

OKLAHOMA 94



Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 1994

On the Cover:

"KEEPERS OF THE TRADITION"

"Keepers of the Tradition" by Enoch Kelly Haney portrays a young Cheyenne couple wearing their present-day regalia. Faintly, in the background, an elder approvingly oversees the efforts of contemporary Indians to honor traditional values. As Kelly's collectors have come to expect, several subliminal images are hidden in the textures of the painting.

Use of this artwork was donated by Enoch Kelly Haney to the State of Oklahoma for publication of its Comprehensive Annual Financial Report.

The Oklahoma Comprehensive Annual Financial Report is an annual publication of the Oklahoma Office of State Finance and is prepared by the Division of Central Accounting & Reporting.

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OKLAHOMA 94

**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 1994**

**David Walters
Governor**

**Jack E. White
Secretary of Finance and Revenue**

**Prepared by
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INTRODUCTORY SECTION

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Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 1994

INTRODUCTORY SECTION



STATE OF OKLAHOMA
OFFICE OF STATE FINANCE

September 15, 1995

To the Honorable Frank Keating, Governor,
Members of the Legislature, and
Citizens of the State of Oklahoma

In accordance with Title 62, Section 34.1 of the Oklahoma Statutes, the Office of State Finance is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 1994. This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter with an accompanying overview of the State's economic performance and forecast, a review of current initiatives, and summary financial data. The Financial Section includes the general purpose financial statements, combining and individual fund and account group statements, and schedules. The Statistical Section includes selected financial and demographic information, presented on a multi-year basis.

Management of the State of Oklahoma, through the Office of State Finance, Division of Central Accounting and Reporting, is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The report has been prepared in accordance with generally accepted accounting principles for governments. To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the State's financial activities.

The State of Oklahoma includes funds, organizations, account groups, agencies, boards, commissions, and authorities for financial reporting purposes. In accordance with GASB 14, the State's financial reporting entity includes thirteen component units. One component unit, the Special Indemnity Fund, is blended in with the general fund of the primary government. The remaining component units are discretely presented on the face of the financial statements, including eleven proprietary activities and the State's higher education institutions.

In recent years, the State has taken several steps designed to improve the management of its fiscal affairs. A number of administrative and legislative initiatives have been adopted to provide more accurate and timely financial information. Additionally, steps have been taken to ensure that estimated revenues are adequate to meet budgetary expenditure requirements. While not all of the proposed changes have been fully implemented, the State can now demonstrate considerable improvement in a number of important areas.

- Adoption of a constitutional amendment that limits annual legislative appropriations to 95% of estimated revenues.
- Creation of the Constitutional Reserve "Rainy Day" Fund intended to further protect the State against fiscal emergencies and variations in receipts.
- Creation of an oversight process for the issuance of State debt. The creation of the Executive and Legislative Bond Oversight Commissions provides for the orderly review and approval of all debt issuances by the State, its agencies and public trusts. Included in this review is an assessment of all capital leases.

- Provision for 24-hour-per-day on-line monthly financial information to interested parties worldwide, via the Internet.
- Establishment of limits on the amount of gross production tax revenues which are annually credited to the General Revenue Fund, thus limiting the State's dependence on oil and gas activities for operating purposes.
- Establishment of a comprehensive reporting system to comply fully with the Federal Cash Management Improvement Act of 1990, which promotes efficiency, effectiveness, and equity in the administration of Federal Assistance Programs.
- Establishment of a "performance budget" process.
- Use of technology to eliminate redundancies in filing of claims, records and other data.

These and other management initiatives have the potential to strengthen the State's credit and improve our ability to respond to disruptions in the regional and national economies.

The Governor and the State Legislature exercise oversight responsibility for all funds and accounts, and every executive agency, board, commission, public trust, public authority, and public college and university whose data are presented in this report.

ECONOMIC CONDITIONS AND OUTLOOK

Recent Performance

Oklahoma's economy, enhanced by increasing exports, marked its third consecutive year of growth in 1994. Oklahoma's real gross product grew by 2.7% in fiscal 1994, compared with the U.S. Gross Domestic Product growth rate of 3.5%.

Oklahoma employment climbed by an estimated 42,600 jobs or 3.4% in calendar 1994, compared to 2.6% in the U.S. overall. Other economic indicators performed in a similar manner. Of the State employment increase, 82% was in the service sector.

Manufactured exports to foreign countries, including electronic equipment, industrial machinery and fabricated metals, increased by 8% in calendar 1993, three percentage points higher than the U.S. average. Mexico's share of Oklahoma exports has continued to rise, from 2.7% in 1990 to 6.7% in 1993. Canada and Eastern Europe are also large and growing buyers of Oklahoma products.

Oklahoma's personal income level rose an estimated 4.8% in current dollars in fiscal 1994, compared with an estimated 5.2% nationally. The value of Oklahoma construction projects totaled \$2.9 billion in calendar 1994, the highest in ten years.

Total deposits in Oklahoma's commercial banks increased by 2.5% and total loans by 11.6% in calendar 1994, compared to 2.2% and 9.3%, respectively for the overall U.S.

Oklahoma's General Revenue Fund, the major source of state appropriations, collected \$3.342 billion in fiscal 1994, representing a growth rate of 3.5% above the prior year.

Short Term Economic Forecast for Oklahoma

Real gross state product is estimated to increase by 2.8% in constant dollars for fiscal 1995 and by 2.5% in fiscal 1996. Oklahoma's personal income is predicted to increase by 5.5% in fiscal 1995 and by 5.3% in fiscal 1996. Employment is forecast to increase by 2.0% in fiscal 1995 and 1.8% in fiscal 1996, translating into job gains of 24,000 and 23,000 in the respective years.

Unemployment in Oklahoma is expected to average 5.95% in fiscal 1995 and improve slightly to 5.7% in fiscal 1996, just below the projected national level. Oklahoma historically has had an unemployment rate below the national level.

Selected Growth Rates (in percentages)

Calendar Year	1993		1994		1995	
	(Actual)		(Estimated)		(Projected)	
	<u>OK</u>	<u>US</u>	<u>OK</u>	<u>US</u>	<u>OK</u>	<u>US</u>
Real Gross Product	2.4	3.1	3.0	3.9	2.6	2.4
Nonagricultural Employment	1.5	1.8	2.0	2.6	2.0	2.3
Unemployment Rate	6.0	7.4	6.1	6.1	5.8	5.8
Total Personal Income	4.2	4.3	5.4	6.0	5.6	5.8

Oklahoma faces a potentially promising future. Among its assets are a strategic central location, a diversified economy, a well trained and productive labor force and a multitude of cultural and recreational activities as well as a moderate climate. It is firmly committed to creating an economic environment in Oklahoma which is favorable to labor, business and investors. While Oklahoma's per capita income of 82% of the U.S. average is below the national norm, so is the State's cost of living. Oklahoma has some of the most affordable housing in the nation.

Oklahoma's population is estimated at 3,251,000, of whom slightly more than half live in the metropolitan areas of the State's two largest cities, Oklahoma City, the capital, and Tulsa. The State's diverse cultural background is enhanced by the presence of more than 300,000 Native Americans representing 65 tribes.

MAJOR PROGRAM INITIATIVES

For the Period Ending June 30, 1994

Fiscal 1994 was a time of budget-cutting and realignment of priorities for Oklahoma.

The Legislature enacted at its spring 1993 meeting a \$3.588 billion balanced budget for the new fiscal year ending June 30, 1994, that provided a substantial increase to public schools while cutting funds for most agencies.

Total budgeted expenditures were \$61.8 million or 1.7% less than the prior year's expenditure appropriation, marking the first time in seven years that appropriations were less than those for the preceding year.

Despite the decrease in total appropriations, the budget boosted the appropriation for public schools by \$79 million or 6.2% to \$1.364 billion, assuring the continued funding of House Bill 1017, the school reform and revenue statute enacted in 1990. This five-year education improvement program increased accreditation standards for schools and teachers, expanded early childhood and kindergarten programs, mandated smaller class sizes, provided pay raises for teachers and support personnel, provided procedures and incentives for voluntary consolidations, increased requirements for graduation, replaced the former teacher tenure system with a new due process system, authorized issuance of alternative teaching certificates, and allowed local districts to extend school years.

Higher education received \$556.4 million in appropriated funds, a reduction of \$18.8 million or 3.3% that was partially offset by \$11 million in tuition increases, the first such fee hike in two years.

Vocational-technical schools, the third part of the education triad, received \$84.9 million, a decrease of \$4.5 million or 5%.

