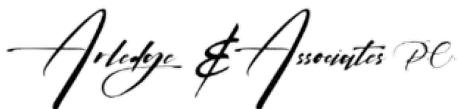
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- 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 Plan'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

The logo for Arledge & Associates PC, featuring the company name in a stylized, cursive font with a horizontal line extending from the left side.

Oklahoma City, Oklahoma
December 19, 2025



OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENT OF NET POSITION

JUNE 30, 2025 AND 2024

ASSETS	2025	2024
Cash and cash equivalents	\$ 1,406,794	\$ 376,558
Investments	5,117,986	4,656,429
Accounts receivable - unpaid premiums	1,714,699	2,825,523
Accounts receivable - rebates	1,698,362	1,600,000
Accounts receivable - surcharge	94,215	94,215
Accounts receivable - accrued interest	<u>30,800</u>	<u>-</u>
 Total Assets	 <u>\$ 10,062,856</u>	 <u>\$ 9,552,725</u>

LIABILITIES AND NET POSITION

Liabilities:		
Claims payable	\$ 7,206,509	\$ 3,253,039
Bank loan payable	<u>3,400,000</u>	<u>2,314,024</u>
 Total Liabilities	 <u>10,606,509</u>	 <u>5,567,063</u>
Net Position:		
Unrestricted net position	<u>(543,653)</u>	<u>3,985,662</u>
 Total Liabilities and Net Position	 <u>\$ 10,062,856</u>	 <u>\$ 9,552,725</u>

See accompanying notes and auditor's report.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Revenues:		
Premiums	\$ 44,539,822	\$ 40,611,305
Rebates	3,635,928	3,734,977
Specific reinsurance	-	514,224
Subrogation	45,469	30,358
Unrealized and realized losses on investments	356,137	67,408
Investment income	184,564	164,583
Total Revenues	<u>48,761,920</u>	<u>45,122,855</u>
Expenses:		
Claims	\$ 44,819,780	\$ 37,546,477
Claims supervisor fee	3,912,117	3,022,218
Specific reinsurance	1,246,222	1,328,384
Administrator's fee	1,149,504	1,035,949
Life insurance	1,143,546	1,045,553
VSPVision	494,535	474,575
Professional fees	215,938	101,153
Interest expense	161,729	186,311
Investment expense	48,344	45,547
Legal fees	34,957	13,949
ACA reinsurance & PCORI	19,918	51,007
Printing	19,824	9,203
Postage	9,942	9,220
Dues and Fees	8,175	2,283
Bank fees	4,232	6,648
Fidelity bond expense	2,472	13,588
Total Expenses	<u>53,291,235</u>	<u>44,892,065</u>
Net income (loss)	<u>(4,529,315)</u>	<u>230,790</u>
Net position - beginning of year	3,985,662	3,754,872
Net position - end of year	<u>\$ (543,653)</u>	<u>\$ 3,985,662</u>

See accompanying notes and auditor's report.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENT OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Net income (loss)	\$ (4,529,315)	\$ 230,790
Loss on investments	(356,137)	(67,408)
Adjustment to reconcile net income (loss) to net cash used for operating activities		
Decrease (increase) in accounts receivable - unpaid premiums	1,110,824	(548,579)
Decrease (increase) in accounts receivable - rebates	(98,362)	(300,000)
Decrease (increase) in accounts receivable - surcharge	-	15,880
Decrease (increase) in accounts receivable - accrued interest	(30,800)	-
Increase (decrease) in accounts payable	<u>3,953,470</u>	<u>671,810</u>
Net cash provided by operating activities	<u>49,680</u>	<u>2,493</u>
Cash flows from investing activities:		
Purchases of investment securities	<u>(105,420)</u>	<u>(119,036)</u>
Net cash used in investing activities	<u>(105,420)</u>	<u>(119,036)</u>
Cash flows from financing activities:		
Principal payments on bank loan	(170,000)	(215,000)
Proceeds from bank loan	<u>1,255,976</u>	<u>-</u>
Net cash used in financing activities	<u>1,085,976</u>	<u>(215,000)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,030,236</u>	<u>(331,543)</u>
Cash and cash equivalents, beginning of year	376,558	708,101
Cash and cash equivalents, end of year	<u>\$ 1,406,794</u>	<u>\$ 376,558</u>

See accompanying notes and auditor's report.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2025 AND 2024

