

OKLAHOMA ACCOUNTANCY BOARD

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2025 and 2024

OKLAHOMA ACCOUNTANCY BOARD
FINANCIAL STATEMENTS REPORT
As of and for the Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Oklahoma Accountancy Board
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Oklahoma Accountancy Board (OAB), as of and for the years ended June 30, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Oklahoma Accountancy Board's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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 Oklahoma Accountancy Board 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Oklahoma Accountancy Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 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 Oklahoma Accountancy Board'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 Oklahoma Accountancy Board'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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Oklahoma Accountancy Board are intended to present the financial position, the statement of revenues, expenses, and changes in net position, and the cash flows of only that portion of the general fund of the State of Oklahoma that is attributable to the activities of the Oklahoma Accountancy Board. They do not purport to, and do not, present fairly the financial position of the State of Oklahoma as of June 30, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules and related ratios on pages 4-9 and 32-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2026, on our consideration of the Oklahoma Accountancy Board'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 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 Oklahoma Accountancy Board'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 Oklahoma Accountancy Board's internal control over financial reporting and compliance.

HBC CPAs & Advisors

Oklahoma City, Oklahoma
April 13, 2026

OKLAHOMA ACCOUNTANCY BOARD
FINANCIAL STATEMENTS REPORT
As of and for the Years Ended June 30, 2025 and 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS SUMMARY

The management of the Oklahoma Accountancy Board (OAB) is pleased to provide the accompanying financial statements to the citizens of the State of Oklahoma and other report users to demonstrate its accountability and communicate the OAB financial condition and activities as of and for the fiscal years ended June 30, 2025, and 2024. Management of the OAB is responsible for the fair presentation of these financial statements, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of contracts.

Financial Highlights

For the years ended June 30, 2025, and 2024, the following financial results are considered noteworthy by management:

- The Statement of Net Position provides a financial snapshot of the OAB's financial condition for fiscal years 2025, 2024, and 2023. The statement reports all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting.

Oklahoma Accountancy Board
Financial Analysis
Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets:		Restated	
Current Assets	\$ 3,676,153	\$ 3,704,731	\$ 3,666,641
Non-Current Assets	166,106	59,553	37,118
Total Assets	<u>3,842,259</u>	<u>3,764,284</u>	<u>3,703,759</u>
Deferred Outflows	160,139	370,737	520,042
Liabilities:			
Current Liabilities	923,053	971,172	991,020
Non-Current Liabilities	176,567	368,939	501,782
Total Liabilities	<u>1,099,620</u>	<u>1,340,111</u>	<u>1,492,802</u>
Deferred Inflow	90,466	34,698	39,548
Net Position:			
Net Investment in Capital Assets	3,250	741	471
Unrestricted	<u>2,809,062</u>	<u>2,759,471</u>	<u>2,690,980</u>
Total Net Position	<u>\$ 2,812,312</u>	<u>\$ 2,760,212</u>	<u>\$ 2,691,451</u>

- Non-current assets increased by 106,553 or 178% between FY 2024 and 2025 due to the increase in the net pension asset.
- Noncurrent liabilities decreased by \$192,372 or 52% due to a reduction in the net pension liability.
- From FY 2023 to FY 2024, the non-current assets increased by \$21,694 or 58.45% due to the increase in the net OPEB Asset. Deferred outflows decreased by \$149,305 or 28.71% due to the change in the deferred outflows related to the pension plan. In addition, the noncurrent liabilities decreased \$169,580 or 33.80% due to a reduction in the net pension liability.

(Unaudited. See accompanying auditor's report.)

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The Statement of Revenues, Expenses and Changes in Net Position presents the OAB's revenues and expenses for FY25 and FY24.

Oklahoma Accountancy Board
Financial Analysis
Statement of Revenues, Expenses, and Changes in Net Position

	<u>2025</u>		<u>2024</u>		<u>2023</u>
Operating revenues	\$ 1,522,851	\$	1,564,478	\$	1,588,115
Operating expenses	1,411,858		1,452,228		1,377,953
Operating income	\$ 110,993	\$	112,250	\$	210,162
Other Income	10,657		25,594		10,752
Income before transfers	\$ 121,650	\$	137,844	\$	220,914
Transfers out - State of Oklahoma	(69,550)		(69,083)		(75,163)
Change in net position	\$ 52,100	\$	68,761	\$	145,751
Beginning net position	2,760,212		2,691,451		2,545,700
Ending net position	\$ 2,812,312	\$	2,760,212	\$	2,691,451

- For the year ended June 30, 2025 and 2024, the revenues and expenses were comparable to the prior year with no significant changes.
- The OAB reports its financial activity as an enterprise fund.

(Unaudited. See accompanying auditor's report.)

OKLAHOMA ACCOUNTANCY BOARD
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USING THIS REPORT

These financial statements are presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board (GASB).

The OAB's Reporting Entity

These financial statements include all activities for which the OAB is fiscally responsible. These activities, defined as the OAB's reporting unit, are operated within a single government agency. The OAB's financial statements are reported as a part of the financial presentation of the State of Oklahoma.

Overview of the OAB's Reporting Entity Presentation

The financial statements consist of three parts as follows:

Financial Statements: The fund financial statements report information, on the accrual basis of accounting and economic resources measurement focus, about the OAB as a whole using accounting methods similar to those used by private-sector companies. The "Statement of Net Position" includes all the OAB's assets and liabilities and deferred outflows and deferred inflows as of the fiscal years presented. All of the current year revenues and expenses are accounted for in the "Statement of Revenues, Expenses and Changes in Net Position" regardless of when cash is received or paid. All cash receipts and cash disbursements for the current year are captured in the "Statement of Cash Flows".

Notes to the Financial Statements: The notes to the financial statements are an integral part of these financial statements and provide an expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: This Management Discussion and Analysis represents financial information required to be presented by GASB. Such information provides users of this report with additional data that supplements the financial statements and notes (collectively referred to as "the basic financial statements"). The benchmarks presented throughout Management's Discussion and Analysis are for guidance and measurement by the OAB and its constituents. The Pension and OPEB Schedules and Related Ratios are required by GASB. These schedules provide users of the report with additional information regarding the pension plans and other post-employment benefit plans in which OAB participates.

AN ECONOMIC-BASED FINANCIAL ANALYSIS OF OAB

Management's Discussion and Analysis on the Economic Basis Financial Condition:

One of the most important questions asked about the OAB is: "Has the Board utilized its resources to accomplish its mission assigned by the legislature of protecting the public?"