Altogether, educational functions received a total of \$2.019 billion for a combined net increase of \$53.9 million or 2.7%. This represented 56.3% of the total appropriated budget, up from 53.8% in fiscal 1993. Public schools received 38%, higher education 15.5%, vocational-technical education 2.4%, and other education 0.4% of the appropriated budget.

Slightly less than \$1 of every \$5, or about 19%, was appropriated to the Department of Human Services (DHS) and related agencies. Total appropriations of \$680 million for this group represented a reduction of \$31.4 million or 4.4% from the prior year.

Transportation, the second largest non-education entity received a \$179.8 million appropriation. While this represented a reduction of \$27.3 million or 13.2% in appropriated funds, all but \$9 million of the reduction was offset by other revenues.

Public Health received \$38.6 million. This was a reduction of \$13.7 million or 26.6% in appropriated funds but was partially offset by a transfer of functions bearing a \$7.1 million price tag to the new Department of Environmental Quality. Mental Health received \$109.8 million, a decline of \$3.3 million or 2.9%.

The Corrections Department received \$172.2 million, a decline of \$0.7 million or 0.4%, and the Department of Public Safety received \$48.8 million, a reduction of \$2.6 million or 5%.

Appropriations for all other agencies totaled \$339.9 million, a reduction of \$36.7 million or 9.8%.

The most perplexing problem facing Legislators and the Governor for fiscal 1994 was how to balance the budget while coping with mandates for increased educational funding, escalating costs for medical and other social services, and a decline in available funds resulting from a slowdown in revenue growth.

Among key initiatives enacted by legislation, administrative or other action for fiscal 1994 were:

- **Environmental Reform:** A new Department of Environmental Quality was created, consolidating the functions of three agencies.
- **Bond Issue:** Legislation was enacted authorizing expenditure of \$361.5 million in general obligation bond funds and accrued interest for new construction and equipment, nearly three-fourths of which will go for higher education.
- **Hiring Freeze :** Gov. David Walters, who had invoked a hiring freeze in fiscal 1993, extended the order through all of fiscal 1994 and into fiscal 1995.

- **Quality Jobs Program:** As an incentive for economic development, this new law qualifies new or expanding businesses to recover up to 5% of their new payroll costs over 10 years. In April, 1994, Oklahoma's Quality Jobs Program was named one of the top three in the nation in a ceremony in which Oklahoma received the award for Management Excellence from the global consulting firm of Arthur D. Little Inc. of Cambridge, Mass.
- **Health Care Reforms:** The Oklahoma Health Care Authority was created to combine the medical services functions of several agencies dealing with health care management, costs and benefits.
- **Financial Administration:** An aggressive campaign was continued to eliminate repetitive processing in the State's payments to vendors by taking advantage of modern telecommunications and automated data processing technology. The result has been a reduction in turnaround time on claims processing from 3-5 days to an average of 2 days, while at the same time improving accuracy and reducing the system's operating costs.
- **Increased computerization:** Greater use of electronic mail, voice mail and electronic data bases has speeded the flow and access of information.

FOR THE FUTURE

The 1994 Legislature appropriated a \$3.696 billion balanced budget for fiscal 1995 that provided a modest increase of 3% or \$108 million above current spending. More than half of the increase went to public schools.

The Legislature also enacted a Juvenile Justice Reform Act and increased Corrections spending by 7.5% in an effort to cope with an expanding prison population.

The public school appropriation was increased by \$56.6 million or 4.1% and assures full funding for the fifth year of House Bill 1017. A total of \$1.421 billion was appropriated to public schools, an increase of \$538.8 million or 61% since fiscal 1990. Most of the increased funds have gone for class size reduction, hiring of additional teachers and increases in minimum salaries.

Altogether, educational functions received a total of \$2.080 billion, for a combined increase of \$61.4 million or 3%. This represented 56.3% of the total appropriated budget, equaling the ratio of the preceding year and up from 53.8% in fiscal 1993. Public schools received 38.4%, Higher Education 15.1%, Vocational Technical Education 2.4% and other education functions 0.4% of the appropriations total.

The Legislature designated \$554.7 million in appropriated and transferred funds for higher education, an increase of \$1.4 million or 0.2% above the prior year's appropriation. The Legislature declined to authorize tuition increases to bolster operating funds, although Higher Education Regents were given the option of increasing other types of fees. Vocational-technical education was assigned \$86 million in appropriated and transferred funds, an increase of \$3.1 million or 3.7% above the fiscal 1994 appropriation. The Legislature also attempted to appropriate an additional \$3 million for higher education, and \$2 million for vocational-technical education by avoiding restrictions on deficit financing through the use of forward purchase contracts. Other education functions received \$13.8 million, a gain of \$0.3 million or 2.2%.

The Legislature appropriated \$702 million to the Department of Human Services and related agencies, an increase of \$22.2 million or 3.3%. This category accounted for slightly less than \$1 of every \$5, or about 19%, of the total appropriated budget.

The Department of Transportation, the second largest non-education entity, received a \$169.9 million appropriation, a reduction of \$9.9 million or 5.5%. Appropriations were reduced for fiscal 1995 because of increased demands on the Indemnity Fund used to clean up leaking underground fuel storage tanks. Any excess in this Fund otherwise goes to the Transportation Fund.

Public Health received \$39.9 million, an increase of \$1.3 million or 3.3%, and mental health received \$113.6 million, an increase of \$3.9 million or 3.5%. The Corrections Department received \$185.2 million, an increase of \$13 million or 7.5% to help cope with a growing prison population. The legislature authorized the addition of 550 new beds through renovation and expansion of existing facilities. Public Safety was appropriated \$50.6 million, a gain of \$1.8 million or 3.6%.

In other legislation involving fiscal matters, the Legislature:

- Increased benefits by an average of 2.5% for most State retirees.
- Increased salaries of highway patrol troopers an average of \$2,000 per year.
- Boosted State employees' salaries on an annualized basis by \$800 per year, starting in September, 1994.
- Increased salaries for correctional and certain other law enforcement officers by 6%.
- Increased salaries by varying amounts for district attorneys, judges and statewide elected officials except for the Governor.
- Created the Office of Juvenile Affairs to replace the Office of Juvenile Justice within the Department of Human Services. The switch is to occur July 1, 1995 after a year-long transition period.

Key initiatives set in motion or expanded by legislation, administrative or other action for fiscal 1995 were:

- **Workers' Compensation Reform:** The Governor called a special session of the Legislature to consider workers' compensation reform. Legislation was enacted to increase funding as well as services including the Physicians Advisory Committee, the Independent Medical Examiner System, and the Workers' Compensation Court Counselor's Program.
- **Capital Improvement:** The Long-Range Capital Planning Commission developed the State's first ever multi-year capital plan for fiscal years 1995-1999 that called for total capital spending of \$1.77 billion, of which \$1.62 billion would be self-funded and \$150 million would be required from General Revenue Fund appropriations. Of the self-funded projects, 65% or \$1.045 billion were for transportation.

- **Computerization:** The Office of State Finance expanded its use of a local area network using Lotus Notes groupsharing software to facilitate better internal communications. Numerous databases were designed for efficient storage and retrieval, including a legislative tracking database used by budget analysts to analyze and track legislative measures which have a potential impact on State financial operations.
- **Telemedicine Network:** Further expansion of what has become the nation's largest medical network for rural communities.
- **Saving Quality Jobs:** This extension of the State Quality Jobs Program offers financial incentives designed to retain existing jobs and to expand jobs with existing Oklahoma businesses.
- **Electronic Information:** Further expansion of Oklahoma's quantum leap forward in the use of electronic information. Modernization of computer equipment and programs have made budgeting, accounting and other records instantly available. Oklahoma went on line in September, 1994 with the State of Oklahoma Information Server, a public access area on the Internet. Additional data will be made available for this service which initially included information from the Governor's Office, Oklahoma's agribusiness, arts, business opportunities, education, research and State finance. The Office of State Finance data initially will provide a "Frequently Asked Questions (FAQ)" database, its Monthly Revenue Press Releases, Oklahoma Revenue and an Accounting Procedures Newsletter. The service has been set up on MOSAIC, a user-friendly shareware. The State of Oklahoma Information Server's Internet address is:
<http://www.oklaosf.state.ok.us/> .
- **Park Bonds:** The Legislature authorized the Oklahoma Tourism and Recreation Commission to issue \$7.4 million in revenue bonds for the construction of several capital projects, including an 18-hole championship golf course at Lake Texoma.

FINANCIAL INFORMATION

Internal Controls

Management of the State of Oklahoma is responsible for the establishment and maintenance of internal accounting controls which have been designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost of controls does not exceed the benefits obtained.

