

OKLAHOMA 96



**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 1996**

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for the Fiscal Year Ended June 30, 1996**

**Frank Keating
Governor**

Prepared by

Office of State Finance

**Tom Daxon, Director
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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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Requests for additional copies, comments or questions may be directed to Harry Culver, Office of State Finance, 122 State Capitol Building, Oklahoma City, Oklahoma 73105.

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INTRODUCTORY SECTION

INTRODUCTORY SECTION

THOMAS E. DAXON
SECRETARY OF FINANCE AND REVENUE
DIRECTOR OF STATE FINANCE



FRANK KEATING
GOVERNOR

STATE OF OKLAHOMA
OFFICE OF STATE FINANCE

December 24, 1996

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

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, 1996. This Report, presented in three sections: Introductory, Financial, and Statistical, is the primary means of reporting the State government's financial activities. The Introductory Section contains an overview of the State's economic performance, a review of current initiatives, and summary financial data. The Financial Section contains the general purpose financial statements and the combining and individual fund and account group statements and schedules. The Statistical Section contains selected financial and demographic information.

Management of the State, through the Office of State Finance, is responsible for the accuracy, fairness and completeness of the financial statements presented in this Report. The statements have been prepared in accordance with generally accepted accounting principles (GAAP). 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 position and activities. The Governor and Legislature exercise oversight responsibility for all funds and accounts and for every executive agency, board, commission, public trust, authority, college and university whose data are presented in this report. The financial reporting entity, the State of Oklahoma, includes these funds, organizations, account groups, agencies, boards, commissions, and authorities. In accordance with Governmental Accounting Standards Board Statement 14, the State financial reporting entity includes thirteen component units. These component units, twelve proprietary activities and the State's higher education institutions, are discretely presented in the financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

Oklahoma is an attractive location in which to do business, for many reasons. *Financial World* magazine, in its 1996 "Ranking of the States", determined Oklahoma to have the fourth lowest cost of doing business in the nation. Oklahoma has a highly-skilled work force that exhibits the strong work ethic necessary for success and strives to improve its qualifications. For example, in the 18-44 year age bracket, 14.1% of Oklahoma's population is enrolled in higher education, compared with the national average of 13.2%. Also, our pioneering Vo-Tech system is a national leader in developing training programs for industry. In addition to its skilled and motivated workforce, Oklahoma enjoys a central location and abundant resources. Oklahoma remains a leading producer of oil and natural gas and Oklahoma manufacturers take advantage of some of the lowest energy prices in the nation. Oklahoma is also a leading producer of agricultural products, ranking in the top five in production of wheat, cattle, peanuts, grain sorghum, pecans, and rye.

Oklahoma's real gross state product for 1995 was \$54.9 billion, up 2.7% from the previous year and up 5.9% from 1993. This compares with 2.8% and 6.9% growth, respectively, in the national gross domestic product. Oklahoma's per capita income for 1995 was \$18,580, 80.1% of the national average which ranks 44th among the states. Adjusting for Oklahoma's generally low cost of living reduces this income gap by nearly one-half. Our per capita income was up

3.9% from 1994 and 7.0% from 1993, trailing average gains nationally of 5.3% and 9.3%, respectively. From 1994 to 1995, wage and salary growth in Oklahoma (2.7%) outpaced the nation (2.3%), and between 1993 and 1995 Oklahoma growth (5.4%) also surpassed that of the U.S. (5.3%).

Oklahoma continues to enjoy a relatively low unemployment rate. Estimates for 1996 reflect a favorable 4.3% rate in Oklahoma versus a 5.4% rate nationally. Oklahoma's population, estimated to be 3,297,000 in 1996, is up 4.8% from 1990, making Oklahoma the 27th most populous state.

Oklahoma is also home to a rich diversity of cultures. Most of what is now Oklahoma was originally set aside as Indian Territory. As a result, Oklahoma is now home to 39 tribal headquarters and more people of Native American descent than any other state. Colorful pow-wows that keep alive sacred Native American traditions are a regular feature in all parts of the state. Oklahomans enjoy many opportunities for outdoor recreation. Due to its many man-made reservoirs, Oklahoma has more miles of shoreline than any other state.

FINANCIAL CONDITION OF STATE GOVERNMENT

State finances are governed by rules designed to ensure sound, conservative management. The Legislature cannot appropriate more than 95% of the revenue expected to be collected in the coming year. That revenue estimate is made by an independent board not subject to legislative control. Unlike many states that use seasonal borrowing to meet cash demands, Oklahoma maintains a cash flow reserve sufficient to meet fluctuating cash needs. General Obligation indebtedness is prohibited without a vote of the people.

The impact of these fiscally conservative rules, however, has been to some extent offset by the practice of granting pension benefits or incurring liabilities without providing the long range funding required to assure that the State will be able to pay those amounts when they become due. Six of the State's seven pension plans, the State's Special Indemnity Fund, and the Risk Management Division of the Department of Central Services will all require future increases in funding to reduce their respective unfunded liabilities. Meanwhile, Oklahoma faces the challenge presented by devolution of many federal programs. Significant changes in funding for major welfare and transportation programs are already under way and Oklahoma is responding.

However, the State's overall financial condition is healthy. A small general obligation debt load, the heightened attention to our unfunded liabilities issue and the growing balance in the State's "Rainy Day Fund" provides ample room to address unforeseen emergencies.

CURRENT DEVELOPMENTS AND MAJOR INITIATIVES

Despite many achievements, we are far from satisfied with our current situation. We enjoy many advantages that should enable Oklahomans to enjoy a higher standard of living. Our goal is to implement policies that will allow Oklahoma to realize its enormous potential.

With the advantages provided by its labor force, location, and culture, our goal is to complement these advantages with a results-oriented, business-friendly government.

The principal need for State government is to implement policies that will help reverse the relative decline in per capita income. We are embarking on a course to become the nation's friendliest state to small and growing businesses. Several initiatives are underway to help achieve this goal, including: 1) reform the worker's compensation system, 2) develop an outstanding system of education, 3) upgrade our road system, 4) provide tax relief targeted to encourage economic growth, and 5) deliver cost-effective government services.

Highlights of the fiscal 1996 and fiscal 1997 budgets include (expressed in millions):

Government Function	Amount Appropriated		Percentage of Total Appropriations		Increase (Decrease) from Prior Year		Percentage Increase (Decrease)	
	1996	1997	1996	1997	1996	1997	1996	1997
Public Schools	\$ 1,435	\$ 1,530	38%	37%	\$ 15	\$ 95	1%	7%
Higher Education	565	636	15%	15%	10	71	2%	13%
Vo-Tech	88	96	2%	2%	2	8	2%	9%
Other Education	14	15	0%	0%	0	1	0%	7%
Total Education	2,102	2,277	56%	55%	27	175	1%	8%
Human Services	737	756	19%	18%	35	19	5%	3%
Corrections	202	248	5%	6%	17	46	9%	23%
Transportation	184	213	5%	5%	14	29	8%	16%
Mental Health	112	119	3%	3%	(2)	7	(2%)	6%
Public Health	40	47	1%	1%	0	7	0%	18%
Public Safety	51	55	1%	1%	0	4	0%	8%
Other	353	431	9%	10%	(1)	78	0%	22%
Total Appropriations	\$ 3,781	\$ 4,146	100%	100%	\$ 90	\$ 365	2%	10%

In 1996, Oklahoma took an important step toward economic growth when the Legislature enacted four significant tax initiatives. Oklahoma became more attractive to retirees by eliminating the estate tax on the first \$600,000 of farm and business assets and exempting the first \$5,500 of pension income from the income tax.

In addition, the Legislature also enacted relief from the gross production tax for marginal oil and gas wells, which play a larger role in Oklahoma's energy sector than in most other states. Incentives to encourage new exploration as well as coal production were also strengthened. In order to encourage more value-added processing of Oklahoma's agricultural production, tax credits were enacted for investors in value-added processing enterprises.

Oklahomans have long viewed education as the key to the future. In 1990, the State enacted a far-reaching reform package known as HB1017. HB1017 mandated many reforms, including smaller classrooms and greater accountability for results. It was funded through an increase in the State's income and sales taxes, approved by a vote of the people.

Currently, the State is completing a modern telecommunications system, known as OneNet, that will allow multi-directional video access for government agencies throughout the State. Expanding upon an existing system operated by the State's higher education system, the State is contracting with the private sector for both installation and management of the system.

While OneNet will have many uses, perhaps the most exciting possibility is the linking of several classrooms for a single course. Such an arrangement will allow the teaching of subjects in smaller schools that may not previously have had enough students to form viable classes in those subjects. OneNet will also allow students access to the best instructors on a real time basis. Schools can organize learning more effectively allowing teachers to specialize in those functions they perform best.

During the 1996 legislative session, the school funding formula was amended to adequately fund growing school districts. Previously, districts experiencing enrollment growth did not immediately receive credit for that growth in the calculation of State aid, which makes up more than 50% of common school funding in Oklahoma. The Legislature used "Rainy Day" money to bridge the funding gap, during the transition, from the old to the new formula.

The 1996 legislative session saw a significant increase in funding for higher education. Oklahoma, with a system of two comprehensive universities, 11 four-year colleges, and 12 two-year colleges, has long been a leader in bringing higher education services to its people. The additional funding now puts the State in a position to develop quality to match availability.

One problem that remains is the large unfunded liability of the Teacher's Retirement System (TRS). After the passing of the oil boom, and the consequent decline in revenue growth, the Legislature continued providing additional benefits without adequately funding them. An unintended consequence of HB1017 was to make the situation worse by adding thousands of new teachers at a time when contributions to the System failed to cover normal cost. As a result, the System now has an actuarially estimated unfunded liability of nearly \$5 billion. Other retirement systems also have unfunded liabilities, but none are as serious as that of the TRS, which, under current projections, will consume a substantial portion of the state's general fund growth revenue for the foreseeable future. A joint executive-legislative committee began studying the problem in 1996 and is scheduled to make recommendations for action in the upcoming session of the legislature.

Oklahoma is positioning itself to better maintain its roads. The State has embarked upon an ambitious program to resurface 1,000 miles of highway and install median safety barriers on its turnpikes. As in other states, Oklahoma's interstate system is nearing the end of its originally intended useful life. The 1996 Legislature's \$29 million increase in road funding was a needed step toward ensuring a modern road system.

Oklahoma also made progress in mending the defects in its prison system. Facing a shortage of beds, the state has granted early release to certain convicts to manage its prison population. At the same time, the state finds that its ratio of secure to non-secure beds is out of balance, with many dangerous felons serving their time in minimum-security facilities. The 1996 session of the Legislature approved the lease of up to 900 private, medium-security prison beds to begin addressing the problem.

Last year, the Governor appointed a team of state employees to study state government and make recommendations as to how the government could be run more efficiently and effectively. In December of 1995, the Governor's Commission on Government Performance issued its report, listing nearly 300 recommendations for action. In response, the Governor has issued executive orders for improving several systems, including central purchasing, employee benefits, human resources, and classification and compensation systems. In addition, the Governor has asked the Legislature to make several changes in current law.