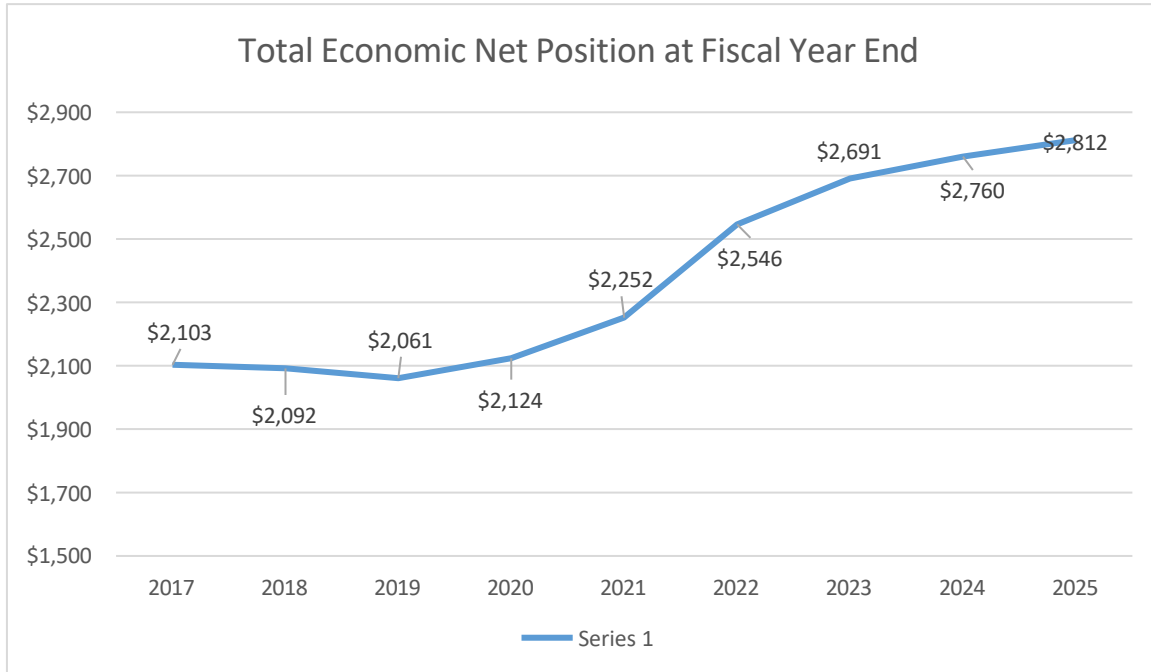
The "Statement of Net Position" and the "Statement of Revenues, Expenses and Changes in Net Position" report information about the OAB as an economic unit that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the OAB resource base and the status of its pending projects, to assess the overall health of the OAB. These economic basis statements include all OAB assets and liabilities, including capital assets along with all deferred outflows and deferred inflows.

(Unaudited. See accompanying auditor's report.)

OKLAHOMA ACCOUNTANCY BOARD
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AN ECONOMIC-BASED FINANCIAL ANALYSIS OF OAB, Cont.

As of June 30, 2017 through 2025, the OAB's overall financial condition changed as noted below:



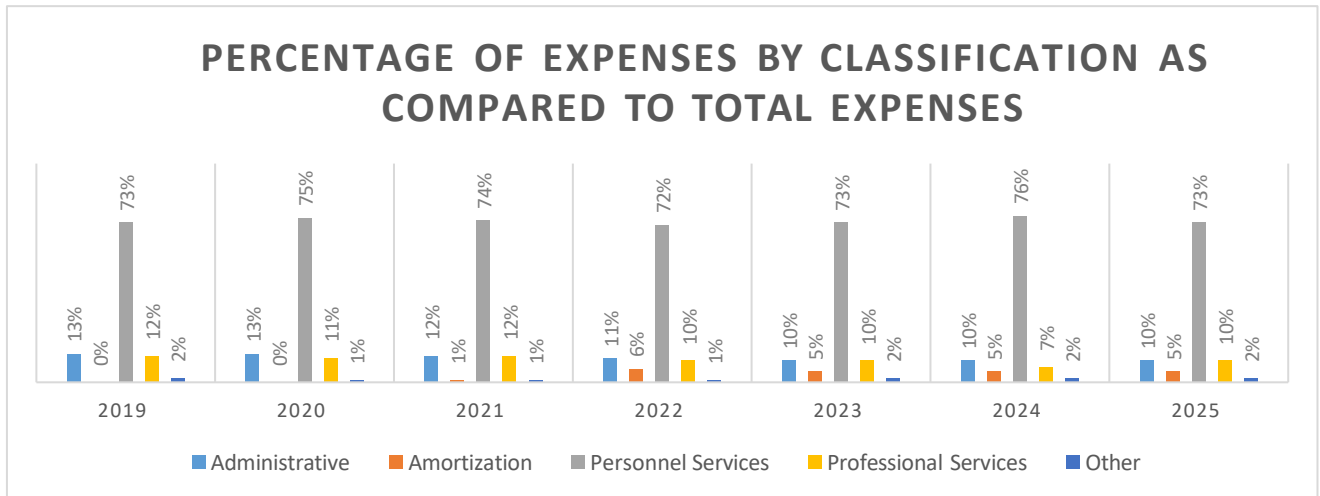
Percentage Change in Net Position	2018	2019	2020	2021	2022	2023	2024	2025
	-0.52%	-1.48%	+3.1%	+6.0%	+13.1%	+5.7%	+2.6%	+1.88%

As of June 30, 2025, the OAB's total net position increased by \$52,100, or 1.9%. As of June 30, 2024, the OAB's total net position increased by \$68,759, or 2.6%.

As can be seen in the charts and tables above, the OAB continues to generate sufficient cash flow to maintain operations and increase our net position. The rate of growth has slowed as our CPA and PA population has aged and interest in the CPA profession has waned. We continue to monitor our expenses while looking to implement tools to improve communication and tools for our registrants, candidates, and the public. These included the implementation of GovDelivery for the dissemination of renewal notices, important updates, and other information through mass email and text, and the modernization of our website to provide easy to access information on needed topics. Finally, we worked to decrease barriers to the profession including running legislation in the spring of 2023 to allow for individuals to sit for the CPA exam with 120 college semester hours versus 150 college semester hours. Licensure remains at 150 college semester hours. In 2026, the Board is supporting legislation which will expand pathways to licensure and reduce barriers to reciprocal licensing. This is expected to increase the number of CPAs which are licensed in Oklahoma.

(Unaudited. See accompanying auditor's report.)

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FUTURE OUTLOOK

The future poses both challenges and opportunities. The CPA population is aging, and there are concerns about the pipeline. This poses a challenge to the OAB as we continue to protect the public while also addressing the changing environment of the profession. The OAB is supporting several initiatives which will make becoming and being a CPA easier in the state. In the past two years, the Board has implemented changes which allow CPA applicants to have thirty months to pass all four sections of the CPA exam with their clock starting on the day of the score release of their first passed section. We now also allow candidates to request candidacy and score extensions based on extenuating circumstances. For CPAs, continuing professional education (CPE) can often be the most challenging of the regulatory requirements. The OAB is working to make this less so by allowing a CPA to claim all CPE earned versus only in half-hour increments. CPE rounding ended on January 1, 2025, with up to 20 nano-learning courses permitted per year. Additional communication touchpoints are being added, including webinars and increased email communication. The Board continues to review opportunities to increase awareness of the certified public accountant designation and is exploring the possibility of an additional pathway consisting of a bachelor's degree and two years of experience. Outreach to universities has increased and led to participation in round tables, the introduction of an annual survey and additional speaking opportunities. The Board is also beginning outreach to those that have already graduated but are undecided on a career path.

ABOUT OAB

An essential agency of Oklahoma government, the OAB promulgated the first accountancy laws enacted by the Oklahoma Legislature in 1916. In accordance with provisions of the Oklahoma Sunset Law, the OAB was continued by the Oklahoma Legislature in 2023. The OAB is composed of five Certified Public Accountants (CPAs) and two public members. The mission of the Board is to safeguard the public welfare by prescribing and assessing the qualifications of and regulating the professional conduct of individual registrants and registered firms authorized to engage in the practice of public accounting in the State of Oklahoma.