Budget Policy

Oklahoma's fiscal processes were made more conservative through enactment of amendments to the State Constitution in 1985. The amendments imposed an annual growth limit on appropriations of 12%, restricted total appropriations to 95% of the revenue estimate, and established the Constitutional Reserve "Rainy Day" Fund to provide for future funding emergencies.

General Governmental Functions

Most State financial operations are reported in governmental fund types, that is the general fund and capital projects fund. Following are schedules of revenues and expenditures for these governmental funds. The total transfers out amount is primarily monies transferred to support the higher education institutions.

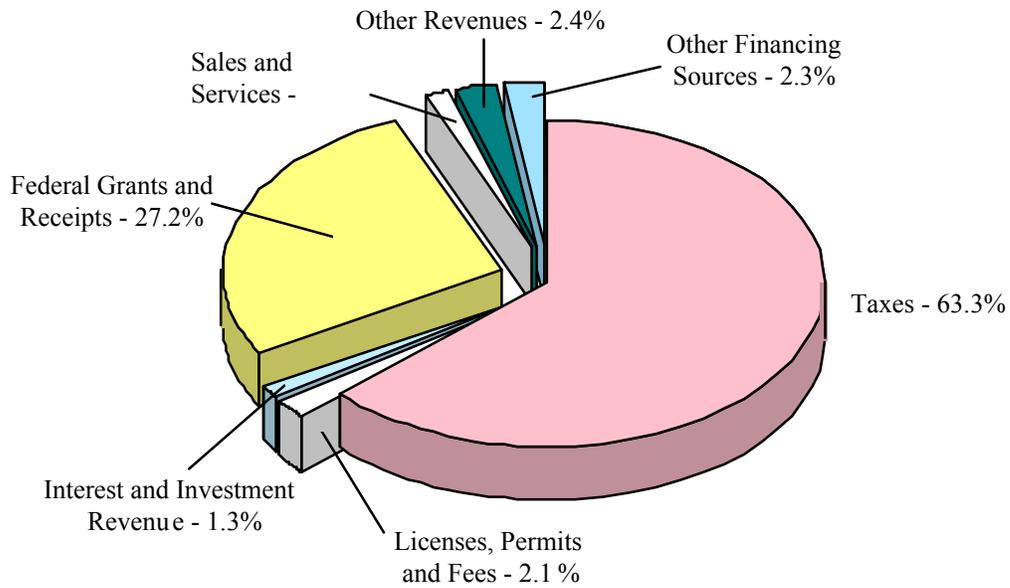
Governmental Funds Revenues and Other Financing Sources (in millions)

	1993-94 Amount	Percentage of Total	Increase (Decrease) from 1992-93	Percentage Increase (Decrease)
Taxes	\$ 4,168	63.3%	\$ 778	22.9%
Licenses, Permits and Fees	137	2.1%	20	17.1%
Interest and Investment Revenue	85	1.3%	(9)	(9.6%)
Federal Grants	1,794	27.2%	73	4.2%
Sales and Services	89	1.4%	(7)	(7.3%)
Other Revenues	161	2.4%	(31)	(16.1%)
Other Financing Sources:				
Operating Transfers In	38	0.6%	28	280.0%
Bond Proceeds	113	1.7%	(135)	(54.4%)
Capital Leases	1	0.0%	(7)	(87.5%)
Total Revenues and Other Financing Sources	\$ 6,586	100.0%	\$ 710	12.1%

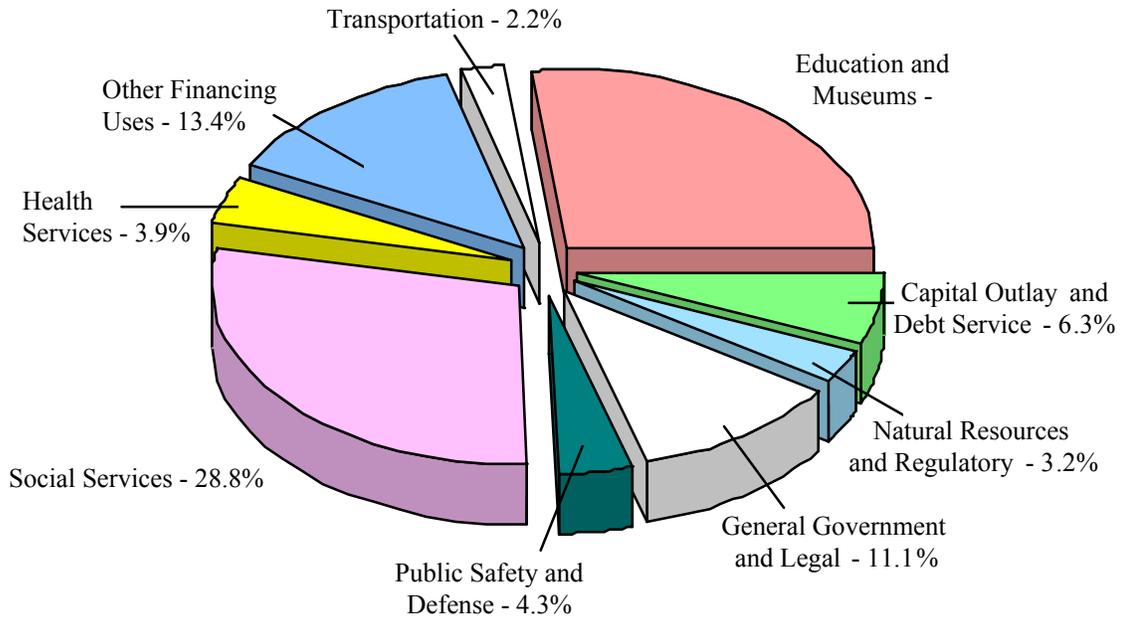
Governmental Funds Expenditures and Other Financing Uses (in millions)

	1993-94 Amount	Percentage of Total	Increase (Decrease) from 1992-93	Percentage Increase (Decrease)
Education	\$ 1,750	26.7%	\$ 98	5.9%
General Government	616	9.6%	408	196.2%
Health Services	258	3.9%	(35)	(11.9%)
Legal and Judiciary	97	1.5%	1	1.0%
Museums	7	0.1%	0	0.0%
Natural Resources	131	2.0%	12	10.1%
Public Safety and Defense	284	4.3%	20	7.6%
Regulatory Services	80	1.2%	5	6.7%
Social Services	1,894	28.8%	(21)	(1.1%)
Transportation	147	2.2%	(18)	(10.9%)
Capital Outlay	373	5.7%	20	5.7%
Debt Service	38	0.6%	13	52.0%
Other Financing Uses:				
Operating Transfers Out	873	13.3%	260	42.4%
Bond Refunding	8	0.1%	8	-
Total Expenditures and Other Financing Uses	\$ 6,556	100.0%	\$ 771	13.3%
Governmental Funds - Net Increase in Fund Balance	\$ 30			

Governmental Funds Revenues
and Other Financing Sources - 1994



Governmental Funds Expenditures
and Other Financing Uses - 1994



In fiscal year 1994, direct tax apportionments to counties, cities and towns, and public schools were included in tax revenues and general government expenditures for the first time, causing an increase of approximately \$400 million. This change also accounts for the majority of the increases in operating transfers in and out. Debt service increased in fiscal year 1994 due to the issuance of the general obligation bonds in fiscal years 1993 and 1994. Fiscal year 1994 shows an increase in Fund Balance for the Governmental Funds. It should be noted that this increase is due to the issuance of general obligation bonds of \$100 million in fiscal 1994. Without the proceeds from the bond issues, fund balance would have decreased by \$83.

As noted in a preceding subsection, Oklahoma's Legislature budgeted, on the basis of 95% of the itemized revenue estimate of the State's budgetary General Revenue Fund (GRF) and certain special funds. It should be noted that taxes deposited into the budgetary GRF as defined by Oklahoma law are about 85% of the total tax revenues of the governmental funds as defined by generally accepted accounting principles. Oklahoma's budgetary General Revenue Fund revenues were \$3.34 billion or 98.3% of the State's revenue estimate for the fiscal year ended June 30, 1994. Had it not been for court-ordered payment of income tax refunds of \$31.2 million to Federal retirees, total revenues would have equaled 99.2% of the estimate and exceeded the prior year's revenue by \$113.9 million or 3.5%.

After subtracting the refunds, the net budgetary General Revenue Fund collection total of \$3.34 billion was:

- \$82.6 million or 2.5% above that of the prior year.
- \$57 million or 1.7% below the official estimate made by the State Board of Equalization 16 months earlier, in February of 1993.