During the 1996 legislative session, the Legislature approved an increase of \$366 million, or 9.7% in appropriations for the 1997 fiscal year, for a total appropriation of \$4.1 billion. State employees were granted a \$1,200 per year pay raise and many agencies received funds for new and expanded service levels. Education funding was increased by 8.3%, Corrections by 23.0% and Transportation by 15.6%. The Governor and the Legislature, however, disagreed over the extent to which one-time monies should be used to fund continuing operations. Gubernatorial vetoes left a balance of approximately \$20 million in fiscal 1997 appropriations authority for use at some future date.

As a result of a surge in collected revenues in FY-96, the State increased the balance in its Constitutional Reserve "Rainy Day" Fund to \$114.3 million, half of which may be appropriated under restricted conditions. The fiscal year ended June 30, 1996 marked the first time since 1991 that the State made a deposit to the Fund.

FOR THE FUTURE

The State continues to aggressively research and pursue solutions to the State's relative decline in economic performance experienced over the last few years. This issue is especially pressing in many rural areas of Oklahoma. Accordingly, the State is seeking to encourage new business development. Approaches under consideration include targeted tax reforms designed to spur entrepreneurship and business relocation, developing a leading educational system, and improving the State's transportation system. We are also seeking ways to reform Oklahoma's relatively high-cost workers' compensation system.

At the same time, the State is committed to maintaining public safety and providing a "safety net" for the economically less fortunate while strengthening the financial position of the State. Such a program, to be successful, will require a fresh look at how the State provides services. Building upon the work of the Governor's Commission on Government Performance, the State will consider the sale of assets, privatization of functions and programs, elimination of unneeded or excessive services, and reforms in purchasing and personnel policies.

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 does not exceed the benefit obtained.

Budget and Fiscal Policy

The budget process begins when each agency that expends money through the State Treasury, except the Legislature, submits an annual budget request to the Office of State Finance (OSF). Copies are also provided to the legislative fiscal staffs. These requests are reviewed and analyzed for the Governor by OSF. The Governor then makes recommendations in the form of an "Executive Budget" which is presented to the State Legislature on the first day of the legislative session. During the legislative session, agency needs are reviewed by legislative committees, and appropriation legislation is enacted for state agencies for operations during the ensuing fiscal year. Prior to encumbering or spending funds for the fiscal year, each agency submits a Budget Work Program to OSF. In this document the agency outlines, by object of expenditure category, fund source, and program category, how they plan to spend the various resources available to them either by legislative appropriation or through other available funding sources.

Oklahoma's Constitution imposes an annual growth limit on appropriations of 12%, restricts total appropriations to 95% of estimated revenues, and establishes the Constitutional Reserve ("Rainy Day") Fund to protect the State against fiscal emergencies and variations in receipts. The State Board of Equalization is composed of six elected officials: the Governor, the State Auditor and Inspector, the State Treasurer, the Lieutenant Governor, the Attorney General, and the Superintendent of Public Instruction, as well as the President of the State Board of Agriculture. The Board is responsible for approving the official itemized estimate of revenues, based upon information provided by the Office of State Finance and the Oklahoma Tax Commission.

The Constitution requires that collections in excess of the Board of Equalization's itemized estimate of General Revenue Fund revenues be deposited to the Rainy Day Fund each year until the balance of the Rainy Day Fund equals 10% of the prior fiscal year's General Revenue Fund certified appropriations authority. Up to one-half of the July 1 balance each year may be appropriated upon emergency declaration by the Governor with concurrence of two-thirds of the House and Senate, or by a declaration of an emergency by the Speaker of the House and President-Pro Tempore of the Senate with concurrence of three-fourths of the members of each house. The State also has an oversight process for the issuance of debt. The Executive and Legislative Bond Oversight Commissions jointly review and approve all debt issued by the State, its agencies and public trusts, and perform an assessment of all capital leases.

General Governmental Functions

Most financial operations of the State are reported in governmental fund types, which are the General Fund and Capital Projects Fund. Following are schedules of revenues and expenditures for these governmental funds. Note that the following tables present data according to generally accepted accounting principles for the fiscal year ended June 30, 1996, while previous tables have presented budgetary data for this and later periods. Transfers are primarily from the General Fund to support the public institutions of higher education.

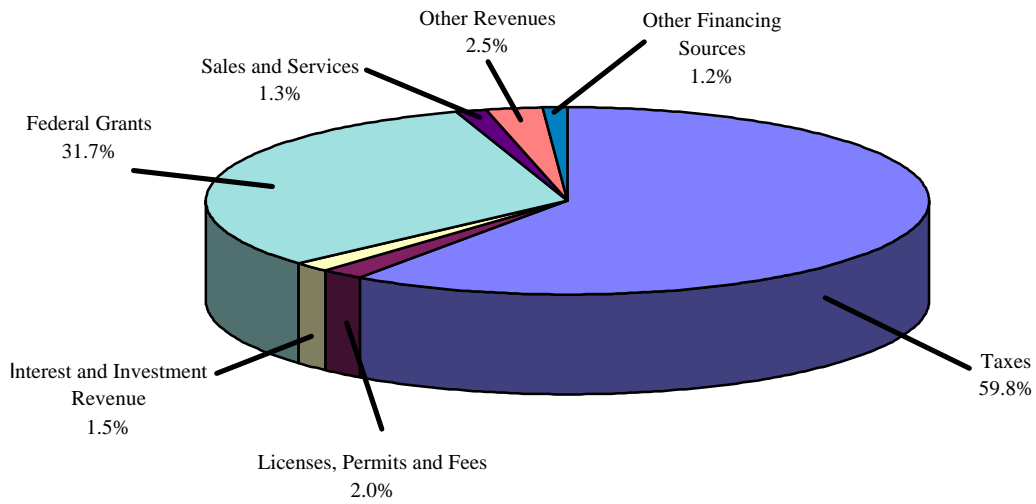
Governmental Funds Revenues and Other Financing Sources - GAAP Basis
(expressed in millions)

	1996 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	\$ 4,538	59.8%	\$ 233	5.4%
Licenses, Permits and Fees	149	2.0%	(3)	(2.0%)
Interest and Investment Revenue	110	1.5%	10	10.0%
Federal Grants	2,396	31.7%	133	5.9%
Sales and Services	96	1.3%	8	9.1%
Other Revenues	193	2.5%	22	12.9%
Other Financing Sources:				
Operating Transfers	47	0.6%	2	4.4%
Bond Proceeds	34	0.4%	17	100.0%
Capital Leases/Certificates of Participation	1	0.1%	(5)	(83.3%)
Direct Financing Lease Payments	5	0.1%	0	0.0%
Total Revenues and Other Financing Sources	\$ 7,569	100.00%	\$ 417	5.8%

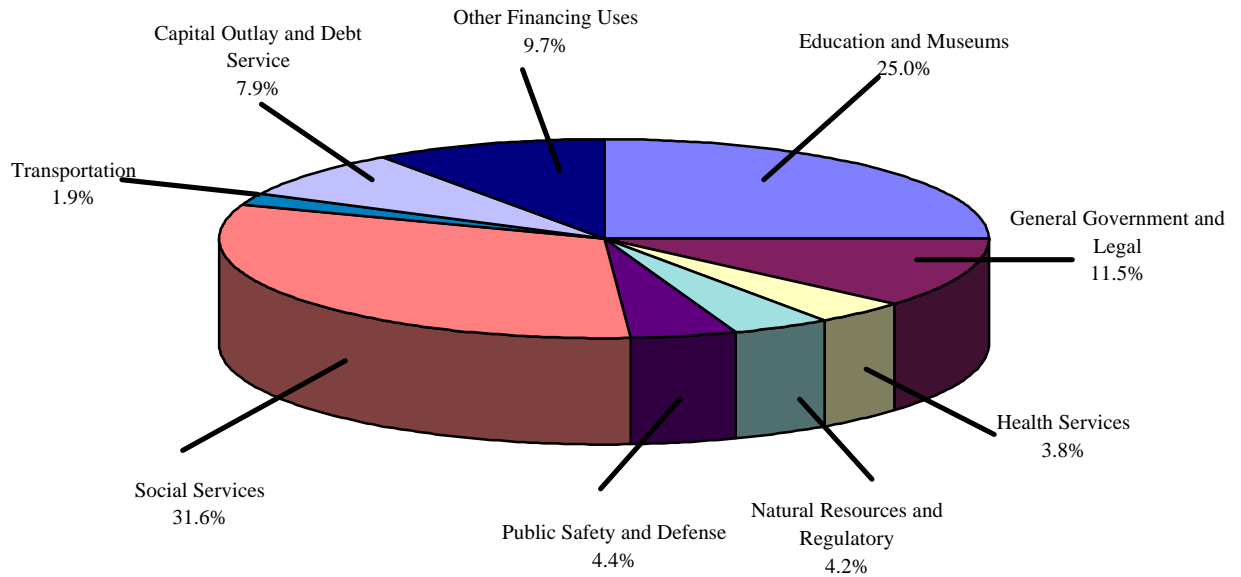
Governmental Funds Expenditures and Other Financing Uses - GAAP Basis
(expressed in millions)

	1996 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	\$ 1,846	24.9%	\$ 25	1.4%
General Government	745	10.0%	145	24.2%
Health Services	282	3.8%	23	8.9%
Legal and Judiciary	109	1.5%	7	6.9%
Museums	7	0.1%	0	0.0%
Natural Resources	159	2.1%	4	2.6%
Public Safety and Defense	324	4.4%	33	11.3%
Regulatory Services	130	2.1%	11	9.2%
Social Services	2,351	31.6%	21	0.9%
Transportation	143	1.9%	12	9.2%
Capital Outlay	552	7.4%	72	15.0%
Debt Service	40	0.5%	(3)	(7.0%)
Other Financing Uses:				
Operating Transfers	746	9.7%	(86)	(10.3%)
Total Expenditures and Other Financing Uses	\$ 7,434	100.00%	\$ 264	3.7%
Governmental Funds - Net Increase in Fund Balance	\$ 135			

**Governmental Fund Revenues
and Other Financing Sources (GAAP Basis) - FY 1996**



**Governmental Funds Expenditures
and Other Financing Uses (GAAP Basis) - FY 1996**



Revenue Collections and Estimates

As noted in a preceding subsection, the budget is prepared using cash available plus 95% of the itemized revenue estimate as approved by the State Board of Equalization. It should be noted that taxes deposited into the budgetary General Revenue Fund (GRF), as defined by Oklahoma law, are approximately 80% of the total tax revenues of the governmental funds, as defined by generally accepted accounting principles. However, the budgetary General Revenue Fund should not be confused with the General Fund as presented in the accompanying GAAP-Basis financial statements as the two terms are not interchangeable. Oklahoma's budgetary GRF revenues were \$3.71 billion, or 102.5 % of the State's revenue estimate for the fiscal year ended June 30, 1996. This was an increase of \$192 million, or 5.5% above that of the prior year.

Receipts from each of the four major taxes exceeded revenues of the prior year, producing a combined total of \$3.19 billion, or 86% of total GRF receipts. The total of major taxes collected was \$158 million, or 5.2% above that of the prior year, an indication of increased business activity.