(Unaudited. See accompanying auditor's report.)

OKLAHOMA ACCOUNTANCY BOARD
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CONTACTING OAB

This report is designed to provide citizens, taxpayers, registrants, and creditors with a general overview of the OAB's finances and to demonstrate accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the OAB Executive Director's Office by mail at 201 N.W. 63rd Street, Suite 210, Oklahoma City, OK 73116, by telephone at (405) 521-2397, or by e-mail at www.ok.gov/oab.

(Unaudited. See accompanying auditor's report.)

OKLAHOMA ACCOUNTANCY BOARD
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Statement of Net Position
June 30, 2025 and 2024

	June 30,	
	2025	Restated 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,636,144	\$ 3,594,220
Accounts receivable	6,500	6,625
Fines receivable, net of allowance of \$2,198,782 and \$2,197,727, respectively	10,010	8,000
Accounts receivable-cost recovery, net of allowance \$143,383 and \$143,337 , respectively	6,546	871
Right to use leased assets, net of accumulated amortization \$311,225 and \$235,575, respectively	12,365	86,777
Prepaid assets	4,588	8,238
Total current assets	<u>3,676,153</u>	<u>3,704,731</u>
Non-current assets:		
Net pension asset	107,228	-
OPEB Asset	55,628	58,812
Capital assets, net of accumulated depreciation	3,250	741
Total assets	<u>3,842,259</u>	<u>3,764,284</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows-pension	118,154	326,833
Deferred outflows-OPEB	41,985	43,904
Total deferred outflows	<u>\$ 160,139</u>	<u>\$ 370,737</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 44,514	\$ 25,849
Unearned revenue	808,690	825,151
Due to state	10,010	8,000
Current lease liabilities	10,654	75,458
Current compensated absences	49,185	36,714
Total current liabilities	<u>923,053</u>	<u>971,172</u>
Non-current liabilities:		
Non-current lease liabilities	1,711	11,319
Non-current compensated absences	114,766	85,665
Net pension liability	-	210,758
Total OPEB liability	60,090	61,197
Total non-current liabilities	<u>176,567</u>	<u>368,939</u>
Total liabilities	<u>1,099,620</u>	<u>1,340,111</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows-pension	63,466	3,315
Deferred inflows-OPEB	27,000	31,383
Total deferred inflows	<u>90,466</u>	<u>34,698</u>
NET POSITION		
Net investment in capital assets	3,250	741
Unrestricted	<u>2,809,062</u>	<u>2,759,471</u>
Total net position	<u>\$ 2,812,312</u>	<u>\$ 2,760,212</u>

OKLAHOMA ACCOUNTANCY BOARD
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Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2025 and 2024

	2025	Restated 2024
Operating Revenues:		
Licenses, permits, and fees	\$ 1,505,572	\$ 1,556,755
Cost recovery	17,279	7,723
Total operating revenues	<u>1,522,851</u>	<u>1,564,478</u>
Operating Expenses:		
Personnel services	1,036,395	1,117,167
Professional services	147,527	101,124
Travel	23,233	21,893
Administration expense	127,562	136,303
Amortization expense	75,650	74,778
Depreciation expense	1,491	963
Total operating expenses	<u>1,411,858</u>	<u>1,452,228</u>
Operating income	110,993	112,250
Non-Operating Revenues (Expenses):		
Interest expense	(534)	(942)
Other income	11,191	26,536
Total non-operating revenues	<u>10,657</u>	<u>25,594</u>
Income before transfers	121,650	137,844
Transfers out - State of Oklahoma	<u>(69,550)</u>	<u>(69,083)</u>
Change in net position	52,100	68,761
Total net position - beginning, restated	2,760,212	2,691,451
Total net position - ending	<u><u>\$ 2,812,312</u></u>	<u><u>\$ 2,760,212</u></u>

OKLAHOMA ACCOUNTANCY BOARD
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Statement of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts of license, permits, fees, cost and federal government	\$ 1,512,031	\$ 1,564,514
Payments to employees	(1,044,366)	(1,041,811)
Payments to suppliers	(276,007)	(272,208)
Net cash provided by operating activities	<u>191,658</u>	<u>250,495</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out - State of Oklahoma	(69,550)	(69,083)
Net cash provided by (used in) noncapital financing activities	<u>(69,550)</u>	<u>(69,083)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(5,238)	(6,899)
Interest expense	(534)	(942)
Reduction of lease liability	(74,412)	(67,879)
Net cash provided by (used in) capital and related financing activities	<u>(80,184)</u>	<u>(75,720)</u>
Net Increase in Cash and Cash Equivalents	41,924	105,692
Balances - beginning of the year	<u>3,594,220</u>	<u>3,488,530</u>
Balances - end of the year	<u>\$ 3,636,144</u>	<u>\$ 3,594,222</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 110,993	\$ 112,250
Adjustments to reconcile operating income to net cash provided by operating activities:		
Other income	11,191	26,536
Amortization expense	75,650	74,778
Depreciation expense	1,491	963
Change in assets, liabilities, and deferrals:		
Decrease (Increase) in accounts receivable	125	325
Decrease (Increase) in fines receivable	(2,010)	(4,659)
Decrease (Increase) in costs receivable	(5,675)	(630)
Decrease (Increase) in prepaid assets	3,650	4,185
Decrease (Increase) in net pension asset	(107,228)	-
Decrease (Increased) OPEB Asset	3,184	(22,165)
Decrease (Increase) in deferred outflows	210,598	149,305
Increase (Decrease) in accounts payable	18,665	(15,837)
Increase (Decrease) in unearned revenue	(16,461)	(26,285)
Increase (Decrease) in due to state	2,010	4,659
Increase (Decrease) in accrued compensated absences	41,572	51,754
Increase (Decrease) in net pension liability	(210,758)	(118,392)
Increase (Decrease) in net OPEB liability	(1,107)	18,558
Increase (Decrease) in deferred inflows	<u>55,768</u>	<u>(4,850)</u>
Net cash provided by operating activities	<u>\$ 191,658</u>	<u>\$ 250,495</u>

OKLAHOMA ACCOUNTANCY BOARD
FINANCIAL STATEMENTS REPORT
As of and for the Years Ended June 30, 2025 and 2024

Notes to the Financial Statements:

1. *Summary of Significant Accounting Policies*

The accompanying financial statements of the OAB (OAB) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements are intended to present the financial position and results of operations of only that portion of the State of Oklahoma that is attributable to the transactions of the OAB.

A. **Reporting Entity**

The OAB is a part of the primary government of the State of Oklahoma. The first accountancy law was enacted by the Oklahoma Legislature in 1916. The OAB was continued by the legislature in 2023, in accordance with provisions of the Oklahoma Sunset Law. The OAB is composed of five Certified Public Accountants (CPAs), and two public members. The responsibilities of the OAB include determining the eligibility of applicants to become candidates for the CPA examination and registering accountants, sole-proprietorships, partnerships, professional corporations, limited liability partnerships, and limited liability companies eligible to practice public accounting in Oklahoma. Also, the OAB regulates the practice and conduct of CPAs and PAs.

B. **Fund Financial Statements**

The fund financial statements (the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows) report information for OAB. The OAB is classified as an enterprise activity; its function is the Regulatory Services function. The OAB is accounted for and presented similar to a special-purpose government engaged solely in business-type activities.