Sales taxes for fiscal 1994 increased 7.9% over the prior year, for the largest annual increase since fiscal 1991. Corporate income taxes increased by 21% above a year ago, also for the largest increase since fiscal 1991. Motor vehicle taxes, bolstered by increased automobile sales, showed an increase of 8.9% above the prior year, for the largest gain since fiscal 1986.

The pronounced increases over the prior year in sales, corporate income and motor vehicle tax collections were indicative of improved business activity and consumer confidence. Sales taxes are levied on retail sales while motor vehicle taxes come from motor vehicle sales, licenses and other fees. Individual income taxes were up \$8.5 million or 0.7% but were below the estimate, reflecting the impact of the court ordered Federal retiree refunds.

Variances from Itemized Estimate
(\$ in millions)

	Variance Over (Under) Estimate	Percent Variance
Sales Taxes	\$ 20.3	2.0%
Motor Vehicle Licenses and Fees	10.3	4.9%
Corporate Income Taxes	12.5	8.5%
Individual Income Taxes	(62.5)	(4.6%)

Three Major Sources Gain

Three of the four major taxes -- income, sales and motor vehicle -- exceeded revenue of a year ago, while gross production taxes on oil and gas showed a 13.5% decline. The four major taxes combined produced \$2.884 billion or 86% of total revenues of \$3.34 billion in fiscal 1994. The major tax total was \$105.2 million or 3.8% above that of a year ago but \$32.4 million or 1.1% below the *estimate*, a variance attributed primarily to the Federal retiree refunds.

At June 30, 1994, the status of two important fund balances affecting the new year's fiscal picture follows:

General Revenue Cash-Flow Reserve Fund - The State set aside \$334 million to meet anticipated monthly cash-flow needs for the new fiscal year. This was an increase of \$27 million from a year ago. The new total amounted to 10% of the General Revenue certified appropriation level, up from 9.5% in the prior year.

The General Revenue cash carryover from fiscal 1994 available to the next legislature was \$19.6 million, compared with a balance of \$31.7 million a year ago. The carryover funds come from the 5% difference between the 95% appropriation limit and actual receipts up to 100% of the *estimate*. Funds required to replenish or increase the cash-flow fund also come from this source. As stated earlier, actual receipts were 3.3% above the 95% level in fiscal 1994.

Constitutional Reserve "Rainy Day" Fund - After subtracting \$45.6 million appropriated by the 1994 legislature, this fund had a July 1 balance of \$45.6 million compared with \$91.1 million at this date a year earlier.

Oklahoma has established an enviable record in recent years in its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing the new revenue estimating procedures, collections have exceeded the estimate in four years and dipped below the estimate five years, producing average revenue of 99.3% of the estimate over the period. The nine-year history is shown on the following table.

General Revenue Fund Comparisons
(\$ in millions)

Fiscal Year	Estimate	Revenues	Actual Over (Under) Estimate	Percent Received
FY-86	\$ 2,456.6	\$ 2,271.3	\$ (185.2)	92.5%
FY-87	2,166.7	2,070.0	(96.7)	95.5%
FY-88	2,319.8	2,397.8	78	103.4%
FY-89	2,499.8	2,600.6	100.8	104.0%
FY-90	2,661.2	2,735.1	73.9	102.8%
FY-91	3,034.4	3,109.5	75.1	102.5%
FY-92	3,213.9	3,161.2	(52.7)	98.4%
FY-93	3,365.2	3,258.9	(106.3)	96.8%
FY-94	3,398.5	3,341.5	(57.0)	98.3%
Nine-Year Average	\$ 2,790.7	\$ 2,771.8	\$ (18.9)	99.3%

At the start of each fiscal year, collections that exceed the estimate for the preceding year are automatically deposited in the Constitutional Reserve "Rainy Day" Fund until the total on deposit equals 10% of the prior year's certified appropriation authority for the General Revenue Fund.

Fiduciary Operations

The most significant of the State Fiduciary Funds are the six retirement systems: The Oklahoma Firefighters Pension and Retirement System (OFPRS), the Oklahoma Law Enforcement Retirement System (OLERS), the Oklahoma Public Employees Retirement System (OPERS), the Uniform Justices and Judges Retirement System (URSJJ), the Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS).

Key actuarial amounts for the systems (expressed in millions) at fiscal year end 1994 were:

	<u>TRS</u>	<u>OPERS</u>	<u>OFPRS</u>	<u>OPPRS</u>	<u>OLERS</u>	<u>URSJJ</u>
Pension benefit obligation	\$ 6,076	\$ 2,506	\$ 1,069	\$ 740	\$ 278	\$ 71
Net assets available for benefits	<u>2,576</u>	<u>2,357</u>	<u>623</u>	<u>610</u>	<u>244</u>	<u>75</u>
Unfunded pension benefit obligations	<u>\$ 3,500</u>	<u>\$ 149</u>	<u>\$ 446</u>	<u>\$ 130</u>	<u>\$ 34</u>	<u>\$ (4)</u>

The pension benefit obligation is an actuarially determined estimate of the present value of amounts to be paid to current and future retirees. This amount is compared to the net assets available for benefits. When the obligation is greater than the net assets, the result is an unfunded pension benefit obligation.

Higher Education Funds

The State's higher education system consists of two comprehensive universities, 10 other four-year universities, 14 two-year colleges and constituent agencies.

Over the past five years, enrollment at Oklahoma's public colleges and universities increased by 4,284 or 1.9%, from 220,719 in fiscal 1989 to 225,003 in fiscal 1994.

During the same period, State appropriations for the public colleges and universities increased by \$114.2 million or 25.8% -- from \$442.2 million in fiscal 1989 to \$556.4 million in fiscal 1994.

The fiscal 1994 appropriation represented a decrease from fiscal 1993 of 3.3% or \$18.8 million in actual dollars. This decrease in appropriations was partially offset by a revenue increase in student tuition and fees.

Appropriated funds constituted approximately 63% of higher education total budgeted expenditures of \$812.5 million in fiscal 1994. Other resources came from tuition and fees, auxiliary activities (dormitories and food services), Federal grants, contracts and miscellaneous sources.

As noted elsewhere, Oklahoma voters passed a \$350 million bond issue in fiscal 1993 of which \$258 million was for capital improvements in higher education. This will enable campuses to make repairs, renovate space to accommodate new technology and equipment, refurbish libraries and remove barriers to the physically disabled, construct classrooms, libraries and science facilities, and purchase computers as well as telecommunications, classroom and laboratory equipment.

Debt Administration

The State of Oklahoma has provided for joint executive and legislative oversight of all its borrowing programs. In 1987, the State created the Executive and Legislative Bond Oversight Commissions. These commissions meet jointly to review all proposed debt issuances and must approve each financing plan before State obligations can be issued. The legislation which created the Bond Oversight Commissions also created the position of State Bond Advisor. The State Bond Advisor serves as staff to the Bond Oversight Commissions and has the authority to approve the pricing and fees associated with any State debt issuance. The State Bond Advisor also administers the Oklahoma Private Activity Bond Program.

The State of Oklahoma issues debt obligations to meet capital facilities and equipment needs, and to provide for housing and economic development loans. The authority of the State to incur debt is described in Article X, Section 25, of the Constitution of the State of Oklahoma as follows:

"...no debts shall be hereafter contracted by or on behalf of this state, unless such debt shall be authorized by law for some work or object, to be distinctly specified therein; and such law shall impose and provide for the collection of a direct annual tax to pay, and sufficient to pay, the interest on such debt within twenty-five years from the time of the contracting thereof."

At the November 1992 general election, the voters of the State approved the issuance of \$350 million in capital improvement general obligation bonds. These bonds were sold in two series, with \$250 million Series A sold competitively on March 9, 1993, and \$100 million Series B sold through negotiation on July 21, 1993.

The general obligation bonds of the State are rated "Aa" by Moody's Investors Service and "AA" by both Standard & Poor's Corporation and Fitch Investors Service. Prior to the 1993 general obligation program, the State's last new-money general obligation bond issue was in 1968. Certain maturities of these bonds were refunded in 1977. As of June 30, 1994, the outstanding tax-supported general obligation net debt of the State of Oklahoma was \$355,035,000. This figure excludes the self-supporting debt of the Oklahoma Industrial Finance Authority.

