

To the Board of Trustees
Oklahoma City Post-Employment Benefits Trust
Oklahoma City, Oklahoma

We are pleased to present this report related to our audit of the financial statements of the Oklahoma City Post-Employment Benefits Trust (Trust), a component unit of the City of Oklahoma City, as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Trust's financial reporting process.

Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

This report is intended solely for the information and use of the Board of Trustees and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Our governance letter addressed to the Mayor and City Council of the city of Oklahoma City (City), issued in connection with our financial statement audit of the City, includes information on pending Governmental Auditing Standards Board statements yet to be implemented by the Trust as well as additional comments and suggestions related to information security governance, vulnerability assessments, comprehensive policy and procedure reviews and various AGH resources. A copy of the City's governance letter may be obtained from the City's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, OK 73102.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

Our Responsibilities with Regard to the Financial Statement and Compliance Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated May 8, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated August 16, 2023 regarding the planned scope and timing of our audit and identified significant risks. We made no significant changes to the scope or timing of our procedures.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices - Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Trust. The Trust did not adopt any significant

new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies - We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant or Unusual Transactions - We did not identify any significant or unusual transactions.

Management's Judgments and Accounting Estimates - Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Trust's financial statements.

- Incurred but not reported claims for indemnity health care: Claim's liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. As a basis for our conclusion, we reviewed the information provided by the third-party administrator in comparison to the historical lag time for claim payments.
- Net position held in trust for other post-employment benefits (OPEB): The Trust contracts with an external actuary to calculate the contributions to the Trust and the net OPEB obligation. The valuations performed by the external actuary incorporate a number of assumptions, including among others, projected interest rates, inflation rates, health care trend rates, and plan member demographics. As a basis for our conclusion, we performed procedures to test the completeness and accuracy of information provided to the actuary and reviewed assumptions for reasonableness.

Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Management Representations

In connection with our audit procedures, we have obtained a written management representation letter. This representation letter constitutes written acknowledgments by management that it has the primary responsibility for the fair presentation of the financial statements in conformity with generally accepted accounting principles and also includes the more significant and specific oral representations made by officers and employees during the course of the audit. The letter is intended to reduce the possibility of misunderstandings between us and the Trust and reminds the signing officers to consider seriously whether all material liabilities, commitments and contingencies or other important financial information have been brought to our attention.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the Trust's transmittal letter. We did not identify material inconsistencies with the audited basic financial statements.

Observations About the Audit Process

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit year; we encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements; we are not aware of any consultations management had with other accountants about accounting or auditing matters; no significant issues arising from the audit were discussed or the subject of correspondence with management; we did not encounter any difficulties in dealing with management relating to the performance of the audit; and we did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and *Government Accountability Office* (GAO) independence rules. For Allen, Gibbs & Houlik, L.C. (AGH) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and AGH each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. AGH is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The Trust's Responsibilities

- Timely inform AGH, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers, or persons in financial reporting and compliance oversight roles.
 - Changes in the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, and jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Trust and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with AGH.
- Not entering into arrangements of nonaudit services resulting in AGH being involved in making management decisions on behalf of the Trust.
- Not entering into relationships resulting in AGH, AGH covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Trust.

Closing

We will be pleased to respond to any questions you have about this report or set up an introductory meeting to discuss the other recommendations at no charge. We appreciate the opportunity to continue to be of service to the Oklahoma City Post-Employment Benefits Trust.

Allen, Gibbs & Houlik, L.C
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS
December 5, 2023