Operating revenues consist primarily of fees for licenses and permits to practice public accounting remitted by CPAs, PAs and Firms. Also included in operating revenues are fees paid by candidates to sit for the examination.

The OAB reports its financial activity as an enterprise fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Revenue Recognition:

Fund Financial Statements

The fund financial statements display information about OAB as a whole. They are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

D. Net Position Accounting Policies

Net position is normally displayed in three components (two of which are applicable to the OAB):

- a. *Net investment in capital assets*—Consists of capital assets including restricted capital assets, net of accumulated depreciation, and net of any outstanding debt used to acquire such assets.
- b. *Restricted net position*—Consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or laws and regulations.
- c. *Unrestricted net position*—All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

E. Cash

Cash includes amounts on deposit with and under the control of the Oklahoma Office of the State Treasurer. These amounts are collateralized in accordance with 62 O.S. § 72.1, the Security for Public Deposits Act. The bank balances as of June 30, 2025, and 2024 were fully insured or collateralized with securities held by the State’s agent in the State’s name.

F. Accounts Receivable

Accounts receivable reflects monies received in July and for renewal notices sent prior to June 30. Renewal notices relate to permits and registrations for CPAs, PAs and firms. Amounts shown as accounts receivable and unearned revenue are for permits and registrations for years beginning on or after July 1.

G. Fines Receivable, Accounts Receivable – Cost Recovery, and Due to State

The OAB in its enforcement program assesses fines and costs of investigation by certain registrants for violations of the Oklahoma Accountancy Act. When collected, the amount of the fines is remitted to the State General Fund, and the costs are retained by the OAB. All fines and costs receivable 365 days or older are considered uncollectible.

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	Cost Recovery		
	Accounts Receivable	Allowance	Net
June 30, 2024	\$144,208	\$143,337	\$871
June 30, 2025	\$149,929	\$143,383	\$6,546

	Fines Receivable		
	Accounts Receivable	Allowance	Net
June 30, 2024	\$2,205,727	\$2,197,727	\$8,000
June 30, 2025	\$2,208,792	\$2,198,782	\$10,010

In addition to the Fines Receivable and the related amounts Due to State which are reflected in the financial statements, fines in the amount of \$71,435 and \$45,440 were collected and remitted to the State General Fund during the fiscal years 2025 and fiscal year 2024, respectively.

At June 30, 2025 and 2024, the Due to State of \$10,010 and \$8,000, respectively, reflects fines receivable due to the state (see footnote 11).

H. Right-to-Use Leased Assets and Lease Liabilities

Right-to-use leased assets and current and non-current lease liabilities represent OAB's authority to utilize leased items, such as property or equipment, over the duration of an agreed-upon lease term. OAB is granted the right to obtain the economic benefit from the usage of an asset owned by another entity (see footnote 3).

I. Capital Assets

Capital assets are capitalized in the statement of net position. Capital assets are reported at actual or estimated historical cost and net of accumulated depreciation. Capital assets are defined as assets that have a cost in excess of \$500 for IT related items and \$2,500 for office furniture at the date of acquisition and have an expected useful life of 3 or more years, and consist primarily of information systems equipment, furniture, and other equipment. Depreciation is computed on the straight-line method over the estimated useful life of 6 years for office furniture and equipment and 3 years for information systems and related equipment. (see footnote 4)

J. Deferred Inflows and Deferred Outflows

Deferred inflows and deferred outflows of resources represent amounts associated with pension differences between expected and actual experience, differences between

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projected and actual earnings on pension and OPEB fund investments, and changes in assumptions.

K. Accounts Payable

Accounts payable include charges for all services or claims incurred on or before June 30. These payables represent amounts incurred in the ordinary course of business and are primarily owed to vendors.

L. Unearned Revenue

Unearned revenues arise when resources are received by the OAB before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met or when OAB has legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

M. Compensated Absences

Employees earn annual vacation at an average rate of 10 hours per month for up to 5 years of service and may accumulate to a maximum of 240 hours. Employees earn an average of 12 hours per month for 5 to 10 years, an average of 13.33 hours per month for 10 to 20 years, and an average of 16.67 hours per month for over 20 years of service. Annual leave for employees with over 5 years of service may accumulate to a maximum of 640 hours. All accrued annual leave is payable upon layoff, resignation, retirement, or death. Employees earn annual sick leave at the average rate of 10 hours per month regardless of the employee's tenure. There is no limit to the amount of sick leave that can be carried over, and it can be converted into retirement credits. Employees can use sick leave for their own illness or to care for eligible family members. Sick leave is not payable upon layoff, resignation, retirement, or death. All annual and sick leave is paid out at the employee's current pay rate and includes salary-related payments (see footnote 5).

2. Cash

All cash balances are held by the Oklahoma Office of the State Treasurer. OAB's cash is pooled with the cash of all other state agencies; this pool of cash is deposited in banks or invested by the State Treasurer in accordance with Oklahoma statutes. The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution.

3. Leases

GASB Statement 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were formerly classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contracts. The statement also creates a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

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The OAB has lease agreements for office space, storage space, a copy machine, a postage machine, a licensing system and computer equipment. Each lease has an implied incremental borrowing rate of 1.02% set by the State of Oklahoma. The office space and storage space are in a combined contract with BEP One for \$4,869 per month for FY23 and \$4,983 for FY 24 and FY

25. Next, The OAB entered into a contract with Standley Systems for a copy machine in August 2021. The monthly fee is \$173.05 per month for 60 months. Then, the OAB signed a lease agreement with MailFinance Inc for a mail machine in May 2021. It is also a 60-month lease at \$587 per month. The OAB currently has two vendors for computer equipment. The first vendor is Dell and the six leases are \$39.17, \$43.33, two at \$44.47, \$32.17 and \$36.55 per month for 36 months and end in FY27 and FY28. The other computer equipment vendor is NTT Data, which covers twelve computers. One of the computers is \$38.01 a month and ended in FY25. Five of the computers are leased at \$43.46 per month for 36 months and ended in FY25. The other six are leased at \$29.25 per month for 36 months and ended in FY25. Finally, the OAB has a licensing agreement with Thentia USA, Inc. The fee is based on the number of active registrants; therefore, the fee changes each year. The OAB paid Thentia \$20,916 for licensing fees.