The State has issued numerous series of taxable bonds to fund loans for economic development in Oklahoma. This program is administered by the Oklahoma Industrial Finance Authority (OIFA). The bonds issued by the OIFA are secured by the repayment of loans made to private businesses. State revenues have never been required to support debt service payments on these obligations. The OIFA bonding program is limited to \$90 million outstanding at any time. As of June 30, 1994, the outstanding taxable debt of the OIFA (supported by repayments from private borrowers) was \$67,320,000.

The Oklahoma Development Finance Authority (ODFA) operates an economic development loan program that has the authority to issue \$60 million in bonds to the extent needed to cover any losses in its reserve fund. As of June 30, 1994, the ODFA has not needed to utilize this bonding capacity to cover loan losses.

The State has utilized lease-purchase financing for the acquisition of certain equipment and facilities. The State's privately placed obligations, which are typically used for equipment, normally have terms of five years or less.

Various agencies, trusts, and authorities issue revenue bonds on behalf of the State of Oklahoma. These obligations are supported solely by the revenues of the issuing entities. The most active of these issuers are the Oklahoma Water Resources Board and the Oklahoma Turnpike Authority.

Cash Management

State law requires full collateralization of all State Treasurer bank balances. The amount of collateral securities to be pledged for the security of public deposits is established by rules promulgated by the State Treasurer. Component units may have collateralization policies that differ from those of the State Treasurer. The State Treasurer is required to keep 80% or more of the available cash invested during each fiscal year.

Risk Management and Insurance

It is the policy of the State to cover the risk of losses to which it may be exposed through risk management activities. In general, the State is self-insured for health care claims (except for participation in certain health maintenance organizations), workers' compensation, tort liability (except for excess coverage for certain losses in excess of \$1 million), vehicle liability, and property losses (except for excess coverage for certain losses in excess of \$250,000, or \$750,000 for certain agencies). The property loss excess coverage is limited to a maximum loss of \$1 billion.

Coverage for health care claims and workers' compensation is provided by two separate enterprise funds. The State and Education Employees' Group Insurance Board provides group health, life, and dental benefits to the State's employees and certain other eligible participants. The State Insurance Fund provides workers' compensation coverage for the State's employees.

The remaining risk management activities of the State are included in the State's General Fund. The Risk Management Division of the Department of Central Services is responsible for administering the State's tort liability, vehicle liability, property loss, and other types of risk coverage. Also, the Division is responsible for the acquisition and administration of all insurance policies purchased by the State and administration of any self-insurance plans and programs adopted for use by the State (and for certain organizations and bodies outside of state government).

ACKNOWLEDGMENTS

The Office of State Finance is pleased to recognize and commend the efforts of the numerous individuals across the State which made this Comprehensive Annual Financial Report possible. Questions or requests for additional information related to this report can be directed to our office at (405) 521-2141.

Respectfully submitted,



Tom Daxon

SELECTED OKLAHOMA STATE OFFICIALS

June 30, 1994

JUDICIAL BRANCH

* State Supreme Court
Ralph B. Hodges
Chief Justice

* Court of Criminal Appeals
Gary L. Lumpkin
Presiding Judge

EXECUTIVE BRANCH

Governor
David Walters

Lieutenant Governor
Jack Mildren

* Secretary of State
Glo Henley

State Auditor & Inspector
Clifton Scott

Attorney General
Susan B. Loving

State Treasurer
Claudette Henry

Superintendent of
Public Instruction
Sandy Garrett

Commissioner of Labor
Dave Renfro

Commissioner of Insurance
Cathy J. Weatherford

Commissioners of the
Corporation Commission
Bob Anthony
Cody Graves
J. C. Watts

LEGISLATIVE BRANCH

Senate
Robert V. Cullison
President Pro Tempore

House of Representatives
Glen D. Johnson
Speaker of the House

* Appointed Position



STATE OF OKLAHOMA

OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT
State Auditor and Inspector

OKLAHOMA CITY

100 State Capitol
Oklahoma City, OK 73105
405/521-3495

INDEPENDENT AUDITOR'S REPORT

TO THE GOVERNOR AND MEMBERS OF THE LEGISLATURE OF THE STATE OF OKLAHOMA

We have audited the general purpose financial statements of the State of Oklahoma as of and for the year ended June 30, 1994, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the State of Oklahoma's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Oklahoma Educational Television Authority, the Department of Commerce, the Oklahoma Accountancy Board, the Oklahoma Insurance Department, the Commissioners of the Land Office, the Capitol Investment Board, or the Special Indemnity Fund which statements reflect total assets and revenues consisting of 1% and 3% of the general revenue fund. We did not audit the financial statements of the enterprise fund. We did not audit the financial statements of the various pension funds or the nonexpendable trust fund. We did not audit the financial statements of the Oklahoma State Employees Deferred Compensation Plan or the Oklahoma Insurance Department, which statements reflect total assets consisting of 38% of the agency fund. We did not audit the financial statements of the Special Indemnity Fund, which statements reflect total assets consisting of 15% of the General Long-term Debt Account Group. We did not audit the financial statements of the higher education fund type. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned entities, is based solely upon the reports of the other auditors.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

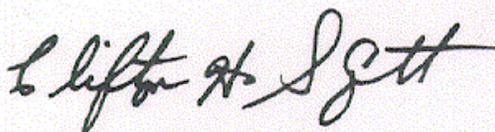
The independent auditors' reports for the University of Central Oklahoma, the University of Science and Arts, Eastern Oklahoma State College, Rogers State College, Murray State College, Oklahoma Panhandle State University, Rose State College, Rose State Technical District, Seminole Junior College, and Southeastern Oklahoma State University were all qualified because the auditors were unable to form an opinion on investment in plant assets. We were not able to satisfy ourselves as to the fair presentation of such assets in the Higher Education Fund.

In our opinion, based upon our audit and the reports of other auditors, except for the effect on the financial statements of the matters discussed in the preceding paragraph, the general purpose financial statements

referred to in the first paragraph present fairly the financial position of the State of Oklahoma as of June 30, 1994, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 1995, on our consideration of the State of Oklahoma's internal control structure and a report dated May 31, 1995, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Oklahoma. Such information, except for the statistical schedules and the information in the introduction which are unaudited, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, except for the matter discussed in the second preceding paragraph, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



CLIFTON H. SCOTT
State Auditor and Inspector

May 31, 1995

FINANCIAL SECTION

OKLAHOMA 94

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 1994

FINANCIAL SECTION

**General Purpose
Financial
Statements**

OKLAHOMA

Combined Balance Sheet
 All Fund Types, Account Groups and
 Discretely Presented Component Units
 June 30, 1994
 (expressed in thousands)

	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Types
	General	Capital Projects	Enterprise - Oklahoma Water Resources Board	Trust and Agency
Assets and Other Debits				
Assets				
Cash/Cash Equivalents	\$ 999,578	\$ 1,452	\$ 5,579	\$ 496,
Investments	149,949	283,880	107,205	916
Accounts Receivable	32,753	0	0	7,625,169
Interest and Investment Revenue Receivable	10,909	348	2,837	3,207
Contributions Receivable	0	0	0	52,156
Federal Grants Receivable	162,049	0	0	3,559
Taxes Receivable	8,994	0	0	242
Lease Payments Receivable	43,150	0	0	4,796
Other Receivables	1,885	0	0	0
Notes and Loans Receivables	0	0	114,994	101,135
Due from Brokers	0	0	0	0
Due from Other Funds	230	0	0	31,276
Due from Component Units	3,262	0	0	22,703
Due from Primary Government	0	0	0	483
Advances to Primary Government	0	0	0	0
Inventory	31,751	0	0	0
Prepaid Items	4,631	0	0	85,272
Fixed Assets, Net	0	0	0	0
Other Assets	952	0	750	1,977
				8,230
Other Debits				
Amount Available for Debt Service	0	0	0	0
Amount To Be Provided For				
Retirement of Debt	0	0	0	
Compensated Absences	0	0	0	0
Capital Lease Payments	0	0	0	0
Claims and Judgements Payable	0	0	0	0
				0
Total Assets and Other Debits	<u>\$ 1,450,093</u>	<u>\$ 285,680</u>	<u>\$ 231,365</u>	<u>\$ 8,437,121</u>

The Notes to the Financial Statements are an integral part of this statement.