As compared to fiscal 1995, collections from income taxes increased by \$89.1 million, or 5.7%; sales taxes by \$48.1 million, or 4.5%; motor vehicle taxes by \$13.7 million, or 5.9%; and gross production taxes on oil and gas by \$7.2 million, or 4.8 percent. Oklahoma has established an enviable record in recent years in its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing new revenue estimating procedures, collections have exceeded the estimate in five years and dipped below the estimate six years, with actual collections averaging 99.8% of the estimate over the period. The comparison of estimated revenues to actual collections for fiscal 1996 is as follows:

Revenue Collections Compared to Itemized Estimate for Fiscal 1996
(expressed in millions)

	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
Income Tax	\$ 1,611.1	\$ 1,658.8	\$ 47.7	103.0%
Gross Production Tax	142.6	156.1	13.5	109.5%
Sales Tax	1,129.6	1,125.0	(4.6)	99.6%
Motor Vehicle Tax	246.7	245.8	(0.9)	99.6%
Subtotal Major Taxes	3,130.0	3,185.7	55.7	101.8%
Other Sources	483.6	519.3	35.7	107.4%
Total General Revenue	\$ 3,613.6	\$ 3,705.0	\$ 91.4	102.5%

The eleven-year comparative history of estimated to actual collections is shown in the following table.

General Revenue Fund Comparisons
(expressed in millions)

Fiscal Year	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
1986	\$ 2,456.6	\$ 2,271.3	\$ (185.3)	92.5%
1987	2,166.7	2,070.0	(96.7)	95.5%
1988	2,319.8	2,397.8	78.0	103.4%
1989	2,499.8	2,600.6	100.8	104.0%
1990	2,661.2	2,735.1	73.9	102.8%
1991	3,034.4	3,109.5	75.1	102.5%
1992	3,213.9	3,161.2	(52.7)	98.4%
1993	3,365.2	3,258.9	(106.3)	96.8%
1994	3,398.5	3,341.5	(57.0)	98.3%
1995	3,515.3	3,512.6	(2.7)	99.9%
1996	3,613.6	3,705.0	91.4	102.5%
Eleven-Year Average	\$ 2,931.3	\$ 2,924.0	\$ (7.3)	99.8%

At June 30, 1996, the status of two important fund balances affecting the new year's fiscal picture follows:

Cash-Flow Reserve Fund - At the close of fiscal 1996, the State set aside \$318.7 million to meet anticipated monthly cash-flow needs for the new fiscal year. The new total amounted to 9.5% of the GRF certified appropriation level, consistent with the prior year.

The Cash-Flow Reserve Fund's fiscal 1996 cash carryover available to the next Legislature was \$45.8 million, compared with a balance of \$96 million in the prior year. 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. Actual receipts were 7.5 percentage points above the 95% level in fiscal 1996.

Constitutional Reserve "Rainy Day" Fund - At the start of each fiscal year, collections that exceeded the estimate for the preceding year are automatically deposited in the Rainy Day Fund until the total balance equals 10% of the prior year's certified appropriation authority for the General Revenue Fund. On July 1, 1996, this fund had a balance of \$114.3 million.

Proprietary Operations

The State's proprietary operations are comprised of governmental agencies and quasi-governmental agencies providing goods and/or services to the public on a user charge basis. These activities are financed and operated in a manner similar to private business enterprises. They operate with the intent to recover the costs of operations from those persons directly benefiting from the goods or services. Some of the activities included in the State's proprietary operations include power generating plants, turnpikes, medical services, insurance, and financing for both public and private entities.

Cash Management

State law requires full collateralization of all State Treasurer bank balances. Generally, the Treasurer promulgates the rules that establish the amount of collateral that must be pledged against deposits. However, component units of the State reporting entity may have collateralization policies that differ from those of the Treasurer. The State Treasurer is required to keep at least 80% of available cash invested.

Debt Administration

The authority of the State to incur debt is described in Article X, Section 25, of the Oklahoma Constitution. In 1987, the State created the Executive Bond Oversight Commission and the Legislative Bond Oversight Commission. The commissions meet jointly to review all proposed debt issuances. Both commissions must approve each financing plan before obligations are 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 commissions, and has the authority to approve the pricing and fees associated with any debt issuance.

General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. The general obligation bonds of the State are rated "A" by Moody's Investors Service and "AA" by both Standard & Poor's Corporation and Fitch Investors Service. Prior to a 1993 general obligation bond program, except for refunding bonds, the State last issued general obligation bonds in 1968. Certain maturities of those bonds were advance refunded in 1977. As of June 30, 1996, the outstanding tax-supported general obligation net debt of the State of Oklahoma was \$335 million. This figure excludes the self-supporting taxable bonds of the Oklahoma Industrial Finance Authority, which 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.

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.

Risk Management and Insurance

In general, the State is "self-insured" for health care claims, workers' compensation, tort liability, vehicle liability, and property losses, with some exceptions for participation in health maintenance organizations and for excess coverage items. The property loss excess coverage is limited to a maximum loss of \$1 billion. The Oklahoma State and Education Employees' Group Insurance Board provides group health, life, dental and disability benefits to the State's employees and certain other eligible participants. The State Insurance Fund provides workers' compensation coverage for both public and private sector employees in Oklahoma.

ACKNOWLEDGMENTS

The Office of State Finance is pleased to recognize and commend the efforts of the numerous individuals across the State who made this Comprehensive Annual Financial Report possible. This year's CAFR has been prepared on a more timely basis than in past years. We are especially indebted to those agencies that met an accelerated deadline for their submission of independently audited financial statements. Questions or requests for additional information related to this report can be directed to our office at (405) 521-2141.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Daxon", is written over a light-colored rectangular background.

Tom Daxon
Director of State Finance

SELECTED OKLAHOMA STATE OFFICIALS

June 30, 1996

LEGISLATIVE BRANCH

Senate

Stratton Taylor
President Pro Tempore

House of Representatives

Glen D. Johnson
Speaker of the House

EXECUTIVE BRANCH

Governor

Frank Keating

Lieutenant Governor

Mary Fallin

* Secretary of State

Tom Cole

State Auditor and Inspector

Clifton Scott

Attorney General

Drew Edmondson

State Treasurer

Robert Butkin

Superintendent of Public Instruction

Sandy Garrett

Commissioner of Labor

Brenda Reneau

Commissioner of Insurance

John P. Crawford

Commissioners of the Corporation Commission

Bob Anthony

Cody Graves

Ed Apple

JUDICIAL BRANCH

* State Supreme Court

Alma Wilson
Chief Justice

* Court of Criminal Appeals

Charles A. Johnson
Presiding Judge

* Appointed Position

Citizens of Oklahoma

LEGISLATIVE

House of Representatives
Legislative Service Bureau
Senate

EXECUTIVE

Governor
Lieutenant Governor
Secretary of State

JUDICIAL

Court of Appeals
Court of Criminal Appeals
District Courts
Supreme Court
Workers' Compensation Court

STATE AGENCIES

ADMINISTRATION

Accountancy Board
Architects and Landscape Board
Banking Department
Board of Examiners for Nursing
Home Administrators
Board of Nursing
Capitol Improvement Authority
Chiropractic Examiners Board
Consumer Credit
Cosmetology Board
Dental Board
Department of Central Services
Election Board
Embalmers and Funeral
Directors Board
Ethics Commission
Horse Racing Commission
Insurance Commission
Medical Licensure
Motor Vehicle Commission
Optometry Board
Osteopathic Examiners Board
Pharmacy Board
Podiatry Board
Professional Engineers Board
Psychologist Board of Examiners
Real Estate Commission
Securities Commission
Social Workers Board
Speech Pathology and
Audiology Board
Used Motor Vehicle Commission
Veterinary Medical Examiners Bd.

ENERGY

Corporation Commission
Energy Resources Board
Interstate Oil and Gas Compact
Commission
Geological Survey
Grand River Dam Authority
Liquefied Petroleum Gas Board

AGRICULTURE

Agriculture Department
Conservation Commission
Foresters Board
Peanut Commission
Sheep and Wool Commission
Soybean Commission
Wheat Commission

ENVIRONMENT

Department of Environmental
Quality
Department of Mines
Environmental Finance Authority
LP Gas Research
LP Gas Commission
Marginally Producing Oil and
Gas Wells
Pollution Control Board
Water Resources Board
Wildlife Conservation Commission

HEALTH & HUMAN SERVICES

Children and Youth Commission
Handicapped Concerns
Health Care Authority
Health Department
Human Services
Indian Affairs Commission
J.D. McCarty Center
Juvenile Affairs
Medicolegal Investigations Board
Mental Health and Substance Abuse
Rehabilitation Services
University Hospitals Authority

TRANSPORTATION

Transportation Department
Turnpike Authority

COMMERCE

Capital Investment Board
Center for the Advancement of
Science and Technology
Commerce Department
Labor Department
Municipal Power Authority

FINANCE & REVENUE

Auditor and Inspector
Building Bond Commission
Commissioners of the Land Office
Development Finance Authority
Housing Finance Agency
Industrial Finance Authority
Office of State Finance
State Insurance Fund
State Treasurer
Tax Commission
Pension Systems:
Firefighters' Retirement
Judges and Justices Retirement
Law Enforcement Retirement
Police Retirement
Public Employees' Retirement
Teachers' Retirement

HUMAN RESOURCES

Employment Security Commission
Human Rights Commission
Merit Protection Commission
Office of Personnel Management
State Group Health Insurance

TOURISM & RECREATION

Historical Society
J.M. Davis Memorial Commission
Tourism and Recreation
Department
Will Rogers Memorial Commission

EDUCATION

Anatomical Board
Arts Council
Commission for Teacher
Preparation
Department of Education
Education Television Authority
Library Department
Medical Technology and
Research Authority
Physician's Manpower Training
Private Vocational Schools
Regents for Higher Education
School of Science and
Mathematics
Student Loan Authority
Vocational and Technical
Education

SAFETY & SECURITY

Alcoholic Beverage Laws
Enforcement Commission
Attorney General
Bureau of Narcotics and
Dangerous Drugs
Civil Emergency Management
Corrections Department
Council on Law Enforcement
Training
District Attorney's Council
Indigent Defense System
Military Department
Pardon and Parole Board
State Bureau of Investigation
Public Safety
State Fire Marshal

VETERANS' AFFAIRS

Department of Veterans Affairs

FINANCIAL SECTION

FINANCIAL SECTION



STATE OF OKLAHOMA

CLIFTON H. SCOTT
State Auditor and Inspector

OFFICE OF THE AUDITOR AND INSPECTOR
OKLAHOMA CITY

100 State Capital
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, 1996, 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 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 56% of the agency fund. We did not audit the financial statements of the Special Indemnity Fund, which statements reflect total assets consisting of 20% of the General Long-term Debt Account Group. We did not audit the proprietary component units, except for the Medical Technology and Research Authority, whose total assets consist of .08% and total revenues consist of .19% of the proprietary component units. We did not audit the financial statements of the higher education component unit. 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.

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 purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, 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, 1996, 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 December 23, 1996 on our consideration of the State of Oklahoma's internal control structure and a report dated December 23, 1996, on its compliance with laws and regulations.