1. REPORTING ENTITY AND PLAN DESCRIPTION

General

The Oklahoma Public Employees Health & Welfare Plan (hereinafter referred to as "The Plan") was organized on February 1, 1992, under the laws of the State of Oklahoma. Also on February 1, 1992, certain governmental agencies (hereinafter referred to as "Participating Agencies") acting under the provisions of Title 51, Oklahoma Statutes, Sections 167, 168, 169 and 172, Title 74 Oklahoma Statutes, Sections 1001, et seq., and other applicable provisions of Oklahoma Law, by their Inter-Local Government Agreement, established the Plan for the purpose of providing major medical, prescription, dental, vision, life and AD&D insurance benefits for the Participating Agencies' eligible employees and their dependents. These benefits are provided through insurance, self-insurance, or by a combination thereof as determined by the trustees pursuant to the terms of the Trust Agreement.

Premiums and Participants

The health, dental, vision, and life benefits for governmental participants are funded by monthly premiums paid by the counties, schools, municipalities, circuit engineering districts ("CEDs"), individuals, and other such qualified participating agencies. A participant may extend coverage to dependents for an additional monthly premium based on the coverage requested.

Pursuant to the authority granted by Oklahoma Statute, the Plan has the authority to establish and change premium rates for the members, employers, and other contributing entities each year. An outside actuarial consultant advises the Plan regarding changes in premium rates. If premium rates are changed, they generally become effective at the beginning of the next plan year.

At the time of premium payment, the risk of loss due to incurred benefit costs is transferred from the participant to the Plan. If the assets of the Plan were to be exhausted, participants would not be responsible for the Plan's liabilities.

As of June 30, 2025, there were 92 participating groups in the Plan comprised of twenty-four (24) Oklahoma counties, four (4) schools, thirty-six (36) municipalities, five (5) CED's, and twenty-three (23) other organization types. As of June 30, 2024, there were 85 participating groups in the Plan comprised of twenty-four (24) Oklahoma counties, four (4) schools, thirty-one (31) municipalities, five (5) CED's, and twenty-one (21) other organization types.

Benefits

A provider network arrangement is available for health and dental benefits through BlueCross BlueShield. According to this arrangement, network providers agree to accept amounts for covered services and prescription costs that do not exceed the charges allowed by the Plan. Therefore, the network provider can only expect to receive payment from the participant for the charges allowed by the network agreement. Vision and life benefits are fully insured.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2025 AND 2024

1. REPORTING ENTITY AND PLAN DESCRIPTION—Continued

Benefits—Continued

The Plan offers the following types of insurance coverages:

- Diamond, Platinum, Gold, Silver, and Bronze health plan options for non-Medicare participants;
- Medicare Supplement Plans;
- Medicare Advantage Plan;
- Enhanced and Standard Dental Plan Options;
- Enhanced and Standard Vision Plan Options; and
- Term Life Coverage, both Group and Voluntary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

The Plan prepares its financial statements in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (“GASB”). The Plan is accounted for and presented similarly to a special-purpose government engaged solely in business-type activities.

The financial statements of the Plan are prepared under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred. The Plan uses the economic resources measurement focus where all assets, liabilities, net position, revenues, expenses, and transfers relating to the Plan and net income and capital maintenance are measured.

Cash and Cash Equivalents

The Plan considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments and Investment Income

Investments are stated at fair value based on quoted prices with changes in fair value included in the statements of revenues, expenses, and changes in net position. If quoted prices are not available from active exchanges for identical instruments, then fair values are estimated using quoted prices from less active markets, quoted prices of securities with similar characteristics, or by pricing models utilizing other significant observable inputs.

The Plan records investment purchases and sales based upon the trade date. Therefore, the Plan records either receivables or payables for unsettled sales or purchases, respectively. Such transactions are usually settled within a few days after the trade date.

Realized gains and losses are determined on the average-cost method. The calculation of realized gains and losses is independent of the calculation of the change in net unrealized gains and losses. Realized gains and losses on investments that had been held in more than one year and sold in the current year may have been recognized as unrealized gains and losses in prior years.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Reserves

The Plan establishes health, dental, and life reserves based on the ultimate estimated cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet reported. Reserves for life are classified as current or noncurrent liabilities. HealthChoice disability reserves are also established based on the estimated ultimate cost of settling claims of participants currently receiving benefits and for disability claims incurred but not yet reported to the Plan. Long-term disability reserves are carried at the present value of expected future benefits. The reserves are determined using the Plan's historical benefit payment experience. These estimates are based on data available at the time of estimate and are reviewed by the Plan's independent consulting actuaries. The health, dental, and life reserves include liabilities for claim processing expenses associated with paying claims, which have been incurred, but not yet paid. The length of time for which costs must be estimated depends on the coverage involved. These reserves are included in claims payable on the statement of net position.