The future minimum lease payments for the aforementioned leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 10,654	\$ 174	\$ 10,828
2027	1,465	31	1,496
2028	146	2	148
Total	<u>\$ 12,265</u>	<u>\$ 207</u>	<u>\$ 12,472</u>

4. *Capital Assets*

For the years ended June 30, 2025, and 2024, changes in capital assets were as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>
Capital assets	\$ 106,596	\$ 4,000	\$ (11,330)	\$ 99,266
Accumulated depreciation	<u>(105,855)</u>	<u>(1,491)</u>	<u>11,330</u>	<u>(96,016)</u>
	<u>\$ 741</u>	<u>\$ 2,509</u>	<u>\$ -</u>	<u>\$ 3,250</u>

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Capital assets	\$ 103,544	\$ 3,052	\$ -	\$ 106,596
Accumulated depreciation	<u>(103,074)</u>	<u>(2,781)</u>	<u>-</u>	<u>(105,855)</u>
	<u>\$ 470</u>	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ 741</u>

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	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Intangible leased assets	\$ 322,352	\$ 1,238		\$ 323,590
Accumulated Amortization	<u>(235,575)</u>	<u>(75,650)</u>		<u>(311,225)</u>
	<u>\$ 86,777</u>	<u>\$ (74,412)</u>	<u>\$ -</u>	<u>\$ 12,365</u>

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Intangible leased assets	\$ 315,453	\$ 6,899	\$ -	\$ 322,352
Accumulated Amortization	<u>(160,797)</u>	<u>(74,778)</u>	<u>-</u>	<u>(235,575)</u>
	<u>\$ 154,656</u>	<u>\$ (67,879)</u>	<u>\$ -</u>	<u>\$ 86,777</u>

5. Long-term Obligations – GASB 101 Implementation; Change in Accounting Principle

Effective for the fiscal year ended June 30, 2025, the OAB implemented GASB Statement No. 101 and restated the year ended June 30, 2024. This standard establishes uniform recognition and measurement criteria for all types of compensated absences, including vacation, sick leave, and other forms of paid leave earned by employees. The implementation of GASB 101 resulted in a change in the measurement of the OAB's compensated absences liability, particularly regarding sick leave. Prior to 2024, the OAB did not include sick leave in the long-term obligation total. The effect of this change resulted in a restatement of the current and non-current liabilities and total net position on the Statement of Net Position, a restatement of the personnel services operating expense on the Statement of Revenues, Expenses and Changes in Net Position and a restatement of payments to employees and changes in liabilities for compensated absences on the Statement of Cash Flows for year ended June 30, 2024. Long-term obligations are now comprised of accrued annual compensated absences and sick leave. The impact of the restatement was \$52,482.

Sick Leave Obligation

The sick leave liability is measured using a historical usage method. For fiscal year 2024, the average number of sick days used per employee was calculated over a three-year period, including FY22, FY23, and FY24. The total average days used across all employees was 54.15 days. This figure was divided by a 120-day benchmark to estimate the percentage of sick leave likely to be used, resulting in a usage factor of 45.12%. This percentage was applied to the monetary value of the year-end sick leave balances to determine the estimated liability for sick leave expected to be used and paid. As of June 30, 2024, the resulting sick leave obligation is \$39,666. For fiscal year 2025, the average number of sick days used per employee was calculated over a three-year period, including FY23, FY24, and FY25. The total average days used across all employees was 65.29 days. This figure was divided by a 120-day benchmark to estimate the percentage of sick leave likely to be used, resulting in a usage factor of 54.41%. This percentage was applied to the monetary value of the year-end sick leave balances to determine the estimated liability for sick leave expected to be used and paid. As of June 30, 2025, the resulting sick leave

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obligation is \$57,029.

Total Compensated Absences

The sick leave obligation has been combined with the accrued liability for annual leave (which is both earned and expected to be paid). The total accrued compensated absences liability as of June 30, 2024 and 2025, respectively, is \$122,379 and \$163,951.

For the years ended June 30, 2024 and 2025, the liability for accrued compensated absences changed as follows (fiscal year 2023 has not been restated):

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amounts Due Within One Year
Accrued Compensated Absences	<u>\$ 122,379</u>	<u>\$ 89,006</u>	<u>\$ 47,434</u>	<u>\$ 163,951</u>	<u>\$ 49,185</u>

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amounts Due Within One Year
Accrued Compensated Absences	<u>\$ 69,481</u>	<u>\$ 65,579</u>	<u>\$ 12,681</u>	<u>\$ 122,379</u>	<u>\$ 36,714</u>

6. Risk Management

As part of the primary government, the State of Oklahoma, the risk of losses to which the OAB may be exposed is covered through the risk management activities of the State, and any losses and liabilities are the responsibility of, and financed through, the State's risk management activities. The Risk Management Division of the Office of Management and Enterprise Services (OMES) Division of Capital Assets Management (DCAM) is empowered by the authority of 74 O.S., Section 85.58. The division is responsible for the acquisition and administration of all insurance purchased by the State or administration of any self-insurance plans and programs adopted for use by the State or for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The State Risk Management is authorized to settle claims of the State and shall govern the dispensation and/or settlement of claims against a political subdivision. In no event shall self-insurance coverage provided to the State, agency, or other covered entity exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act, as prescribed by 51 O.S., Section 154. The Risk Management Division oversees the collection of liability claims owed to the State incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Risk Management Division is also charged with the responsibility to immediately notify the Attorney General of any claims against the State.

7. Pension Plan

A. Plan Description

The OAB participates in the Oklahoma Public Employees Retirement System (OPERS), a cost-sharing multiple employers defined benefit retirement plan administered by the OPERS. A separately issued independent auditor's report may be obtained from the Oklahoma Public Employees Retirement System (OPERS), P.O. Box 53007 Oklahoma City, OK 73152-3007 or can be obtained at www.opers.ok.gov. The pension benefit provisions were established by statute and benefit provisions are amended by the State Legislature. Cost-of-living adjustments are provided to plan members at the discretion of the State Legislature.

This plan applies only to state employees who were employed by the Office before November 1, 2015, or had prior participation in the OPERS defined benefit plan. At June 30, 2025, four OAB employees were not participating in this defined benefit retirement plan. These employees were instead members of the defined contribution retirement plan discussed in Note 8.

B. Benefits Provided

Eligible to Participate

All permanent employees of the State of Oklahoma, and any other employer such as a county, county hospital, city or town, conservation districts, circuit engineering districts, and any trust in which a county, city, or town participates and is the primary beneficiary, are eligible to join if:

- ❖ The employee is not eligible for or participating in another retirement system authorized under Oklahoma law, is covered by Social Security, and not participating in the U.S. Civil Service Retirement System.
- ❖ The employee is scheduled for 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for state employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees).

Period Required to Vest

Eight years of credited service.

Eligibility for Distribution

- ❖ Normal retirement:
 - Member before November 1, 2011 one of the following:
 - Age 62 with 6 years of credited service. For elected officials age 60.

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- 80 points- The sum of age and years of service equals 80 if member before July 1, 1992.
- 90 points- The sum of age and years of service equals 90 if member after July 1, 1992.
- Member after November 1, 2011 one of the following:
 - Age 65 with 6 years of credited service. For elected officials age 65 with 8 years of elected service.
 - 90 points – At least age 60 and the sum of age and years of service equals 90.
- ❖ Disability benefit after 8 years of service, provided member qualifies for disability benefits from the Social Security Administration or the Railroad Retirement Board.
- ❖ Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.

Benefit Determination Base

Final average salary – member before July 1, 2013, the average compensation during the highest 36 months out of the last 10 years of service (including highest 3 longevity payments). Member after July 1, 2013, the average highest 60 months out of the last 10 years of service (including highest 5 longevity payments).

Benefit Determination Methods

- ❖ Normal Retirement:
2% of member's final average salary multiplied by the years of credited service.
- ❖ Disability Retirement:
Same as normal retirement.

Benefit Authorization

Benefits are established in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Sections 901 through 935 as amended.

Form of Benefit Payments

Life Annuity, Joint and 50% Survivor, Joint and 100% Survivor Annuity, Life Annuity with a minimum of 120 monthly payments, and Medicare Gap Benefit option.