OKLAHOMA

Account Groups		Total Primary Government	Component Units		Total Reporting Entity
General Fixed Assets	General Long-Term Debt	(Memorandum Only)	Proprietary	Higher Education	(Memorandum Only)
\$ 0	\$ 0	\$ 1,503,525	\$ 183,016	\$ 250,401	\$ 1,936,942
0	0	8,166,203	1,346,269	278,469	9,790,941
0	0	35,960	92,708	92,138	220,806
0	0	66,250	19,003	1,568	86,821
0	0	3,559	0	0	3,559
0	0	162,291	3,675	1,034	167,000
0	0	13,790	0	0	13,790
0	0	43,150	0	0	43,150
0	0	103,020	2,840	0	105,860
0	0	114,994	690,833	41,036	846,863
0	0	31,276	0	0	31,276
0	0	22,933	0	45,813	68,746
0	0	3,745	1,302	0	5,047
0	0	0	8,697	181	8,878
0	0	0	0	210	210
0	0	117,023	34,209	18,167	169,399
0	0	4,631	1,277	3,615	9,523
775,677	0	777,654	1,418,864	1,505,129	3,701,647
0	0	9,932	439,987	8,545	458,464
0	19,385	19,385	0	0	19,385
0	378,769	378,769	0	0	378,769
0	86,679	86,679	0	0	86,679
0	12,192	12,192	0	0	12,192
0	102,204	102,204	0	0	102,204
<u>\$ 775,677</u>	<u>\$ 599,229</u>	<u>\$ 11,779,165</u>	<u>\$ 4,242,680</u>	<u>\$ 2,246,306</u>	<u>\$ 18,268,151</u>

(continued)

OKLAHOMA

Combined Balance Sheet All Fund Types, Account Groups and Discretely Presented Component Units June 30, 1994 (expressed in thousands)

(continued)

	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Types
	General	Capital Projects	Enterprise - Oklahoma Water Resources Board	Trust and Agency
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 297,895	\$ 2,539	\$ 366	\$ 1,724
Claims and Judgements Payable	12,266	0	0	0
Interest Payable	13	0	2,337	0
Tax Refunds Payable	74	0	0	2,599
Due to Brokers	0	0	0	85,781
Due to Other Funds	22,703	0	0	215
Due to Component Units	1,462	0	0	0
Due to Primary Government	0	0	0	0
Due to Others	37,625	0	0	202,798
Deferred Revenue	109,969	0	0	8,031
Capital Leases	0	0	0	0
Compensated Absences	0	0	0	115
Benefits in the Process of Payment	0	0	0	43,312
Deferred Compensation	0	0	0	124,057
Advances from Component Unit	210	0	0	0
Refundable Motor Fuels Tax	0	0	0	0
Notes Payable	0	0	0	0
General Obligation Bonds Payable	95	0	0	0
Revenue Bonds Payable	138	0	203,083	0
Certificates of Participation	0	0	0	0
Other Liabilities	0	0	909	0
Total Liabilities	482,450	2,539	206,695	468,632
Fund Equity and Other Credits				
Investment in Fixed Assets	0	0	0	0
Retained Earnings				
Reserved				
Debt Service	0	0	17,653	0
Castastrophe/Rate Stabilization	0	0	0	0
Other Special Purposes	0	0	0	0
Unreserved	0	0	7,017	0
Net Unrealized Gain on Securities	0	0	0	0
Fund Balances				
Reserved				
Encumbrances	95,006	12,327	0	0
Inventory/Prepaid Items	36,383	0	0	0
Unemployment Benefits	0	0	0	457,866
Debt Service	19,385	0	0	0
Preservation of Wildlife	0	0	0	29,476
Pension Benefits	0	0	0	6,735,943
Permanent Trust	0	0	0	724,878
Undistributed Revenue	0	0	0	20,326
Cash Flow Reserve Fund	333,951	0	0	0
Other Special Purposes	2,282	0	0	0
Unreserved				
Designated for Rainy Day Fund	45,574	0	0	0
Designated for Other Special Purposes	0	0	0	0
Undesignated	435,062	270,814	0	0
Total Fund Equity and Other Credits	967,643	283,141	24,670	7,968,489
Total Liabilities, Fund Equity and Other Credits	\$ 1,450,093	\$ 285,680	\$ 231,365	\$ 8,437,121

The Notes to the Financial Statements are an integral part of this statement.

OKLAHOMA

Account Groups		Total Primary Government	Component Units		Total Reporting Entity
General Fixed Assets	General Long-Term Debt	(Memorandum Only)	Proprietary	Higher Education	(Memorandum Only)
\$ 0	\$ 0	\$ 302,524	\$ 42,131	\$ 49,880	\$ 394,535
0	102,204	114,470	650,797	0	765,267
0	0	2,350	58,893	1,796	63,039
0	0	2,673	0	0	2,673
0	0	85,781	0	0	85,781
0	0	22,918	0	45,813	68,731
0	0	1,462	580	732	2,774
0	0	0	3,626	119	3,745
0	0	240,423	0	11,907	252,330
0	0	118,000	75,695	38,813	232,508
0	12,192	12,192	0	3,629	15,821
0	86,679	86,794	11,118	34,730	132,642
0	0	43,312	0	0	43,312
0	0	124,057	0	0	124,057
0	0	210	0	0	210
0	0	0	37,583	0	37,583
0	0	0	48,330	1,176	49,506
0	355,035	355,130	67,320	6,475	428,925
0	26,374	229,595	2,762,150	125,565	3,117,310
0	16,745	16,745	0	2,643	19,388
0	0	909	30,910	23,010	54,829
0	599,229	1,759,545	3,789,133	346,288	5,894,966
775,677	0	775,677	0	1,416,912	2,192,589
0	0	17,653	17,830	0	35,483
0	0	0	78,863	0	78,863
0	0	0	4,443	0	4,443
0	0	7,017	323,848	0	330,865
0	0	0	28,563	0	28,563
0	0	107,333	0	0	107,333
0	0	36,383	0	0	36,383
0	0	457,866	0	0	457,866
0	0	19,385	0	0	19,385
0	0	29,476	0	0	29,476
0	0	6,735,943	0	0	6,735,943
0	0	724,878	0	0	724,878
0	0	20,326	0	0	20,326
0	0	333,951	0	0	333,951
0	0	2,282	0	235,072	237,354
0	0	45,574	0	0	45,574
0	0	0	0	64	64
0	0	705,876	0	247,970	953,846
775,677	0	10,019,620	453,547	1,900,018	12,373,185
<u>\$ 775,677</u>	<u>\$ 599,229</u>	<u>\$ 11,779,165</u>	<u>\$ 4,242,680</u>	<u>\$ 2,246,306</u>	<u>\$ 18,268,151</u>

OKLAHOMA

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 1994
(expressed in thousands)

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Capital Projects	Expendable Trusts	
Revenues				
Taxes	\$ 4,167,852	\$ 0	\$ 117,085	\$ 4,284,937
Licenses, Permits and Fees	136,978	0	2,600	139,578
Interest and Investment Revenue	73,789	3,926	32,582	110,297
Federal Grants	1,794,355	0	47,216	1,841,571
Sales and Services	88,832	0	0	88,832
Other	161,299	0	94	161,393
Total Revenues	6,423,105	3,926	199,577	6,626,608
Expenditures				
Current				
Education	1,745,894	3,903	0	1,749,797
General Government	614,946	1,055	0	616,001
Health Services	257,262	542	0	257,804
Legal and Judiciary	97,097	0	0	97,097
Museums	6,461	869	0	7,330
Natural Resources	128,865	2,449	3,562	134,876
Public Safety and Defense	284,165	155	0	284,320
Regulatory Services	80,407	0	0	80,407
Social Services	1,892,460	1,148	166,733	2,060,341
Transportation	147,286	0	0	147,286
Capital Outlay	367,286	5,166	0	372,452
Debt Service				
Principal Retirement	22,563	0	0	22,563
Interest and Fiscal Charges	15,649	0	0	15,649
Total Expenditures	5,660,341	15,287	170,295	5,845,923
Revenues in Excess of (Less Than) Expenditures	762,764	(11,361)	29,282	780,685
Other Financing Sources (Uses)				
Operating Transfers In	5,464	0	0	5,464
Operating Transfers from Component Units	27,487	5,172	0	32,659
Operating Transfers Out	(212,830)	(5,000)	0	(217,830)
Operating Transfers to Component Units	(608,206)	(46,989)	0	(655,195)
Bond Proceeds	13,425	100,000	0	113,425
Bond Refunding	(8,175)	0	0	(8,175)
Capital Leases	1,368	0	0	1,368
Total Other Financing Sources (Uses)	(781,467)	53,183	0	(728,284)
Revenue and Other Sources in Excess of (Less Than) Expenditures and Other Uses	(18,703)	41,822	29,282	52,401
Fund Balances - Beginning of Year	986,346	241,319	458,060	1,685,725
Fund Balances - End of Year	\$ 967,643	\$ 283,141	\$ 487,342	\$ 1,738,126

The Notes to the Financial Statements are an integral part of this statement.