Although reserves reflect the Plan's best estimates of the incurred claims to be paid, due to the complex nature of the factors involved in the calculation, the actual results may be more or less than the estimate. The claim reserves are recomputed on a periodic basis using actuarial and statistical techniques, which consider the effects of general economic conditions, such as inflation, and other factors of past experience, such as changes in participant counts. Adjustments to claim reserves are recorded in the periods in which they are made. Claims must be filed no later than the last day of the calendar year immediately following the calendar year in which the loss is sustained unless an extenuating circumstance can be shown to exist.

Premium deficiency reserves are required to be recorded when the anticipated costs of settling claims plus policy maintenance costs for the following fiscal year are in excess of the anticipated premium receipts and investment income for the following fiscal year. There were no such reserves recorded for the years ending June 30, 2025 and 2024.

Net Position Classification

Net position of the College is classified in three components:

Restricted—Represents net position which has been restricted by outside sources. The Plan is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted—Represents the remaining net position, if any. Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the Plan and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Plan's policy is to first apply the expense toward unrestricted resources and then toward restricted resources.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Premiums

Premiums are recognized in the period when the insurance coverage is provided. Premiums are due monthly from the employers or participants based on the rates adopted by the Plan as provided for in the Plan's "Benefit Book", formerly known as the Summary Plan Description.

Pharmacy Rebate

Under the Plan's agreement with its pharmacy benefit manager, the Plan receives a rebate for various brand name prescriptions. This amount is \$3,635,928 and \$3,734,977 for the year ended June 30, 2025 and 2024, respectively, and is included as revenue within the statements of revenues, expenses, and changes in net position. These amounts are recognized as the rebate benefit is earned.

Claims Paid

The Plan paid claims for the Participating Agencies' eligible employees and their dependents for health, dental, vision, and life insurance claims as provided for in the Trust Agreement and approved by the Trustees. These claims are recognized as an expense as they are incurred. The Summary Plan Description, adopted and approved by the Trustees, is furnished to the Participating Agencies and to all Plan Participants and is controlling and binding upon all persons claiming any right to benefits under the current plan. See the Summary Plan Description for complete details of the benefits available.

Claims Supervisor Fee

The Plan recognizes claims supervisor expenses as they are incurred. The Plan's administrative agreement with Blue Cross and Blue Shield provides the administration of all functions in the claims and payment process of plan benefits. The administrative service fees agreed to were as follows:

	Effective <u>7/1/23 - 6/30/24</u>	Effective <u>7/1/24 - 6/30/25</u>
Medical	\$37.34 per contract per month	\$38.46 per contract per month
Dental	\$3.12 per contract per month	\$3.21 per contract per month

The Plan's administrative agreement with Clarity Rx provides the administration of all functions in the prescription claims and payment process of plan benefits. The administrative service fees agreed to were \$2.75 and \$2.55 per paid prescription for 2025 and 2024, respectively.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Administrative Expenses

The Plan recognizes administrator fee expenses as they are incurred. The Plan renewed and entered into a 12-month administrative agreement on January 25, 2024, with McElroy & Associates to provide administrative services for The Plan as agreed to in the agreement, for \$20.07 per "Contract" each month. The agreement is in effect from July 1, 2024, to June 30, 2025, and is subject to renewal annually.

During the year ended June 30, 2025, McElroy & Associates, the Plan's third-party administrator, was sold to a new ownership group. McElroy & Associates is an independent entity that provides administrative services to the Plan. This transaction involved the sale of the administrator entity and did not involve the sale or transfer of the Plan itself.

Income Taxes

The Plan is exempt from federal income taxes under Section 115 of the Internal Revenue Code (the Code).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

3. CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank or other institution failure, the Plan's deposits may not be returned or the Plan will not be able to recover collateral securities in the possession of an outside party. The Plan deposits its funds with financial institutions that are insured by the Federal Deposit Insurance Corporation (the "FDIC").

At June 30, 2025 and 2024, all cash was held at one financial institution. The amount of cash that exceeds FDIC coverage limits is \$1,162,898 and \$135,545, for the years ended June 30, 2025 and 2024, respectively. Additionally, all investments are held at that financial institution.

Investment Interest Rate Risk – The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates as it relates to funds not directly associated with bond issue proceeds.

Investment Credit Risk – The Plan's investment policy does not limit its investment choices.