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C. Contributions

The authority to set and amend contribution rates is established by ordinance for OPERS defined benefit plan in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 908. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate for state employees is 3.5% of their covered salary and 16.5% of covered payroll for state agencies for 2025 and 2024. Contributions to OPERS by the OAB were \$100,504 and \$100,992 for 2025 and 2024, respectively.

D. Pension Asset/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the OAB reported an asset of \$107,228 and a liability of \$210,755 for its proportionate share of the net pension liability June 30, 2024. The 2025 net pension asset was measured as of June 30, 2024, and the total pension asset/liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2024. The 2024 net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The OAB's proportion of the net pension asset/liability was based on the OAB's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2024, for FY25 and June 30, 2023, for FY24. Based upon this information, the OAB's proportion was 0.03231342% in FY25 and 0.0460645% in FY24.

The OAB recognized pension expense of \$51,315 for the year ended June 30, 2025, and \$128,135 for June 30, 2024. The OAB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FY 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,782	\$ 3,193
Changes of assumptions	44,523	-
Net difference between projected and actual earnings on pension plan investments	175,194	-
contributions and proportionate share of contributions	296	122
OAB contributions during measurement date	46	-
OAB contributions subsequent to the measurement date	100,992	-
Total	<u>\$ 326,833</u>	<u>\$ 3,315</u>

Reported deferred outflows of resources of \$100,992 resulting from the OAB's contributions subsequent to the measurement date was recognized as a decrease of the net pension liability in the year ended June 30, 2025.

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FY 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,340	\$ -
Changes of assumptions	4,537	-
Net difference between projected and actual earnings on pension plan investments	-	63,078
Changes in proportion and differences between OAB contributions and proportionate share of contributions	1,766	21
OAB contributions during measurement date	7	367
OAB contributions subsequent to the measurement date	100,504	-
Total	<u>\$ 118,154</u>	<u>\$ 63,466</u>

Reported deferred outflows of resources of \$100,504 resulting from the OAB's contributions subsequent to the measurement date will be recognized as an increase or decrease of the net pension asset/liability in the year ended June 30, 2026. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$ (24,832)
2027	92,197
2028	(70,596)
229	(42,585)
2030	-
Thereafter	-
	<u>\$ (45,816)</u>

E. Actuarial Methods and Assumptions

The total pension liability measured as of June 30, 2024 and 2023 was determined on an actuarial valuation prepared as of July 1, 2024 and July 1, 2023 using the following actuarial assumptions:

- Investment return- 6.50% for 2024 and 2023 compounded annually net of investment expense and including inflation
- Salary increases- 3.5% to 9.5% per year, including inflation
- Mortality rates- In 2024 and 2023, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward two years
- Annual post-retirement benefit increases- None
- Assumed inflation rate- 2.5%
- Payroll growth- 3.25% per year
- Actuarial cost method- Entry age

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- Select period for the termination of employment assumptions-10 years

The long-term expected rate of return on pension plan investment was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2025, are summarized in the following table:

F.	<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
	U.S. Large Cap Equity	34.0%	5.1%
	U.S. Small Cap Equity	6.0%	5.1%
	Global Equity ex-US	28.0%	8.2%
	Core Fixed Income	25.0%	1.9%
	Long Term Treasuries	3.5%	2.1%
	US TIPS	3.5%	1.8%
		<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.5% for 2024 and 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employer calculated using the discount rate of 6.5% in 2024 and 2025, as well as what the OAB's net pension 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 <u>(5.5%)</u>	Current Discount <u>Rate (6.5%)</u>	1% Increase <u>(7.5%)</u>
2024 Net Pension Liability (asset)	\$814,064	\$210,758	\$(296,523)
	1% Decrease <u>(5.5%)</u>	Current Discount <u>Rate (6.5%)</u>	1% Increase <u>(7.5%)</u>

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2025 Net Pension Liability (asset)	\$320,338	\$(107,228)	\$(466,606)
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H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPERS, which can be located at www.opers.ok.gov.

I. Legal and Accounting Liability

Attorney General opinions as well as the Oklahoma Supreme Court have implied that the State of Oklahoma is legally responsible for any pension liability over the employers' set contribution amount. However, GASB Statement 68 requires that the net pension liability be accounted for and reported by the unit that created the liability. Therefore, the OAB's portion of the State's net pension liability has been recorded and reported.

8. *Defined Contribution Plan*

The OAB also participates in the tax-qualified defined contribution retirement plan named Pathfinder which is administered by the OPERS. In a defined contribution plan, no specific benefit is promised to a plan participant. The amount a participant has at retirement under a defined contribution plan is dependent upon how much was contributed over his/her career, how well those investments performed, and how quickly distributions are taken in retirement. This plan applies only to state employees who first became employed by the OAB on or after November 1, 2015, and have no prior participation in the OPERS defined benefit plan. At June 30, 2025, there were four employees participating in this plan.

Plan members are required to contribute a minimum of 4.5% compensation annually. If the employee elects anything less than the 7%, the OAB matches the contribution at 6.0%. If the employee elects 7% or above, the OAB will match at 7% as well. Employees are progressively vested in employer contributions at a rate of 20% per year and become 100% vested after 5 years of credited service. For the year ended June 30, 2025, the OAB contributed \$13,667, and the eligible employees contributed \$4,603 to the defined contribution plan, and the OAB contributed \$9,874 at June 30, 2024, and the eligible employees contributed \$7,291.

9. *Other Post-Employment Benefits – Implicit Rate Subsidy of Health Insurance*

A. Plan Description

The Employee Group Insurance Division (EGID) is a division of the Office of Management and Enterprise Services (OMES). EGID administers, manages, and provides group health, dental, life, and disability insurance for active employees and retirees of state agencies, school districts, and other governmental units of the State of Oklahoma (the State) through Title 74 of the Oklahoma Statutes, Sections 1301 et seq. as amended. As a state agency, the OAB offers this insurance coverage and OAB employees receive a post-employment benefit of blended health insurance rates. Therefore, the OAB recognizes its proportionate piece of the State of Oklahoma Implicit Rate Subsidy of Health Insurance OPEB liability.

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This OPEB Plan is a non-trusted single-employer plan in which no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. Contributions are made by both participants and participating employer agencies on a “pay as you go” basis.

B. Benefits Provided

The Plan covers all current retirees of the OAB and 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. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma and the authority granted to EGID.

C. OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025 and 2024 the OAB reported a liability of \$60,090 and \$61,197, respectively, for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2024, for June 30, 2025, and July 1, 2023, for June 30, 2024. The total OPEB liability used was determined by an actuarial valuation as of July 1, 2024, for FY25 and June 30, 2023, for FY24. The OAB’s portion of the total OPEB liability was based on the OAB’s active employees of the plan relative to the total participation of the substantive plan as of June 30, 2024, and 2023. Based upon this information, the OAB’s proportion was 0.030631% for 2025 and 0.030631% for 2024. Changes of assumptions reflect a change in the discount rate to 4.09% in 2025 from 3.65% in 2024 resulting in recognition of a deferred outflow of resources.