OKLAHOMA

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
Budget to Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1994
(expressed in thousands)

	Budgetary General Fund		
	Final Budget	Actual	Variance
Revenues			
Taxes	\$ 3,419,941	\$ 3,408,516	\$ (11,425)
Licenses, Permits and Fees	58,827	37,573	(21,254)
Interest and Investment Revenue	80,656	64,999	(15,657)
Local Receipts and Reimbursements	22,848	14,926	(7,922)
Other	26,424	20,221	(6,203)
Total Revenues	<u>3,608,696</u>	<u>3,546,235</u>	<u>(62,461)</u>
Expenditures			
Education	1,454,754	1,444,455	10,299
General Government	120,076	107,024	13,052
Health Services	142,549	140,717	1,832
Legal and Judiciary	74,629	72,670	1,959
Museums	5,343	5,307	36
Natural Resources	51,705	51,149	556
Public Safety and Defense	250,762	248,539	2,223
Regulatory Services	16,595	15,502	1,093
Social Services	19,194	19,090	104
Total Expenditures	<u>2,135,607</u>	<u>2,104,453</u>	<u>31,154</u>
Revenues in Excess of Expenditures	<u>1,473,089</u>	<u>1,441,782</u>	<u>(31,307)</u>
Other Financing Sources (Uses)			
Operating Transfers In	37,327	37,503	176
Operating Transfers Out	(556,375)	(556,375)	0
Intra Agency Transfers to Continuing Funds	(895,072)	(895,072)	0
Total Other Financing Sources (Uses)	<u>(1,414,120)</u>	<u>(1,413,944)</u>	<u>176</u>
Revenue and Other Sources in Excess of Expenditures and Other Uses	58,969	27,838	(31,131)
Budgetary Fund Balance - Beginning of Year	<u>451,534</u>	<u>451,534</u>	<u>0</u>
Budgetary Fund Balance - End of Year	<u><u>\$ 510,503</u></u>	<u><u>\$ 479,372</u></u>	<u><u>\$ (31,131)</u></u>

The Notes to the Financial Statements are an integral part of this statement.

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OKLAHOMA

Combined Statement of Revenues, Expenses
and Changes in Retained Earnings/Fund Balances
Proprietary Fund Type, Similar Trust Funds and
Discretely Presented Proprietary Component Units
For the Fiscal Year Ended June 30, 1994 (expressed in thousands)

	Proprietary Fund Type	Fiduciary Fund Types		Total Primary Government	Component Units	Total Reporting Entity
	Enterprise - Oklahoma Water Resources Board	Pension Trusts	Nonexpendable Trust	(Memorandum Only)	Proprietary	(Memorandum Only)
Operating Revenues						
Sales and Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 972,442	\$ 972,442
Interest and Investment Revenue	11,471	543,084	66,174	620,729	66,624	687,353
Contributions	0	393,925	0	393,925	0	393,925
Rental Revenue	0	0	8,291	8,291	0	8,291
Sale of Investments	0	0	34,240	34,240	0	34,240
Other	0	275	3	278	12,168	12,446
Total Operating Revenues	11,471	937,284	108,708	1,057,463	1,051,234	2,108,697
Operating Expenses						
Operations/Maintenance of Facilities	0	0	0	0	270,055	270,055
Losses and Loss Expense	0	0	74	74	361,122	361,196
Administrative and General Expense	1,423	8,224	0	9,647	132,666	142,313
Interest Expense	9,550	0	0	9,550	67,984	77,534
Depreciation Expense	0	0	0	0	81,662	81,662
Benefit Payments and Refunds	0	619,255	39,456	658,711	203,084	861,795
Total Operating Expenses	10,973	627,479	39,530	677,982	1,116,573	1,794,555
Operating Income (Loss)	498	309,805	69,178	379,481	(65,339)	314,142
Nonoperating Revenues (Expenses)						
Interest and Investment Revenue	0	0	0	0	108,286	108,286
Other Nonoperating Revenues	0	0	0	0	28,049	28,049
Interest Expense	0	0	0	0	(125,694)	(125,694)
Amortization of Losses and Discounts	0	0	0	0	(17,334)	(17,334)
Loss on Investments	0	(3,219)	0	(3,219)	0	(3,219)
Other Nonoperating Expenses	(1,666)	0	0	(1,666)	(2,047)	(3,713)
Total Nonoperating Revenues (Expenses)	(1,666)	(3,219)	0	(4,885)	(8,740)	(13,625)
Income (Loss) Before Operating Transfers	(1,168)	306,586	69,178	374,596	(74,079)	300,517
Operating Transfers In	5,798	209,808	0	215,606	0	215,606
Operating Transfers from Primary Government	0	0	0	0	51,339	51,339
Operating Transfers Out	(1,307)	0	(4,157)	(5,464)	0	(5,464)
Operating Transfers to Component Units	0	0	(14,426)	(14,426)	0	(14,426)
Operating Transfers to Primary Government	0	0	0	0	(25,262)	(25,262)
Costs to be Recovered from Future Revenues	0	0	0	0	6,738	6,738
Net Income	3,323	516,394	50,595	570,312	(41,264)	529,048
Retained Earnings/Fund Balances - Beginning of Year	21,347	6,219,549	694,609	6,935,505	466,248	7,401,753
Retained Earnings/Fund Balances - End of Year	\$ 24,670	\$ 6,735,943	\$ 745,204	\$ 7,505,817	\$ 424,984	\$ 7,930,801

The Notes to the Financial Statements are an integral part of this statement.

OKLAHOMA

Combined Statement of Cash Flows
 Proprietary Fund Type, Nonexpendable Trust Fund
 and Discretely Presented Proprietary Component Units
 For the Fiscal Year Ended June 30, 1994
 (expressed in thousands)

	Proprietary Fund Type	Fiduciary Fund Type	Total Primary Government	Component Units	Total Reporting Entity
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trust	(Memorandum Only)	Proprietary	(Memorandum Only)
Cash Flows from Operating Activities					
Operating Income (Loss)	\$ 498	\$ 69,178	\$ 69,676	\$ (65,339)	\$ 4,337
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided by (Used For) Operating Activities					
Depreciation Expense	0	0	0	81,662	81,662
Amortization (Accretion) and Other Noncash Expenses	200	1,990	2,190	2,932	5,122
Other	0	(33,701)	(33,701)	710	(32,991)
Decrease (Increase) in Assets					
Investments (held for trading)	0	0	0	13,471	13,471
Accounts Receivable	0	0	0	(13,724)	(13,724)
Interest and Investment Revenue Receivable	(891)	3,441	2,550	2,917	5,467
Other Receivables	0	0	0	(174)	(174)
Interfund Receivable	0	0	0	9,159	9,159
Inventory	0	0	0	3,412	3,412
Prepaid Items	34	0	34	(297)	(263)
Long-Term Notes Receivable	0	0	0	76,283	76,283
Other Noncurrent Assets	419	0	419	4,441	4,860
Increase (Decrease) in Liabilities					
Accounts Payable and Accrued Liabilities	217	0	217	(2,630)	(2,413)
Claims and Judgements Payable	0	0	0	140,465	140,465
Interest Payable	825	0	825	(380)	445
Interfund Payable	0	0	0	(171)	(171)
Deferred Revenue	0	87	87	14,170	14,257
Other Current Liabilities	444	0	444	(993)	(549)
Other Noncurrent Liabilities	0	0	0	(2,456)	(2,456)
Net Cash Provided by Operating Activities	1,746	40,995	42,741	263,458	306,199
Cash Flows from Noncapital Financing Activities					
Proceeds from Bonds and Notes Payable	122,984	0	122,984	13,365	136,349
Contributed Capital from Non-State Sources	0	0	0	1,034	1,034
Operating Transfers In	5,798	0	5,798	0	5,798
Operating Transfers from Primary Government	0	0	0	51,339	51,339
Operating Transfers Out	(1,307)	(4,157)	(5,464)	0	(5,464)
Operating Transfers to Component Units	0	(14,426)	(14,426)	0	(14,426)
Operating Transfers to Primary Government	0	0	0	(25,262)	(25,262)
Principal Paid on Bonds and Notes Payable	(81,530)	0	(81,530)	(158,343)	(239,873)
Other Noncapital Financing Activity	0	0	0	(15,365)	(15,365)
Net Cash Provided by Noncapital Financing Activities	\$ 45,945	\$ (18,583)	\$ 27,362	\$ (133,232)	\$ (105,870)

The Notes to the Financial Statements are an integral part of this statement.