As discussed in Note 17 to the financial statements, the Teachers' Retirement System faces possible difficulty in meeting its future obligations. The auditor for the Teachers' Retirement System reported "the System's actuary has determined that the funded position of the System has deteriorated in 1996. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes and if any changes further reduce or delay the implementation of the funding schedule the funding period will increase." Note 2 to the System's financial statements discloses: "The System will experience difficulty in meeting long-term obligations at a point in time if not funded at a more appropriate level...." The ultimate outcome of the ability of the System to meet its future obligations is dependent on funding established by Oklahoma Statutes, and cannot presently be determined.

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 applies in the audit of the general purpose financial statements and, in our opinion is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Sincerely,

A handwritten signature in cursive script, appearing to read "Clifton H. Scott".

CLIFTON H. SCOTT
State Auditor and Inspector

December 24, 1996

General Purpose Financial Statements

Combined Balance Sheet
All Fund Types, Account Groups and
Discretely Presented Component Units
June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Type
	General	Capital Projects	Enterprise - Oklahoma Water Resources Board	Trust and Agency
Assets and Other Debits				
Assets				
Cash/Cash Equivalents	\$ 1,399,906	\$ 100,720	\$ 2,155	\$ 1,189,534
Investments	46,852	10,444	54,975	9,372,372
Accounts Receivable	21,584	0	0	3,174
Interest and Investment Revenue Receivable	16,882	410	3,397	64,242
Employer Contributions Receivable	0	0	0	2,254
Employee Contributions Receivable	0	0	0	1,262
Federal Grants Receivable	204,111	203	0	194
Taxes Receivable	115,012	0	0	3,070
Lease Payments Receivable	41,241	0	0	0
Other Receivables	0	0	0	7,701
Notes and Loans Receivable	0	0	147,173	0
Due from Brokers	0	0	0	43,289
Due from Other Funds	5	0	0	14,836
Due from Component Units	42,319	0	0	695
Due from Primary Government	0	0	0	0
Advances to Primary Government	0	0	0	0
Inventory	130,397	0	0	3,882
Prepaid Items	4,881	0	0	0
Fixed Assets, Net	0	0	0	1,461
Other Assets	2,355	0	758	9,108
Other Debits				
Amount Available for Debt Service	0	0	0	0
Amount to Be Provided For				
Retirement of Debt	0	0	0	0
Compensated Absences	0	0	0	0
Capital Leases	0	0	0	0
Certificates of Participation	0	0	0	0
Claims and Judgments	0	0	0	0
Pension Obligation	0	0	0	0
Total Assets and Other Debits	<u>\$ 2,025,545</u>	<u>\$ 111,777</u>	<u>\$ 208,458</u>	<u>\$ 10,717,074</u>

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

Account Groups		Total Primary Government		Component Units		Total Reporting Entity	
General Fixed Assets	General Long-Term Debt	(Memorandum Only)		Proprietary	Higher Education	(Memorandum Only)	
		1996	1995			1996	1995
\$ 0	\$ 0	\$ 2,692,315	\$ 2,223,489	\$ 163,963	\$ 344,248	\$ 3,200,526	\$ 2,724,341
0	0	9,484,643	8,549,097	1,568,652	277,697	11,330,992	10,224,488
0	0	24,758	22,592	101,702	92,733	219,193	195,995
0	0	84,931	75,628	19,571	3,010	107,512	97,871
0	0	2,254	2,055	0	0	2,254	2,055
0	0	1,262	1,172	0	0	1,262	1,172
0	0	204,508	230,279	1,889	897	207,294	238,102
0	0	118,082	111,565	0	0	118,082	111,565
0	0	41,241	40,570	0	0	41,241	40,570
0	0	7,701	95,718	1,791	0	9,492	99,980
0	0	147,173	133,971	633,737	42,791	823,701	799,345
0	0	43,289	80,858	0	0	43,289	80,858
0	0	14,841	21,745	0	59,937	74,778	80,344
0	0	43,014	43,783	1,275	1,050	45,339	45,894
0	0	0	0	9,346	5,088	14,434	20,121
0	0	0	0	0	0	0	210
0	0	134,279	122,678	34,876	18,793	187,948	174,215
0	0	4,881	32,874	1,338	4,432	10,651	38,125
847,442	0	848,903	809,376	1,392,059	1,703,823	3,944,785	3,748,092
0	0	12,221	10,275	361,303	1,864	375,388	381,934
0	21,251	21,251	19,345	0	0	21,251	19,345
0	383,934	383,934	364,876	0	0	383,934	364,876
0	94,378	94,378	91,771	0	0	94,378	91,771
0	9,245	9,245	10,841	0	0	9,245	10,841
0	12,785	12,785	15,881	0	0	12,785	15,881
0	130,473	130,473	105,970	0	0	130,473	105,970
0	2,232	2,232	2,142	0	0	2,232	2,142
<u>\$ 847,442</u>	<u>\$ 654,298</u>	<u>\$ 14,564,594</u>	<u>\$ 13,218,551</u>	<u>\$ 4,291,502</u>	<u>\$ 2,556,363</u>	<u>\$ 21,412,459</u>	<u>\$ 19,716,103</u>

(continued)

Combined Balance Sheet
All Fund Types, Account Groups and
Discretely Presented Component Units
June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

(continued)	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Type
	General	Capital Projects	Enterprise - Oklahoma Water Resources Board	Trust and Agency
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 356,258	\$ 1,828	\$ 496	\$ 3,203
Claims and Judgments	11,178	0	0	18,515
Interest Payable	2	0	2,401	1,866
Tax Refunds Payable	0	0	0	2,515
Due to Brokers	0	0	0	70,592
Due to Other Funds	16,158	0	0	20
Due to Component Units	6,695	0	0	3,677
Due to Primary Government	0	0	0	0
Due to Others	37,921	0	0	120,538
Deferred Revenue	236,624	0	0	6,557
Pension Obligation	0	0	0	0
Capital Leases	0	0	0	0
Compensated Absences	0	0	0	178
Benefits in the Process of Payment	0	0	0	59,577
Deferred Compensation	0	0	0	160,639
Advances from Component Units	0	0	0	0
Notes Payable	0	0	0	0
General Obligation Bonds	25	0	0	0
Revenue Bonds	165	0	187,291	0
Certificates of Participation	0	0	0	0
Other Liabilities	0	0	1,215	0
Total Liabilities	665,026	1,828	191,403	447,877
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings				
Reserved				
Debt Service	0	0	16,344	0
Unreserved	0	0	711	0
Net Unrealized Gain (Loss) on Securities	0	0	0	0
Fund Balances				
Reserved				
Encumbrances	131,835	17,273	0	0
Inventory/Prepaid Items	41,661	0	0	0
Unemployment Benefits	0	0	0	547,533
Debt Service	25,556	0	0	0
Preservation of Wildlife	0	0	0	35,246
Employees Pension Benefits	0	0	0	8,917,550
Permanent Trust	0	0	0	776,467
Undistributed Revenue	0	0	0	11,152
Other Special Purposes	1,071	0	0	0
Unreserved				
Designated for Cash Flow Reserve Fund	318,677	0	0	0
Designated for Rainy Day Fund	114,301	0	0	0
Designated for Other Special Purposes	0	0	0	0
Undesignated	727,418	92,676	0	(18,751)
Total Fund Equity and Other Credits	1,360,519	109,949	17,055	10,269,197
Total Liabilities, Fund Equity and Other Credits	\$ 2,025,545	\$ 111,777	\$ 208,458	\$ 10,717,074

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

Account Groups		Total		Component Units		Total	
		Primary Government				Reporting Entity	
General Fixed Assets	General Long-Term Debt	(Memorandum Only)		Proprietary	Higher Education	(Memorandum Only)	
		1996	1995			1996	1995
\$ 0	\$ 0	\$ 361,785	\$ 368,946	\$ 57,775	\$ 57,382	\$ 476,942	\$ 472,368
0	130,473	160,166	123,146	721,199	0	881,365	808,515
0	0	4,269	3,895	44,862	3,120	52,251	51,525
0	0	2,515	3,311	0	0	2,515	3,311
0	0	70,592	81,891	0	0	70,592	81,891
0	0	16,178	23,058	0	59,937	76,115	81,657
0	0	10,372	12,111	1,722	590	12,684	14,171
0	0	0	0	42,204	167	42,371	42,860
0	0	158,459	169,442	0	15,144	173,603	182,098
0	0	243,181	246,933	64,419	37,860	345,460	393,650
0	2,232	2,232	2,142	0	0	2,232	2,142
0	9,245	9,245	10,841	7,134	9,873	26,252	30,386
0	94,378	94,556	91,937	10,796	38,898	144,250	141,635
0	0	59,577	55,281	0	0	59,577	55,281
0	0	160,639	140,662	0	0	160,639	140,662
0	0	0	210	0	0	0	210
0	0	0	0	61,726	1,540	63,266	35,439
0	334,655	334,680	344,480	53,040	7,700	395,420	404,715
0	70,530	257,986	185,797	2,624,784	160,071	3,042,841	2,955,600
0	12,785	12,785	15,881	0	0	12,785	15,881
0	0	1,215	139	43,897	34,485	79,597	70,682
0	654,298	1,960,432	1,880,103	3,733,558	426,767	6,120,757	5,984,679
847,442	0	847,442	807,648	0	1,577,493	2,424,935	2,240,782
0	0	16,344	16,373	13,715	0	30,059	28,707
0	0	711	5,065	500,614	0	501,325	466,092
0	0	0	0	43,615	0	43,615	(32,446)
0	0	149,108	115,709	0	0	149,108	115,709
0	0	41,661	39,347	0	0	41,661	39,347
0	0	547,533	502,248	0	0	547,533	502,248
0	0	25,556	19,345	0	0	25,556	19,345
0	0	35,246	34,696	0	0	35,246	34,696
0	0	8,917,550	7,874,651	0	0	8,917,550	7,874,651
0	0	776,467	754,249	0	0	776,467	754,249
0	0	11,152	21,273	0	0	11,152	21,273
0	0	1,071	2,690	0	0	1,071	2,690
0	0	318,677	328,510	0	0	318,677	328,510
0	0	114,301	45,575	0	0	114,301	45,575
0	0	0	0	0	552,103	552,103	518,927
0	0	801,343	771,069	0	0	801,343	771,069
847,442	0	12,604,162	11,338,448	557,944	2,129,596	15,291,702	13,731,424
\$ 847,442	\$ 654,298	\$ 14,564,594	\$ 13,218,551	\$ 4,291,502	\$ 2,556,363	\$ 21,412,459	\$ 19,716,103