For the years ended June 30, 2025, and 2024, the OAB recognized OPEB expense of \$7,307 and \$7,672, respectively. The OAB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

FY 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,210
Changes of assumptions	21,678	2,642
Changes in proportion and differences between OAB contributions and proportionate share of contributions	-	95
OAB contributions during measurement date	508	-
Total	<u>\$ 22,186</u>	<u>\$ 3,947</u>

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FY 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 980
Changes of assumptions	17,577	3,694
Changes in proportion and differences between OAB contributions and proportionate share of contributions	-	846
OAB contributions during measurement date	-	2,232
Total	<u>\$ 17,577</u>	<u>\$ 7,752</u>

D. Actuarial Methods and Assumptions

The total OPEB liability was determined based on actuarial valuations prepared using a July 1, 2023, measurement date and rolled forward for reporting in fiscal year 2025 using the following actuarial assumptions:

- Investment rates - Not applicable, as the Plan is unfunded, and benefits are not paid from a qualifying trust
- Mortality rates – Pub 2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2021
- Salary scale, retirement rate, withdrawal rate, and disability rate - Actuarial assumptions are based on rates for the various retirement systems that the Plan’s participants are in including:
 - Oklahoma Public Employees’ Retirement System
 - Oklahoma Law Enforcement Retirement System
 - Teachers’ Retirement System of Oklahoma
 - Uniform Retirement System of Justices & Judges
 - Oklahoma Dept. of Wildlife Conservation Defined Benefit Pension Plan
- Plan entry date - Date of hire
- Healthcare trend rate –2023 7.80% decreasing to 4.45%
- Actuarial cost method - Entry age normal based upon salary
- Plan participation - 45% of retired employees are assumed to participate in the Plan
- Marital assumptions-
 - Male participants: 25% who elect coverage are assumed to have a spouse who will receive coverage
 - Female participants: 15% who elect coverage are assumed to have a spouse who will receive coverage

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- Spouse age difference - Males are assumed to be 4 years older than their spouses
- Discount rate- 3.65% in 2024 and 2025

The June 30, 2024, valuation is based on a measured date of July 1, 2022, with a measurement period of July 1, 2022, to July 1, 2023, and rolled forward for fiscal year 2025.

E. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the OAB's proportionate share of the total OPEB liability, as well as what the OAB's proportionate share of the total OPEB 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 discount rate:

	1% Decrease	Current Discount	1% Increase
<u>2024</u>	<u>(2.65%)</u>	<u>(3.65%)</u>	<u>(4.65%)</u>
Total OPEB Liability	\$65,813	\$61,197	\$56,865
	1% Decrease	Current Discount	1% Increase
<u>2025</u>	<u>(2.65%)</u>	<u>(3.65%)</u>	<u>(4.65%)</u>
Total OPEB Liability	\$64,622	\$60,090	\$55,836

F. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the OAB's proportionate share of the total OPEB liability, as well as what the OAB's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage -point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Trend Rate (6.80% decreasing to <u>3.45%</u>)	1% Decrease in Health care Trend Rate (7.80% decreasing to <u>4.45%</u>)	1% Decrease in Health care Trend Rate (8.80% decreasing to <u>5.45%</u>)
<u>2024</u> Total OPEB Liability	\$55,102	\$61,197	\$68,344
	1% Decrease in Healthcare (6.80% decreasing to <u>3.45%</u>)	1% Decrease in Healthcare (7.80% decreasing to <u>4.45%</u>)	1% Decrease in Healthcare (8.80% decreasing to <u>5.45%</u>)
<u>2025</u> Total OPEB Liability	\$54,105	\$60,090	\$69,107

10. Other Post-Employment Benefits – Health Insurance Subsidy Plans (OPERS)

A. Plan Description

The OAB participates in the Supplemental Health Insurance Program, a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov.

B. Benefits Provided

OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Employees Group Insurance Division (EGID) or other qualified insurance plans provided by the State. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree, remitted to EGID.

C. Contributions

The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the Health Insurance Subsidy Plan (HISP) in accordance with the provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate of 16.5% as described in Note 7 above; from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from the OAB were \$5,123.

D. OPEB Liabilities (Assets), Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the OAB reported an asset of \$55,628 for its proportionate share of the net OPEB asset, and at June 30, 2024, the OAB reported an asset of \$58,812 for its proportionate share. The net OPEB asset of 2025 and 2024 were measured as of June 30, 2024, and 2023, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024, and 2023, respectively. The OAB's proportion of the FY25 net OPEB asset was based on the OAB's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2024, while the OAB proportion of the FY24 net OPEB asset was based on contributions received by the OPEB plan for employers as of June 30, 2023. Based upon this information, the OAB's proportion was 0.032311% for 2025 and 0.46066% for 2024.

For the year ended June 30, 2025, and 2024, the OAB recognized a OPEB benefit of \$2,571 and \$4,491, respectively. The OAB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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FY 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,061
Changes of assumptions	3,802	-
Net difference between projected and actual earnings on OPEB plan investments	11,001	
Net difference between projected and actual earnings on pension plan investments	-	6,373
OAB contributions during measurement date	613	-
OAB contributions subsequent to the measurement date	6,302	-
Total	<u>\$ 21,718</u>	<u>\$ 27,434</u>

Reported deferred outflows of resources of \$6,302 related to OPEB resulting from the OAB's contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net OPEB liability (asset) in the year ended June 30, 2025.

FY 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,314
Changes of assumptions	1,592	-
Net difference between projected and actual earnings on OPEB plan investments	3,481	
Changes in proportion and differences between OAB contributions and proportionate share of contributions	12,897	5,000
OAB contributions during measurement date	1,382	-
OAB contributions subsequent to the measurement date	5,123	-
Total	<u>\$ 24,475</u>	<u>\$ 19,314</u>

Reported deferred outflows of resources of \$5,123 related to OPEB resulting from the OAB's contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net OPEB liability (asset) in the year ended June 30, 2026. The amortization of deferred outflows of resources and deferred inflows of resources related to OPEB is as follows:

Year ended June 30:

2026	\$ (1,727)
2027	2,321
2028	(1,801)
2029	90
2030	1,155
Thereafter	-
	<u>\$ 38</u>

E. Actuarial Methods and Assumptions

The total OPEB liability was determined on an actuarial valuation prepared as of July 1, 2023 for FY24 and July 1, 2024 for FY25, using the following actuarial assumptions:

- Investment return – 6.50% for 2024 and 2025 compounded annually net of investment expense and including inflation.
- Salary increases - 3.5% to 9.25% for FY 2024 and 2023
- Mortality rates – In 2024 and 2023, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected generationally using MP-2019. Male rates are set back one year, and female rates are set forward two years.
- Annual post-retirement benefit increases - None
- Assumed inflation rate - 2.50% for 2023 and 2024
- Payroll growth – 3.25% for 2023 and 2024
- Actuarial cost method - Entry age
- Select period for termination of employment assumptions - 10 years
- Health Care Trend rate - N/A based on how the System is structured and benefit payments are made

The actuarial assumptions used in the July 1, 2023, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ending June 30, 2022. The actuarial assumptions used in the July 1, 2024, valuation is based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2022. The experience study report is dated April 12, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The HISP represents a subsidy that is capped at \$105 per month per retiree.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2024, is summarized in the following table:

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<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	34.0%	5.1%
U.S. Small Cap Equity	6.0%	5.1%
Global Equity ex-US	28.0%	8.2%
Core Fixed Income	25.0%	1.9%
Long Term Treasuries	3.5%	2.1%
US TIPS	3.5%	1.8%
	<u>100.0%</u>	

F. Discount Rate

A single discount rate of 6.50% was used to measure the total OPEB liability as of June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that contributions from System members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the OAB's proportionate share of the total OPEB liability, as well as what the OAB's proportionate share of the total OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
2024 Net OPEB Liability (Asset)	\$(43,137)	\$(58,812)	\$(72,142)

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
2025 Net OPEB Liability (Asset)	\$(44,897)	\$(55,628)	\$(64,751)

H. OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.opers.ok.gov.

11. Payments to State of Oklahoma

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Under provisions of 59 O.S., Section 15.7, the “Board shall pay into the General Revenue Fund of the State ten percent (10%) of all annual registration fees so charged, collected, and received, and no other portion shall ever revert to the General Revenue Fund or any other fund of the state.” The OAB paid \$69,550 to the State General Revenue Fund in fiscal year 2025 and \$69,083 in fiscal year 2024, related to the 10% General Revenue Fund.