Concentration of Investment Credit Risk – The Plan does not place any limit on the amount the Plan may invest in any one issuer. The Plan has investments held in government agency securities that are explicitly guaranteed by the federal government that make up 6% of the Plan's portfolio.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2025, the Plan's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were valued according to the following hierarchy and were rated as follows:

Type	Carrying	Credit Rating	Fair Value Level	Maturities in Years			
				On Demand	0-5	6-10	More than 10
Demand deposits	\$ 1,500,483	n/a	n/a	\$ 1,500,483	\$ -	\$ -	\$ -
Large-Cap Equity Funds	1,141,153	n/a	Level 1	1,141,153	-	-	-
Mid-Cap Equity Funds	269,092	n/a	Level 1	269,092	-	-	-
Small-Cap Equity Funds	12,144	n/a	Level 1	12,144	-	-	-
High Yield Bonds	36,776	n/a	Level 1	36,776	-	-	-
Corporate Bonds	2,911,873	A-Baa	Level 1 & 2	-	1,680,352	1,088,670	142,850
US Agency Securities	352,123	Aaa	Level 2	-	-	68,656	283,466
Municipal Bonds	301,136	Aa	Level 2	-	-	301,136	-
Total Deposits and Investments	<u>\$ 6,524,780</u>						
Reconciliation to Financial Statements							
Cash and cash equivalents	\$ 1,406,794						
Investments	<u>5,117,986</u>						
	<u><u>\$ 6,524,780</u></u>						

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

3. CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS—Continued

At June 30, 2024, the Plan's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were valued according to the following hierarchy and were rated as follows:

Type	Carrying	Credit Rating	Fair Value Level	Maturities in Years			
				On Demand	0-5	6-10	More than 10
Demand deposits	\$ 537,861	n/a	n/a	\$ 537,861	\$ -	\$ -	\$ -
Large-Cap Equity Funds	1,332,288	n/a	Level 1	1,332,288	-	-	-
Mid-Cap Equity Funds	154,775	n/a	Level 1	154,775	-	-	-
Corporate Bonds	2,345,599	A-Baa	Level 1	-	1,596,417	749,182	-
US Agency Securities	383,102	Aaa	Level 2	-	-	-	383,102
Municipal Bonds	279,362	Aa	Level 2	-	-	279,362	-
Total Deposits and Investments	<u>\$ 5,032,987</u>						
Reconciliation to Financial Statements							
Cash and cash equivalents	\$ 376,558						
Investments	4,656,429						
	<u>\$ 5,032,987</u>						

4. CONTINGENT LIABILITY – CLAIMS INCURRED BUT NOT REPORTED

A contingent liability estimate for claims incurred but not reported ("IBNR") has been made of \$3,800,000 and \$3,000,000 for the years ended June 30, 2025 and 2024, respectively. The accuracy of this estimate cannot be determined prior to the ultimate settlement of each claim. Accordingly, the ultimate cost of settling these claims may vary significantly from this contingent liability estimate. This amount is not recorded as part of the financial statements as management believes that the amount recorded as claims liabilities in the statement of net position is sufficient to reflect the potential future liabilities and that the liability reflected by the IBNR is unlikely to come to fruition.

5. SPECIFIC REINSURANCE

The Plan maintains an excess risk agreement with an insurance company that provides for a specific stop-loss attachment point of \$475,000 and \$425,000 per claimant per year as of June 30, 2025 and 2024, respectively. Effective July 1, 2025, the stop loss attachment point remains at \$475,000 per claimant per year.

6. REVOLVING LINE OF CREDIT

The Plan modified a debt agreement on May 19, 2025, with Arvest Bank, reducing the line of credit from \$4,000,000 to \$3,400,000. The line of credit is secured by the Plan's investments. Accrued interest at rates of 6.25% and 7.25% as of June 30, 2025 and 2024, respectively, is payable monthly on any balance due. The loan matures on May 19, 2026. The outstanding loan balances with Arvest Bank were \$3,400,000 and \$2,314,024 as of June 30, 2025 and 2024, respectively.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2025 AND 2024

7. RISKS AND UNCERTAINTIES

The Plan is exposed to various risks of loss related to torts, thefts of assets, efforts and omissions, injuries to employees while performing Plan business, or acts of God. There have not been any such losses against the Plan since its inception in 1992.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2025, the date on which the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governance and Management of
the Oklahoma Public Employees Health & Welfare Plan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Public Employees Health & Welfare Plan (the "Plan"), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arledge & Associates PC

Oklahoma City, Oklahoma
December 19, 2025