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, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Governmental Fund Types		Fiduciary Fund Type	Total	
	General	Capital Projects	Expendable Trusts	(Memorandum Only)	
				1996	1995
Revenues					
Taxes	\$ 4,537,896	\$ 0	\$ 115,648	\$ 4,653,544	\$ 4,428,603
Licenses, Permits and Fees	149,273	0	0	149,273	151,855
Interest and Investment Revenue	99,419	10,931	36,607	146,957	131,400
Federal Grants	2,388,948	6,553	9,794	2,405,295	2,276,284
Sales and Services	95,686	0	0	95,686	87,935
Other	193,226	0	3,165	196,391	171,466
Total Revenues	7,464,448	17,484	165,214	7,647,146	7,247,543
Expenditures					
Current					
Education	1,845,785	0	0	1,845,785	1,821,092
General Government	745,333	0	0	745,333	599,888
Health Services	282,127	0	0	282,127	258,834
Legal and Judiciary	108,642	0	0	108,642	102,494
Museums	7,137	0	0	7,137	7,015
Natural Resources	159,136	0	0	159,136	154,689
Public Safety and Defense	324,335	0	0	324,335	291,341
Regulatory Services	129,778	0	24,636	154,414	143,595
Social Services	2,350,623	0	119,929	2,470,552	2,455,755
Transportation	142,818	0	0	142,818	131,488
Capital Outlay	533,519	18,738	0	552,257	479,507
Debt Service					
Principal Retirement	18,210	0	0	18,210	21,396
Interest and Fiscal Charges	21,949	0	0	21,949	21,609
Total Expenditures	6,669,392	18,738	144,565	6,832,695	6,488,703
Revenues in Excess of (Less Than) Expenditures	795,056	(1,254)	20,649	814,451	758,840
Other Financing Sources (Uses)					
Operating Transfers In	12,857	0	19,327	32,184	25,241
Operating Transfers from Component Units	28,035	5,669	0	33,704	38,105
Operating Transfers Out	(22,931)	0	0	(22,931)	(111,694)
Operating Transfers to Component Units	(640,042)	(82,792)	0	(722,834)	(720,073)
Bond Proceeds	33,560	0	0	33,560	17,500
Capital Leases and Certificates of Participation	1,172	0	0	1,172	5,588
Direct Financing Lease Payments	5,451	0	0	5,451	5,291
Total Other Financing Sources (Uses)	(581,898)	(77,123)	19,327	(639,694)	(740,042)
Revenue and Other Sources in Excess of (Less Than) Expenditures and Other Uses	213,158	(78,377)	39,976	174,757	18,798
Fund Balances - Beginning of Year	1,147,361	188,326	488,806	1,824,493	1,805,695
Fund Balances - End of Year	\$ 1,360,519	\$ 109,949	\$ 528,782	\$ 1,999,250	\$ 1,824,493

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

Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
Budget to Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1996
(expressed in thousands)

	Budgetary General Fund		
	Final Budget	Actual	Variance
Revenues			
Taxes	\$ 3,697,862	\$ 3,757,617	\$ 59,755
Licenses, Permits and Fees	38,672	42,731	4,059
Interest and Investment Revenue	75,434	84,381	8,947
Local Receipts and Reimbursements	24,129	25,012	883
Other	25,866	19,198	(6,668)
Total Revenues	3,861,963	3,928,939	66,976
Expenditures			
Education	1,116,766	1,106,625	(10,141)
General Government	100,959	96,064	(4,895)
Health Services	147,200	144,673	(2,527)
Legal and Judiciary	81,586	79,018	(2,568)
Museums	5,526	5,408	(118)
Natural Resources	54,337	53,334	(1,003)
Public Safety and Defense	291,269	288,223	(3,046)
Regulatory Services	18,051	17,422	(629)
Social Services	118,440	116,033	(2,407)
Total Expenditures	1,934,134	1,906,800	(27,334)
Revenues in Excess of Expenditures	1,927,829	2,022,139	94,310
Other Financing Sources (Uses)			
Operating Transfers In	18,673	21,358	2,685
Operating Transfers Out	(591,238)	(592,486)	(1,248)
Intra Agency Transfers to Continuing Funds	(1,331,922)	(1,331,922)	0
Total Other Financing Sources (Uses)	(1,904,487)	(1,903,050)	1,437
Revenue and Other Sources in Excess of Expenditures and Other Uses	23,342	119,089	95,747
Budgetary Fund Balance - Beginning of Year	581,632	581,632	0
Budgetary Fund Balance - End of Year	\$ 604,974	\$ 700,721	\$ 95,747

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

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, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
Operating Revenues		
Licenses, Permits and Fees	\$ 0	\$ 955
Sales and Services	0	74
Interest and Investment Revenue	10,091	55,472
Rental Revenue	0	8,417
Sale of Investments	0	6,901
Other	0	0
Total Operating Revenues	<u>10,091</u>	<u>71,819</u>
Operating Expenses		
Operations and Maintenance of Facilities	0	0
Losses and Loss Expense	0	0
Administrative and General Expense	746	237
Interest Expense	8,578	0
Depreciation Expense	0	0
Benefit Payments and Refunds	0	39,532
Total Operating Expenses	<u>9,324</u>	<u>39,769</u>
Operating Income	<u>767</u>	<u>32,050</u>
Nonoperating Revenues (Expenses)		
Interest and Investment Revenue	0	2,591
Other Nonoperating Revenues	0	0
Interest Expense	0	0
Amortization of Losses and Discounts	0	0
Other Nonoperating Expenses	0	0
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>2,591</u>
Income Before Operating Transfers	767	34,641
Operating Transfers from Primary Government	0	0
Operating Transfers Out	(5,150)	(7,707)
Operating Transfers to Component Units	0	(14,287)
Operating Transfers to Primary Government	0	0
Costs to be Recovered from Future Revenues	0	0
Net Income (Loss)	<u>(4,383)</u>	<u>12,647</u>
Retained Earnings/Fund Balances - Beginning of Year	<u>21,438</u>	<u>810,218</u>
Retained Earnings/Fund Balances - End of Year	<u>\$ 17,055</u>	<u>\$ 822,865</u>

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

Total Primary Government		Component Units		Total Reporting Entity	
(Memorandum Only)				(Memorandum Only)	
1996	1995	Proprietary		1996	1995
\$ 955	\$ 6,235	\$ 0	\$ 955	\$ 6,235	
74	86	1,033,200	1,033,274	1,034,983	
65,563	79,238	55,059	120,622	136,233	
8,417	8,433	0	8,417	8,433	
6,901	14,648	0	6,901	14,648	
0	15	13,089	13,089	11,847	
<u>81,910</u>	<u>108,655</u>	<u>1,101,348</u>	<u>1,183,258</u>	<u>1,212,379</u>	
0	0	279,066	279,066	273,375	
0	2	288,020	288,020	348,924	
983	835	112,433	113,416	131,715	
8,578	10,220	54,419	62,997	67,482	
0	0	83,104	83,104	83,965	
39,532	40,551	253,208	292,740	193,812	
<u>49,093</u>	<u>51,608</u>	<u>1,070,250</u>	<u>1,119,343</u>	<u>1,099,273</u>	
<u>32,817</u>	<u>57,047</u>	<u>31,098</u>	<u>63,915</u>	<u>113,106</u>	
2,591	2,007	109,831	112,422	97,657	
0	0	4,201	4,201	3,629	
0	0	(121,746)	(121,746)	(123,081)	
0	0	(17,891)	(17,891)	(18,110)	
0	0	(226)	(226)	(4,296)	
<u>2,591</u>	<u>2,007</u>	<u>(25,831)</u>	<u>(23,240)</u>	<u>(44,201)</u>	
35,408	59,054	5,267	40,675	68,905	
0	0	54,082	54,082	54,375	
(12,857)	(12,501)	0	(12,857)	(12,501)	
(14,287)	(15,202)	0	(14,287)	(15,202)	
0	0	(27,505)	(27,505)	(27,898)	
0	0	9,124	9,124	12,039	
<u>8,264</u>	<u>31,351</u>	<u>40,968</u>	<u>49,232</u>	<u>79,718</u>	
<u>831,656</u>	<u>800,305</u>	<u>473,361</u>	<u>1,305,017</u>	<u>1,225,299</u>	
<u>\$ 839,920</u>	<u>\$ 831,656</u>	<u>\$ 514,329</u>	<u>\$ 1,354,249</u>	<u>\$ 1,305,017</u>	

Combined Statement of Cash Flows
Proprietary Fund Type, Nonexpendable Trust Funds and
Discretely Presented Proprietary Component Units
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Proprietary Fund Type	Fiduciary Fund Types
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
Cash Flows from Operating Activities		
Operating Income	\$ 767	\$ 32,050
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense	0	0
Amortization (Accretion) and Other Noncash Expenses	0	5,339
Other	54	(5,420)
Decrease (Increase) in Assets		
Accounts Receivable	0	0
Interest and Investment Revenue Receivable	(375)	12,111
Interfund Receivable	0	(3)
Inventory	0	0
Prepaid Items	0	0
Long-Term Notes Receivable	0	0
Other Noncurrent Assets	0	0
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	155	0
Claims and Judgments	0	0
Interest Payable	93	0
Deferred Revenue	0	507
Other Current Liabilities	0	0
Other Noncurrent Liabilities	865	0
Net Cash Provided by Operating Activities	<u>1,559</u>	<u>44,584</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from Bonds and Notes Payable	49,615	0
Contributed Capital from Non-State Sources	0	0
Operating Transfers from Primary Government	0	0
Operating Transfers Out	(5,150)	(7,707)
Operating Transfers to Component Units	0	(14,287)
Operating Transfers to Primary Government	0	0
Principal Paid on Bonds and Notes Payable	(8,450)	0
Other Noncapital Financing Activity	0	0
Net Cash Used by Noncapital Financing Activities	<u>\$ 36,015</u>	<u>\$ (21,994)</u>

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

Total Primary Government		Component Units		Total Reporting Entity	
(Memorandum Only)		Proprietary		(Memorandum Only)	
1996	1995			1996	1995
\$ 32,817	\$ 57,047	\$ 31,098	\$ 63,915	\$ 113,106	
0	0	83,104	83,104	83,965	
5,339	2,943	4,120	9,459	4,571	
(5,366)	(12,882)	566	(4,800)	(16,297)	
0	0	2,494	2,494	(7,182)	
11,736	(2,350)	(17,609)	(5,873)	(17,337)	
(3)	156	4,047	4,044	(2,313)	
0	0	(2,064)	(2,064)	1,397	
0	0	197	197	(371)	
0	0	2,553	2,553	77,454	
0	42	3,652	3,652	(38,790)	
155	(24)	(1,499)	(1,344)	3,271	
0	0	35,829	35,829	34,572	
93	(29)	(480)	(387)	(13,182)	
507	193	(14,849)	(14,342)	7,817	
0	(835)	5	5	(885)	
865	275	2,850	3,715	(12,483)	
<u>46,143</u>	<u>44,536</u>	<u>134,014</u>	<u>180,157</u>	<u>217,313</u>	
49,615	0	165,990	215,605	193,327	
0	0	16	16	484	
0	0	54,082	54,082	54,375	
(12,857)	(7,747)	0	(12,857)	(7,747)	
(14,287)	(15,202)	0	(14,287)	(15,202)	
0	(4,754)	(27,505)	(27,505)	(32,652)	
(8,450)	(57,225)	(135,218)	(143,668)	(305,002)	
0	0	(303)	(303)	(259)	
<u>\$ 14,021</u>	<u>\$ (84,928)</u>	<u>\$ 57,062</u>	<u>\$ 71,083</u>	<u>\$ (112,676)</u>	

(continued)