In addition, under the provision of 59 O.S., Section 15.24, “all monies, excluding costs, collected from civil penalties authorized in this section, such penalties being enforceable in the district courts of this state, shall be deposited with the State Treasurer to be paid into the General Revenue Fund of the state.” The amount assessed for civil penalties are recorded as Fines Receivable and a Due to State. During fiscal year 2025 and 2024, the OAB collected \$71,435 and \$45,440, respectively, and remitted these amounts to the State.

The OAB maintains a clearing account in which all amounts are deposited. When these transfers are made to the State General Revenue Fund, they are made directly from the OAB’s clearing account.

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Required Supplementary Information
Pension Schedules and Related Ratios

Schedule 1
Oklahoma Public Employees Retirement System
Schedule of Proportionate Shares

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
OAB's proportion of the net pension liability	0.032255%	0.033922%	0.034024%	0.035377%	0.036571%	0.035211%	0.036690%	0.039158%	0.046065%	0.032313%
OAB's proportionate share of the net pension liability (asset)	\$ 116,016	\$ 322,876	\$ 183,956	\$ 69,001	\$ 48,709	\$ 314,140	\$ (492,444)	\$ 329,148	\$ 210,755	\$ (107,228)
OAB's covered payroll	\$ 570,192	\$ 609,410	\$ 572,819	\$ 597,494	\$ 584,620	\$ 606,154	\$ 672,053	\$ 591,640	\$ 724,712	\$ 646,412
OAB's proportionate share of the net pension liability as a percentage of its covered payroll	20.35%	52.98%	32.11%	11.55%	8.33%	51.83%	-73.27%	55.64%	29.08%	-16.59%
Plan fiduciary net position as a percentage of the total pension liability	96.00%	89.48%	94.28%	97.96%	97.96%	91.59%	112.51%	92.24%	95.91%	102.91%

Schedule 2
Oklahoma Public Employees Retirement System
Schedule of Contribution

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Statutorily required contribution	\$ 100,553	\$ 98,160	\$ 103,107	\$ 199,803	\$ 207,247	\$ 226,005	\$ 204,357	\$ 136,169	\$ 100,992	\$ 100,504
Contributions in relation to the statutorily required contribution	<u>100,553</u>	<u>98,160</u>	<u>103,107</u>	<u>199,803</u>	<u>207,247</u>	<u>226,005</u>	<u>204,357</u>	<u>136,169</u>	<u>100,992</u>	<u>100,504</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 609,410	\$ 572,819	\$ 597,494	\$ 584,620	\$ 606,154	\$ 672,053	\$ 591,640	\$ 724,712	\$ 646,412	\$ 497,684
Contributions as a percentage of covered payroll	16.50%	17.14%	17.26%	34.18%	34.19%	33.63%	34.54%	18.79%	15.62%	20.19%

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Schedule 3

Implicit Rate Subsidy of Health Insurance OPEB Liability
Schedule of Proportionate Shares

	2018	2019	2020	2021	2022	2023	2024	2025
OAB's proportion of the net OPEB liability	0.022136%	0.021520%	0.027780%	0.029578%	0.035334%	0.033554%	0.030631%	0.030631%
OAB's proportionate share of the total OPEB liability (asset)	\$ 32,871	\$ 31,462	\$ 36,725	\$ 42,029	\$ 49,728	\$ 42,638	\$ 61,197	\$ 60,089
OAB's covered payroll	\$ 607,527	\$ 642,578	\$ 656,359	\$ 606,154	\$ 672,053	\$ 591,640	\$ 700,833	\$ 719,169
OAB's proportionate share of the total OPEB liability as a percentage of its covered employee payroll	5.41%	4.90%	5.60%	6.93%	7.40%	7.21%	8.73%	8.36%

Notes to Schedule:

GASB Statement 75 requires the information presented in the Schedules of Required Supplementary Information to cover the 10 most recent fiscal years. Ten-year information is not available.

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Schedule 4

Oklahoma Public Employees Health Insurance Subsidy Plan
Schedule of Proportionate Share of Net OPEB Liability

	2018	2019	2020	2021	2022	2023	2024	2025
OAB's proportion of the net OPEB liability (asset)	0.034024%	0.035377%	0.036571%	0.035211%	0.036690%	0.039158%	0.046065%	0.032313%
OAB's proportionate share of the net OPEB liability (asset)	\$ 3,987	\$ (4,578)	\$ (14,217)	\$ (16,508)	\$ (50,443)	\$ (36,647)	\$ (58,812)	\$ (55,628)
OAB's covered payroll	\$ 599,698	\$ 607,527	\$ 642,578	\$ 656,359	\$ 606,154	\$ 672,053	\$ 721,929	\$ 724,712
OAB's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.66%	-0.75%	-2.21%	-2.52%	-8.32%	-5.45%	-8.15%	-7.68%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	96.50%	103.94%	112.11%	114.27%	142.87%	130.01%	141.38%	157.20%

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Schedule 5

Oklahoma Public Employees Health Insurance Subsidy Plan
Schedule of Contributions

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Statutorily required contribution	\$ 6,421	\$ 7,091	\$ 6,870	\$ 7,033	\$ 6,652	\$ 7,997	\$ 7,717	\$ 5,123
required contribution	<u>6,421</u>	<u>7,091</u>	<u>6,870</u>	<u>7,033</u>	<u>6,652</u>	<u>7,997</u>	<u>7,717</u>	<u>5,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 607,527	\$ 642,578	\$ 656,359	\$ 606,154	\$ 672,053	\$ 721,929	\$ 724,712	\$ 733,966
Contributions as a percentage of covered payroll	1.06%	1.10%	1.05%	1.16%	0.99%	1.11%	1.06%	0.70%

Notes to Schedule:

GASB Statement 75 requires the information presented in the Schedules of Required Supplementary Information to cover the 10 most recent fiscal years. Only the current fiscal year is presented because 10-year data is not readily available. Information presented is based upon a one-year look back.



**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 Board Members of
Oklahoma Accountancy Board
Oklahoma City, Oklahoma

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 Accountancy Board, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Oklahoma Accountancy Board's basic financial statements, and have issued our report thereon dated April 13, 2026. The report includes an emphasis of matter paragraph stating that the financial statements of the Oklahoma Accountancy Board are intended to present the financial position and results of operations of only that portion of the general fund of the State of Oklahoma attributable to the activities of the Oklahoma Accountancy Board.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Oklahoma Accountancy Board'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oklahoma Accountancy Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oklahoma Accountancy Board'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oklahoma Accountancy Board'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 determination of financial statement amounts. 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.



Oklahoma City, Oklahoma
April 13, 2026