	Proprietary Fund Type	Fiduciary Fund Type	Total Primary Government	Component Units	Total Reporting Entity
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trust	(Memorandum Only)	Proprietary	(Memorandum Only)
Cash Flows from Capital and Related Financing Activities					
Proceeds from Sale/Maturity of Investments	\$ 0	\$ 0	\$ 0	\$ 745,414	\$ 745,414
Contributions for Purchase of Fixed Assets	0	0	0	32	32
Payments for Acquisition of Fixed Assets	0	0	0	(56,066)	(56,066)
Payments for Refunding/Defeasance of Debt	0	0	0	(739,330)	(739,330)
Principal Paid on Bonds, Notes, and Capital Leases	0	0	0	(38,128)	(38,128)
Interest Paid on Bonds, Notes, and Capital Leases	0	0	0	(121,313)	(121,313)
Other Capital and Related Financing Activity	0	0	0	251	251
Net Cash (Used) by Capital and Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>(209,140)</u>	<u>(209,140)</u>
Cash Flows from Investing Activities					
Interest and Investment Revenue	0	0	0	84,605	84,605
Proceeds from Sale/Maturity of Investments	22,523	449,105	471,628	765,282	1,236,910
Principal Received from Notes Receivable	6,584	12,343	18,927	10,860	29,787
Payments to Purchase Investments	(44,603)	(482,933)	(527,536)	(758,974)	(1,286,510)
Payments to Issue Notes Receivable	(30,065)	0	(30,065)	(10,626)	(40,691)
Net Cash Provided (Used) by Investing Activities	<u>(45,561)</u>	<u>(21,485)</u>	<u>(67,046)</u>	<u>91,147</u>	<u>24,101</u>
Net Increase in Cash/Cash Equivalents	2,130	927	3,057	12,233	15,290
Cash/Cash Equivalents - Beginning of Year	<u>3,449</u>	<u>192</u>	<u>3,641</u>	<u>170,783</u>	<u>174,424</u>
Cash/Cash Equivalents - End of Year	<u>\$ 5,579</u>	<u>\$ 1,119</u>	<u>\$ 6,698</u>	<u>\$ 183,016</u>	<u>\$ 189,714</u>

Reconciliation of Fiduciary Fund Type Cash/Cash Equivalents to Combined Balance Sheet:

Cash/Cash Equivalents per Combining Balance Sheet:

Expendable Trusts	\$ 457,994
Nonexpendable Trust	1,119
Pension Trusts	3,238
Agency Funds	34,565
	<u> </u>

Total Fiduciary Fund Types \$ 496,916

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OKLAHOMA

Combined Statement of Changes in Fund Balances Component Unit - Higher Education Funds For the Fiscal Year Ended June 30, 1994 (expressed in thousands)

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Total
	Unrestricted	Restricted				
Revenues and Other Additions						
Unrestricted Current Fund Revenues	\$ 580,478	\$ 0	\$ 0	\$ 0	\$ 0	\$ 580,478
Federal Grants and Contracts	0	196,301	963	0	849	198,113
State and Local Grants and Contracts	0	60,615	31	0	431	61,077
Private Gifts, Grants and Contracts	0	34,269	29	485	2,726	37,509
Investment and Interest Revenue	0	1,281	1,472	2,895	3,306	8,954
Endowment Income	0	1,256	0	0	0	1,256
Sales and Services of						
Educational Department	0	74	0	0	0	74
Auxiliary Enterprises	0	112	0	0	0	112
Retirement of Indebtedness	0	0	0	0	20,171	20,171
Expended for Plant Facilities	0	0	0	0	107,834	107,834
Other	0	2,142	1,312	72	13,407	16,933
Total Revenues and Other Additions	580,478	296,050	3,807	3,452	148,724	1,032,511
Expenditures and Other Deductions						
Education and General Expenditures	791,981	301,388	0	2,241	0	1,095,610
Auxiliary Enterprises	195,709	358	0	0	0	196,067
Professional Practice Plans/Clinics	59,648	0	0	0	0	59,648
Expended for Plant Facilities	0	0	0	0	72,520	72,520
Indirect Cost Recoveries	0	14,171	0	0	0	14,171
Cancellation of Student Loans	0	0	1,759	0	3	1,762
Administrative and Collection Costs	0	0	76	0	3	79
Interest on Indebtedness	0	0	0	0	8,671	8,671
Retirement of Equipment	0	0	0	0	2,863	2,863
Retirement of Indebtedness	0	0	0	0	15,971	15,971
Disposal of Plant Facilities	0	0	0	0	9,289	9,289
Depreciation and Amortization	0	0	0	0	17,434	17,434
Other	330	96	414	37	11,332	12,209
Total Expenditures and Other Deductions	1,047,668	316,013	2,249	2,278	138,086	1,506,294
Transfers Among Funds - Additions (Deductions)						
Mandatory Transfers						
Principal and Interest	(11,582)	(215)	5	0	11,792	0
Loan Fund Matching Grant	(777)	643	134	0	0	0
Other	(1,655)	0	0	0	1,655	0
Nonmandatory	(4,899)	(186)	28	523	4,534	0
Operating Transfers From						
Primary Government	519,155	24,216	44	7,500	67,478	618,393
Total Transfers Among Funds	500,242	24,458	211	8,023	85,459	618,393
Net Increase in Fund Balances	33,052	4,495	1,769	9,197	96,097	144,610
Fund Balances - Beginning of Year	214,982	38,354	46,664	63,781	1,391,627	1,755,408
Fund Balances - End of Year	\$ 248,034	\$ 42,849	\$ 48,433	\$ 72,978	\$ 1,487,724	\$ 1,900,018

The Notes to the Financial Statements are an integral part of this statement.

OKLAHOMA

Combined Statement of Current Funds, Revenues,
Expenditures and Other Changes
Component Unit - Higher Education Funds
For the Fiscal Year Ended June 30, 1994
(expressed in thousands)

	Current Funds		Total
	Unrestricted	Restricted	Current Funds
Revenues			
Tuition and Fees	\$ 212,052	\$ 0	\$ 212,052
Federal Appropriations	10,631	0	10,631
Federal Grants and Contracts	10,640	186,271	196,911
State and Local Grants and Contracts	4,259	53,010	57,269
Private Gifts, Grants and Contracts	9,753	35,281	45,034
Investment and Interest Revenue	1,768	59	1,827
Endowment Income	898	1,109	2,007
Sales and Services			
Educational Department	15,743	68	15,811
Auxiliary Enterprises	196,571	112	196,683
Professional Practice Plans and Clinics	67,213	0	67,213
Other Sources	50,950	1,124	52,074
Total Revenue	580,478	277,034	857,512
Expenditures and Mandatory Transfers			
Educational and General			
Instruction	373,942	40,257	414,199
Research	47,231	71,999	119,230
Public Service	38,233	37,132	75,365
Academic Support	98,292	2,335	100,627
Student Services	39,698	28,771	68,469
Institutional Support	85,445	7,037	92,482
Operation/Maintenance of Plant	80,628	102	80,730
Scholarships and Fellowships	28,512	113,755	142,267
Other	330	0	330
Educational and General Expenditures	792,311	301,388	1,093,699
Mandatory Transfers			
Principal and Interest	5,439	215	5,654
Loan Fund Matching Grant	779	(643)	136
Other	1,629	0	1,629
Total Educational and General	800,158	300,960	1,101,118
Auxiliary Enterprises	195,709	358	196,067
Mandatory Transfers			
Principal and Interest	6,143	0	6,143
Loan Fund Matching Grant	(2)	0	(2)
Other	12	0	12
Total Auxiliary Enterprises	201,862	358	202,220

The Notes to the Financial Statements are an integral part of this statement.

	Current Funds		Total Current Funds
	Unrestricted	Restricted	
Professional Practice Plans and Clinics	\$ 59,648	\$ 0	\$ 59,648
Mandatory Transfers - Other	14	0	14
Total Professional Practice Plans and Clinics	59,662	0	59,662
Total Expenditures and Mandatory Transfers	1,061,682	301,318	1,363,000
Other Transfers and Additions (Deductions)			
Restricted Receipts in Excess of			
Transfers to Revenues	0	4,153	4,153
Refunded to Grantors	0	(96)	(96)
Nonmandatory	(4,899)	(186)	(5,085)
Operating Transfers From Primary Government	519,155	24,908	544,063
Other Transfers and Additions, Net	514,256	28,779	543,035
Net Increase in Fund Balances	\$ 33,052	\$ 4,495	\$ 37,547

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