Combined Statement of Cash Flows
Proprietary Fund Type, Nonexpendable Trust Funds and
Discretely Presented Proprietary Component Units
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

(continued)

	Proprietary Fund Type	Fiduciary Fund Types
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale and Maturity of Investments	\$ 0	\$ 0
Proceeds from Bonds and Notes Payable	0	0
Contributions for Purchase of Fixed Assets	0	0
Payments for Acquisitions of Fixed Assets	0	0
Payments for Refunding and Defeasance of Debt	0	0
Principal Paid on Bonds, Notes, and Capital Leases	0	0
Interest Paid on Bonds, Notes, and Capital Leases	0	0
Other Capital and Related Financing Activity	0	0
Net Cash (Used) by Capital and Related Financing Activities	<u>0</u>	<u>0</u>
Cash Flows from Investing Activities		
Interest and Investment Revenue	0	2,591
Proceeds from Sale and Maturity of Investments	4,818	407,283
Principal Received from Notes Receivable	9,269	76,483
Payments to Purchase Investments	(30,433)	(314,083)
Payments to Issue Notes Receivable	(23,383)	0
Net Cash Provided (Used) by Investing Activities	<u>(39,729)</u>	<u>172,274</u>
Net Increase (Decrease) in Cash/Cash Equivalents	(2,155)	194,864
Cash/Cash Equivalents - Beginning of Year	<u>4,310</u>	<u>527</u>
Cash/Cash Equivalents - End of Year	<u>\$ 2,155</u>	<u>\$ 195,391</u>

Reconciliation of Cash/Cash Equivalents to Combined Balance Sheet

Fiduciary Fund Type Cash/Cash Equivalents per Combining Balance Sheet:

Expendable Trusts	\$ 544,892
Nonexpendable Trusts	195,391
Pension Trusts	328,034
Agency Funds	121,217
Total Fiduciary Fund Types	<u>\$ 1,189,534</u>

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

Total Primary Government		Component Units		Total Reporting Entity	
(Memorandum Only)				(Memorandum Only)	
1996	1995	Proprietary		1996	1995
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,701
0	0	178,212	178,212	0	0
0	0	0	0	28	28
0	0	(67,499)	(67,499)	(60,692)	(60,692)
0	0	0	0	(95,690)	(95,690)
0	0	(226,665)	(226,665)	(34,323)	(34,323)
0	0	(120,488)	(120,488)	(122,829)	(122,829)
0	0	249	249	(776)	(776)
0	0	(236,191)	(236,191)	(171,581)	(171,581)
2,591	2,007	90,763	93,354	88,751	88,751
412,101	295,977	1,246,001	1,658,102	1,328,308	1,328,308
85,752	18,977	6,046	91,798	26,301	26,301
(344,516)	(248,817)	(1,280,917)	(1,625,433)	(1,352,347)	(1,352,347)
(23,383)	(29,680)	(3,118)	(26,501)	(36,337)	(36,337)
132,545	38,464	58,775	191,320	54,676	54,676
192,709	(1,928)	13,660	206,369	(12,268)	(12,268)
4,837	6,765	150,303	155,140	167,408	167,408
\$ 197,546	\$ 4,837	\$ 163,963	\$ 361,509	\$ 155,140	\$ 155,140

Noncash Capital and Related Financing Activities

Proprietary Component Units:

Real Estate and Equipment Acquired Through Foreclosed Notes Receivable	\$	267
Donated Equipment		1,691
Accounts Payable Incurred for Equipment		495

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Combined Statement of
 Changes In Plan Net Assets
 Pension Trust Funds
 For the Fiscal Year Ended June 30, 1996
 (with comparative totals for June 30, 1995)
 (expressed in thousands)

	Pension Trusts	
	1996	1995
Additions		
Contributions		
Employer Contributions	\$ 220,283	\$ 199,271
Employee Contributions	200,299	202,045
State Contributions	186,474	179,387
Total Contributions	607,056	580,703
Investment Income		
Net Appreciation (Depreciation) in fair value of investments	334,060	747,741
Investment and Interest Revenue	864,924	354,983
	1,198,984	1,102,724
Less Investment Expense	38,053	29,962
Net Investment Income	1,160,931	1,072,762
Other Revenue	85	115
Total Additions	1,768,072	1,653,580
Deductions		
Administrative and General Expenses	6,149	6,013
Benefit Payments and Refunds	719,024	687,386
Total Deductions	725,173	693,399
Net Increase	1,042,899	960,181
Fund Balance Reserved for Employees' Pension Benefits		
Beginning of Year	7,874,651	6,914,470
End of Year	\$ 8,917,550	\$ 7,874,651

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

Combined Statement of Changes in Fund Balances
Component Unit - Higher Education Funds
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Current Funds	
	Unrestricted	Restricted
Revenues and Other Additions		
Unrestricted Current Fund Revenues	\$ 662,097	\$ 0
Endowment Income	0	1,377
Federal Grants and Contracts	0	218,963
State and Local Grants and Contracts	0	68,881
Private Gifts, Grants and Contracts	0	37,176
Auxiliary Enterprises	0	0
Investment and Interest Revenue	0	3,018
Retirement of Indebtedness	0	0
Expended for Plant Facilities	0	0
Other	0	3,014
Total Revenues and Other Additions	662,097	332,429
Expenditures and Other Deductions		
Education and General Expenditures	890,602	330,237
Auxiliary Enterprises	214,718	304
Professional Practice Plans and Clinics	77,739	0
Expended for Plant Facilities	0	0
Indirect Cost Recoveries	0	17,292
Cancellation of Student Loans	0	0
Administrative and Collection Costs	0	0
Interest on Indebtedness	0	0
Retirement of Equipment	0	0
Retirement of Indebtedness	0	0
Disposal of Plant Facilities	0	0
Depreciation and Amortization	0	0
Other	0	150
Total Expenditures and Other Deductions	1,183,059	347,983
Transfers Among Funds - Additions (Deductions)		
Mandatory Transfers		
Principal and Interest	(10,458)	(201)
Loan Fund Matching Grant	(567)	370
Other	(499)	0
Nonmandatory	(24,357)	(624)
Operating Transfers from Primary Government	555,433	25,695
Total Transfers Among Funds	519,552	25,240
Net Increase in Fund Balances	(1,410)	9,686
Fund Balances - Beginning of Year	246,672	46,420
Fund Balances - End of Year	\$ 245,262	\$ 56,106

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

Loan Funds	Endowment Funds	Plant Funds	Total (Memorandum Only)	
			1996	1995
\$ 0	\$ 0	\$ 0	\$ 662,097	\$ 610,114
0	0	0	1,377	1,357
750	0	7,474	227,187	213,753
27	0	1,332	70,240	44,438
1	291	1,358	38,826	68,379
0	0	0	0	39
1,672	7,264	6,916	18,870	12,550
0	0	26,232	26,232	11,719
0	0	181,584	181,584	158,553
1,417	15	12,687	17,133	16,333
<u>3,867</u>	<u>7,570</u>	<u>237,583</u>	<u>1,243,546</u>	<u>1,137,235</u>
18	4,864	0	1,225,721	1,194,495
0	0	0	215,022	199,311
0	0	0	77,739	60,268
0	0	126,784	126,784	112,568
0	0	0	17,292	16,501
1,706	0	6	1,712	1,737
832	0	2	834	71
0	0	9,557	9,557	8,139
0	0	3,139	3,139	3,625
0	0	26,461	26,461	11,758
0	0	8,422	8,422	8,156
0	0	27,321	27,321	25,326
731	5	5,646	6,532	9,322
<u>3,287</u>	<u>4,869</u>	<u>207,338</u>	<u>1,746,536</u>	<u>1,651,277</u>
0	0	10,659	0	0
197	0	0	0	0
9	0	490	0	0
14	742	24,225	0	0
0	7,200	92,197	680,525	679,720
<u>220</u>	<u>7,942</u>	<u>127,571</u>	<u>680,525</u>	<u>679,720</u>
800	10,643	157,816	177,535	165,678
49,198	79,375	1,530,396	1,952,061	1,786,383
<u>\$ 49,998</u>	<u>\$ 90,018</u>	<u>\$ 1,688,212</u>	<u>\$ 2,129,596</u>	<u>\$ 1,952,061</u>

Combined Statement of Current Funds, Revenues,
Expenditures and Other Changes
Component Unit - Higher Education Funds
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Current Funds		Total Current Funds	
	Unrestricted	Restricted	1996	1995
Revenues				
Tuition and Fees	\$ 241,741	\$ 0	\$ 241,741	\$ 218,514
Federal Appropriations	11,161	0	11,161	10,709
Federal Grants and Contracts	12,596	206,555	219,151	215,627
State and Local Grants and Contracts	5,390	60,951	66,341	41,301
Private Gifts, Grants and Contracts	17,369	34,606	51,975	74,787
Investment and Interest Revenue	3,016	194	3,210	2,689
Endowment Income	1,418	1,699	3,117	2,419
Sales and Services				
Educational Department	18,666	6	18,672	17,189
Auxiliary Enterprises	212,588	0	212,588	199,943
Professional Practice Plans and Clinics	81,163	0	81,163	65,257
Other Sources	56,989	1,082	58,071	58,769
Total Revenues	662,097	305,093	967,190	907,204
Expenditures and Mandatory Transfers				
Educational and General				
Instruction	407,736	36,485	444,221	426,383
Research	70,470	80,571	151,041	140,446
Public Service	43,615	54,282	97,897	88,750
Academic Support	113,681	2,941	116,622	107,156
Student Services	44,286	23,618	67,904	71,838
Institutional Support	91,979	7,134	99,113	130,453
Operation/Maintenance of Plant	84,005	269	84,274	81,394
Scholarships and Fellowships	34,830	124,937	159,767	143,885
Other	0	0	0	453
Education and General Expenditures	890,602	330,237	1,220,839	1,190,758
Mandatory Transfers				
Principal and Interest	3,693	201	3,894	2,910
Loan Fund Matching Grant	580	(370)	210	239
Other	473	0	473	1,454
Total Education and General	895,348	330,068	1,225,416	1,195,361
Auxiliary Enterprises				
Mandatory Transfers				
Principal and Interest	6,754	0	6,754	6,032
Loan Fund Matching Grant	(13)	0	(13)	(13)
Other	26	0	26	(11)
Total Auxiliary Enterprises	\$ 221,485	\$ 304	\$ 221,789	\$ 205,437

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

	Current Funds		Total Current Funds	
	Unrestricted	Restricted	1996	1995
Professional Practice Plans and Clinics	\$ 77,739	\$ 0	\$ 77,739	\$ 60,268
Mandatory Transfers - Other	11	0	11	14
Total Professional Practice Plans and Clinics	77,750	0	77,750	60,282
Total Expenditures and Mandatory Transfers	1,194,583	330,372	1,524,955	1,461,080
Other Transfers and Additions (Deductions)				
Restricted Receipts in Excess of				
Transfers to Revenues	0	10,044	10,044	3,406
Refunded to Grantors	0	(150)	(150)	(229)
Nonmandatory	(24,357)	(624)	(24,981)	(21,996)
Operating Transfers from Primary Government	555,433	25,695	581,128	575,442
Other Transfers and Additions, Net	531,076	34,965	566,041	556,623
Net Increase in Fund Balances	\$ (1,410)	\$ 9,686	\$ 8,276	\$ 2,747

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Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1996

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Oklahoma (the "State") have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial statements of the Higher Education Component Unit are based on the American Institute of Certified Public Accountants College Guide model.

The accompanying financial statements present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary and nonexpendable trust funds. The financial statements are presented as of June 30, 1996, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts and authorities and any other organizational units governed by the Oklahoma State Legislature and/or Constitutional Officers of the State of Oklahoma.

A. Reporting Entity

The State has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. Local school districts and other local authorities of various kinds which may meet only one of the criteria for inclusion in this report, have not been included. The State's support of the public education system is reported in the General Fund.

As required by generally accepted accounting principles, these financial statements present the State of Oklahoma (the primary government) and its component units.

Blended Component Units

These component units are entities which are legally separate from the State, but are so intertwined with the State that they are, in substance, a part of the State. They are included in the fiduciary fund type.

The six Public Employee Retirement Systems (PERS) administer pension funds for the State and its political subdivisions. The six PERS are subject to state legislative and executive controls and the administrative expenses are subject to legislative budget controls. The Board of Trustees for each system are appointed pursuant to state statute. The six PERS were audited by independent auditors for the period ended June 30, 1996, and their reports, dated from August 23, 1996, to October 22, 1996, have been previously issued under separate covers.

Discrete Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units columns of the combined financial statements include the financial data of the following entities listed below.

Proprietary Component Units

Separately issued independent audit reports may be obtained from the Office of State Finance, 122 State Capitol Building, Oklahoma City, Oklahoma 73105, or the respective proprietary component units at the addresses presented on the description page of the combining financial statement section of this report.

Oklahoma Industrial Finance Authority assists with the State's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. These loans are secured by first or second mortgages on real estate and equipment. The Authority's loans are financed by issuance of general obligation bonds. The Board of Directors is comprised of seven members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 1996, and their report, dated September 13, 1996, has been previously issued under separate cover.

State Insurance Fund (SIF) provides a source for workers' compensation insurance for all public and private employers within the State and operates similarly to an insurance company. SIF is financed through employer premiums. The Board of Managers is comprised of nine members: The Director of State Finance, the Lieutenant Governor, the State Auditor (or their designees), the Director of Central Services, and appointees by the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The State can impose its will on the Fund by its ability to remove board members at will. The Fund was audited by other independent auditors for the year ended December 31, 1995, and their report, dated March 15, 1996, has been previously issued under separate cover.

State and Education Employees Group Insurance Board provides group health, life, dental and disability benefits to active employees and retirees of the State and certain other eligible participants. The Board is financed through employer and employee premiums. The Board consists of eight members: the State Insurance Commissioner, the Director of State Finance, and appointees by the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. A financial benefit/burden relationship exists between the State and the Board. The Board was audited by other independent auditors for the year ended June 30, 1996, and their report, dated October 11, 1996, has been previously issued under separate cover.

Oklahoma Student Loan Authority provides loan funds to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations. The Authority is composed of five members appointed by the Governor, with the advise and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 1996, and their report, dated October 11, 1996, has been previously issued under separate cover.

University Hospitals Authority consists of The University Hospital and Children's Hospital of Oklahoma, and their related clinics and other services. The Authority is affiliated with the University of Oklahoma Health Sciences Center whose medical school residents and staff provide patient care, in-service education, and certain administrative duties for the benefit of the Authority. The Authority is governed by a six-member board consisting of appointees of the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate, and officials from the state Medicaid Program, the University of Oklahoma Health Sciences Center and the Authority. A financial benefit/burden relationship exists between the State and the Authority. The Authority was audited by other independent auditors for the year ended June 30, 1996, and their report, dated August 16, 1996, has been previously issued under separate cover.

Medical Technology and Research Authority is authorized to promote and assist the development of medical technology and research benefiting the citizens of Oklahoma. The Authority obtains funds through parking revenue, lease revenue, and other services. The Authority is directed by an eight member board. The two ex officio members include the President of the University of Oklahoma and the Chief

Executive Officer of The University Hospitals, or their designees. Of the remaining members, two are appointed by the Governor and one is appointed by each of the following; Speaker of the House of Representatives, President Pro Tempore of the Senate, President of the University of Oklahoma and the Director of the Department of Human Services. The State can impose its will on the Authority by its ability to modify or approve the Authority's fee changes. The Authority was audited by the State Auditor and Inspector for the year ended June 30, 1996, and their report, dated September 23, 1996, has been previously issued under separate cover.

Oklahoma Development Finance Authority provides financing for both public and private entities in the State. The Authority obtains funds through the issuance of bonds and notes. Private entities qualifying for financing are generally agricultural, civic, educational, health care, industrial, or manufacturing enterprises. Financing is also provided to governmental agencies and instrumentalities of the State. The Governing Board is comprised of seven members, of which five are appointed by the Governor, with the advice and consent of the Senate, plus the Director of the Department of Commerce and the State Treasurer. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 1996, and their report, dated August 30, 1996, has been previously issued under separate cover.

Oklahoma Environmental Finance Authority provides public and private entities financing for facilities necessary or useful to abate, control, and reduce air and water pollution. The Authority obtains funds through the issuance of bonds and notes. The three Trustees of the Authority are appointed by the Governor. The State can impose its will on the Authority by its ability to remove trustees at will. The Authority was audited by other independent auditors for the year ended June 30, 1996, and their report, dated August 6, 1996, has been previously issued under separate cover.

Oklahoma Housing Finance Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of residential housing and other economic development for the benefit of the State. In addition, the Agency administers Section 8 Housing Assistance Payments Programs for the U.S. Department of Housing and Urban Development. The Board of Trustees consists of five members appointed by the Governor. The State can impose its will on the Authority by its ability to veto or modify the Agency's decisions. The Agency was audited by other independent auditors for the year ended September 30, 1995, and their report, dated December 29, 1995, has been previously issued under separate cover.

Oklahoma Turnpike Authority constructs, maintains, repairs, and operates turnpike projects at locations authorized by the Legislature and approved by the State Department of Transportation. The Authority receives its revenues from turnpike tolls and a percentage of turnpike concession sales. The Authority issues revenue bonds to finance turnpike projects. The Authority consists of the Governor and six members appointed by the Governor, with the advise and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 1995, and their report, dated March 29, 1996, has been previously issued under separate cover.

Grand River Dam Authority controls the waters of the Grand River system to develop and generate water power and electric energy, and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma. The customers consist of rural electric cooperatives, municipalities, industries and off-system sales. The Board of Directors consists of seven members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 1995, and their report, dated March 15, 1996, has been previously issued under separate cover.

Oklahoma Municipal Power Authority provides a means for the municipal electric systems in the State to jointly plan, finance, acquire, and operate electrical power supply facilities. Facilities are financed through the issuance of revenue bonds, which are approved by the State's Bond Oversight Commission. Exclusion of the component unit would cause the State's financial statements to be misleading or incomplete. The Authority was audited by other independent auditors for the year ended December 31, 1995, and their report, dated February 12, 1996, has been previously issued under separate cover.

Higher Education Component Unit

Separately issued independent audit reports for each college, university, or other included entity may be obtained from the Office of State Finance, 122 State Capitol Building, Oklahoma City, Oklahoma 73105.

This component unit is primarily comprised of the twenty-five colleges and universities which are members of the Oklahoma State System of Higher Education (the "System"). Each institution in the System is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on each institution by its ability to modify and approve their budget and its ability to approve fee changes. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities.

Board of Regents of Oklahoma Colleges has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University. The Board consists of nine members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Board of Regents by its ability to modify and approve their budget.

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the System. The Board of Regents for Higher Education consists of nine members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the State Regents for Higher Education by its ability to modify and approve their budget.

Ardmore Higher Education Program, Enid Higher Education Program, and McCurtain County Higher Education Program were established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the Programs earn credit applicable toward academic degrees and certificates at participating institutions in the System. Each Program is administered by a Board of Trustees who are appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Programs by its ability to modify and approve their budget.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18 were created to provide postsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries. The primary source of operating funds is ad valorem taxes assessed against real property located in their districts. The Districts are component units of Rose State College, Oklahoma City Community College, and Tulsa Community College, respectively.

With the exception of the Board of Regents of Oklahoma Colleges, the entities included in the Higher Education Component Unit were audited by independent auditors, for the year ended June 30, 1996, and reports dated from August 14, 1996, to October 30, 1996, have been previously issued under separate cover. Because these entities are similar in nature and function, they have been combined and presented as a single component unit.

Related Organizations and Related Parties

Organizations for which a primary government is accountable because the State appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations. The Oklahoma Ordinance Works Authority (OOWA) is a related organization of the State. The State appoints a voting majority of the Trustees of OOWA but has no further accountability.

Oklahoma Education Television Authority Foundation, Inc. is a non-profit organization established to receive private donations and contributions which could be used for the benefit of the Oklahoma Education Television Authority (OETA), a part of the primary government. The Foundation does not meet the definition of a component unit but is considered a related party of OETA. During the fiscal year ended June 30, 1996, the foundation disbursed approximately \$4,000,000 for the benefit of OETA.

The colleges and universities included in the Higher Education Component Unit have various foundations organized for the purpose of receiving and administering gifts intended for the benefit of their respective college or university. These foundations do not meet the definition of a component unit but are considered a related party of the college or university. During the fiscal year ended June 30, 1996, these foundations expended, on-behalf of the State's colleges and universities, approximately \$36,500,000 for facilities and equipment, salary supplements, general educational assistance, faculty awards, and scholarships.

B. Fund Accounting

The financial activities of the State are recorded in individual Funds classified by type, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A Fund is a separate accounting entity with a self-balancing set of accounts. An Account Group is a financial reporting device designed to provide accountability for assets and liabilities that are not recorded in Funds because they do not directly affect net expendable available financial resources.

The financial activities of the State reported in the accompanying financial statements have been classified into the following fund types and account groups.

1. Governmental Fund Types

General Fund - This Fund accounts for all activities of the State not specifically required to be accounted for in other Funds. Included are transactions for services such as education, general government, health services, legal and judiciary, museums, natural resources, public safety and defense, regulatory services, social services, and transportation. Debt service transactions and related cash balances are reported in the General Fund with a reservation of fund balance for debt service.

Capital Projects Fund - This Fund accounts for financial resources used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary funds, similar trust funds, or higher education funds. These resources are derived from proceeds of the general obligation bond issues on March 9, 1993, and July 21, 1993.

2. Proprietary Fund Type

Enterprise Fund - This Fund accounts for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate. This Fund is comprised of Oklahoma Water Resources Board bond issues.

3. Fiduciary Fund Types

The State presents as Fiduciary Funds those activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other Funds.

Nonexpendable Trust Funds - These Funds require that the principal of the trusts be preserved intact. Only the earnings of the Funds are expendable. They account for trust transactions, assets, liabilities, and fund equity of the Commissioners of the Land Office and the Department of Wildlife.

Expendable Trust Funds - These Funds allow for the spending of both the principal and earnings of the Trusts. The Funds account for assets received and expended by the Oklahoma Employment Security Commission, from the Federal Unemployment Insurance Trust Fund, and the Special Indemnity Fund, a second-injury workers' compensation fund.

Pension Trust Funds - These Funds account for the transactions, assets, liabilities, and fund equity of the seven State retirement systems (six PERS and the Wildlife Conservation Retirement Plan).

Agency Funds - These Funds account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals.

4. Account Groups

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets acquired or constructed for general governmental purposes other than those of the proprietary, similar trust funds, proprietary component units, and higher education fund types.

General Long-Term Debt Account Group - This group of accounts is used to account for unmatured general obligation bonds, revenue bonds, certificates of participation, lease revenue bonds, capital lease obligations, employee leave obligations, and other long-term obligations not recorded in proprietary, similar trust funds, proprietary component units, or higher education fund types.

5. Component Units

These Funds are legally separate from the State but are considered part of the State reporting entity.

Proprietary Funds - These Funds meet the definition of both a component unit and that of an enterprise fund as previously described.

Higher Education Funds - These Funds account for transactions related to the resources received and used in the operation of the State's colleges and universities.

Current Funds - These Funds account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds which may be utilized in accordance with externally restricted purposes.

Loan, Endowment, and Agency Funds - These Funds account for assets in which the colleges and universities act in a fiduciary capacity.

Plant Funds - These Funds account for institutional property acquisition, renewal, replacement, and debt service.

Financial Statement Reporting Periods

The accompanying financial statements of the State are presented as of June 30, 1996, and for the year then ended, except for the following funds and entities which were audited by other independent auditors.

Special Indemnity Fund	12-31-95
State Insurance Fund	12-31-95
Oklahoma Turnpike Authority	12-31-95
Grand River Dam Authority	12-31-95
Oklahoma Municipal Power Authority	12-31-95
Oklahoma Housing Finance Agency	9-30-95

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds, pension trust funds and proprietary component units are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity (i.e., net total assets) is segregated into retained earnings components. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government enterprise fund has elected to not apply FASBs issued after the applicable date. Each proprietary component unit has individually made this election as disclosed in their separate audit reports.

All governmental funds, expendable trust and agency funds are maintained and reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and related current assets are recognized when measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year when such revenues are susceptible to accrual; expenditures and liabilities are recognized when obligations are incurred as a result of receipt of goods and services. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items which are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the State's present appropriation system. These revenues have been accrued in accordance with Generally Accepted Accounting Standards since they have been earned and are expected to be collected within sixty days of the end of the period. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 1996, has been reported in the general long-term debt account group (see Item M of this Note).
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a reservation of fund balance.

The accounts of the enterprise, nonexpendable trust, pension trust funds, and proprietary component units are reported using the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The Higher Education Component Unit is accounted for on the accrual basis of accounting, with the following exceptions:

- Fifteen of the State's colleges and universities report depreciation expense related to plant fund assets.
- Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

The Higher Education Component Unit is an aggregate of financial statements from the 33 higher education entities described in Item A of this Note.

D. Budgeting and Budgetary Control

The State's annual budget is prepared on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if expected to be presented for payment by November 15 following the end of the fiscal year and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis) are presented on the budgetary basis. A reconciliation of revenues in excess of (less than) expenditures and other financing sources (uses) on a budgetary basis at June 30, 1996, to revenues in excess of (less than) expenditures and other financing sources (uses) presented in conformity with generally accepted accounting principles is set forth in Note 2.

The Governor prepares and submits to the Legislature at the beginning of each annual session a balanced budget based on budget requests prepared by the various state agencies. The General Fund is the only Fund for which an annual budget is legally adopted. Budgeted expenditures can not exceed the amount available for appropriation as certified by the State Board of Equalization. The Legislature may modify the Governor's proposed budget as it deems necessary and legally enacts an annual state budget through the passage of appropriation bills. The Governor has the power to approve or veto each line item appropriation.

The legal level of budgetary control is maintained at the line item level (i.e., General Operations, Personal Services, Duties, etc.) identified in the appropriation acts. Budgets may be modified subject to statutory limits on transfers. The Director of State Finance can approve transfers between line items up to 25%. Agencies can obtain approval from the Contingency Review Board to transfer up to an additional 15%; however, all transfers are subject to review by the Joint Legislative Committee on Budget and Program Oversight to determine if the transfer tends to effectuate or subvert the intention and objectives of the Legislature.

Current policy allows agencies to use unexpended moneys for one-time purchases or non-recurring expenditures in the next fiscal year. This policy provides an incentive for management to distribute resources efficiently; however, it is subject to annual approval by the Legislature. Unexpended balances not carried forward to the new fiscal year by November 15 may: 1) lapse to unrestricted balances and be available for future appropriation, 2) lapse to restricted balances and be available for future appropriations restricted for specific purposes as defined by statute, or 3) be non-fiscal, and may be spent from one to 30 months from the date of appropriation.

If funding sources are not sufficient to cover appropriations, the Director of State Finance is required to reduce the budget by the amount of such deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental appropriation. For fiscal year 1996, \$60,211,904 was approved by the Legislature for supplemental appropriation. All fiscal year 1996 appropriated line items were within their authorized spending level.

E. Cash and Cash Equivalents

The State uses a pooled cash concept in maintaining its bank accounts. All cash is pooled for operating and investment purposes and each Fund has an equity in the pooled amount. For reporting purposes, cash and related time deposits have been allocated to each Fund based on its equity in the pooled amount. Interest earned on investments is allocated to the General Fund except for those investments made specifically for the Capital projects fund, proprietary fund type,

fiduciary fund type, proprietary component units, and higher education component unit, for each of which investment revenue is allocated to the investing fund.

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The amount of collateral securities to be pledged for the security of public deposits shall be established by rules and regulations promulgated by the State Treasurer.

The Oklahoma Employment Security Commission Trust Fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. As required by Federal law, all resources not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest from these resources is retained in the Fund.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to cash.

F. Investments

Investments, which may be restricted by law or legal instruments, are under control of either the State Treasurer or other administrative bodies as determined by law.

Governmental fund type investments are generally stated at cost, which approximates market. Enterprise and nonexpendable trust funds' investments are generally recorded at cost, adjusted for premiums and discounts. Adjusted cost approximates market. Investments are recorded at fair value for pension trust funds. Agency fund investments, with the exception of the Deferred Compensation Plan, are generally stated at cost, which approximates market. However, investments in mutual funds are stated at their fair market value based on published prices. Deferred Compensation Plan assets are carried at market.

Proprietary component units' investments are recorded in accordance with their election under GASB 20 (see Item C). The State Insurance Fund, State and Education Employees Group Insurance Board, and Grand River Dam Authority record investments at market. All other proprietary component units record investments at cost, adjusted for premiums and discounts.

Higher Education Component Unit investments are recorded at cost, adjusted for amortization of premiums and discounts, or fair market value at the date of the gift. Adjusted cost approximates market.

G. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts.

Governmental fund type receivables consist primarily of amounts due from the Federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Contributions receivable in fiduciary funds consist of amounts due on employee and employer contributions to pension trust funds. Taxes receivable in governmental funds represent taxes subject to accrual, primarily income taxes and sales taxes, that are collected within sixty days after year end. Lease payments receivable in the General Fund consist of capital lease payments due for equipment and railroad lines owned by the Department of Transportation. Collectibility of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Taxes receivable in fiduciary funds represent unemployment taxes due at year end, net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

H. Inter/Intrafund Transactions

Interfund Transactions - The State has three types of interfund transactions.

- Services rendered transactions are accounted for as revenues and expenditures or expenses in the Funds involved.
- Operating appropriations/subsidies are accounted for as operating transfers in the Funds involved.
- Equity and working capital contributions are accounted for as residual equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund equity).

Intrafund Transactions - Intrafund transfers, as a result of contracts among departments and/or agencies within the same Fund, are considered expenditures by the contractor and revenues by the contractee for budgetary purposes. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis) includes these transactions. However, recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis Combined Statement of Revenues, Expenditures, and Changes in Fund Balances.

A portion of motor fuel excise taxes collected on fuels consumed on the State's turnpikes is made available to the Oklahoma Turnpike Authority (OTA) from the Oklahoma Tax Commission. These taxes are apportioned to OTA monthly to fund debt service, to the extent amounts are not otherwise available to OTA. If the motor fuel excise taxes apportioned to OTA are not needed in the month of apportionment, the taxes are to be transferred to the Department of Transportation (DOT). Before these monthly transfers were mandated, a balance owed to DOT had accumulated and at year end this balance is presented as a noncurrent Due to Other Funds on the financial statements of OTA.

I. Inventories

Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Generally, inventories are valued at cost and predominately on either the first-in first-out or weighted average basis. General fund inventories are recorded as expenditures when consumed rather than when purchased by recording adjustments to the inventory account on the balance sheet. The general fund inventories on hand at year-end are reflected as a reservation of fund balance on the balance sheet, except for \$93,617,000 in food stamps which is recorded as inventory and deferred revenue. Upon distribution, the food stamps are recognized as revenues and expenditures of the general fund.

The value of the inventory of food commodities in the agency fund is calculated by using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The value of the inventory of food stamps in the general fund is valued at coupon value. The food stamp inventory includes amounts at remote locations in the counties of the State. State statute provides that counties must participate in the food stamp program, have adequately qualified personnel, have suitable facilities for storing and issuing stamps, and provide bonding of personnel and insurance as required by the State. State statute also provides for the distribution of food stamps within a county through one or more issuing offices, through local banks, or through other means. Regardless of the distribution means, the food stamp inventory at remote locations remains under State jurisdiction until issued to eligible recipients.

Higher education inventories are stated at the lower of cost or market, cost being determined on either the first-in first-out or average cost basis.

J. Fixed Assets

General Fixed Assets - Fixed assets used in governmental-type operations (general fixed assets) are recorded as expenditures in the governmental funds and the related assets are reported in the General Fixed Assets Account Group (GFAAG). Purchased and constructed general fixed assets are valued in the GFAAG at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation. The estimates of historical costs of buildings and other improvements were based on appraised value, as of August 4, 1994, indexed to the date of acquisition. The costs of normal maintenance and repairs that do not add to the asset's value or materially

extend as asset's useful life are not capitalized. Significant general fixed assets which have a cost in excess of \$25,000 at the date of acquisition and have an expected useful life of five or more years are capitalized.

Interest incurred during construction of capital facilities is not capitalized. General fixed assets are not depreciated.

Infrastructure is normally immovable and of value only to the State. Infrastructure, which includes roads, bridges, dikes, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, is not reported in the General Fixed Assets Account Group.

Proprietary and Similar Trust Fund Fixed Assets - Purchased and constructed fixed assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation. Fixed assets, excluding land, are depreciated on the straight-line method over the assets' estimated useful life. Generally, estimated useful lives are as follows:

Buildings and Other Improvements	7 - 45 years
Machinery and Equipment	3 - 20 years

Higher Education Fixed Assets - Purchased and constructed fixed assets are stated principally at cost or fair market value at the date of donation in the case of gifts. Depreciation is provided for the cost of plant assets of certain colleges and universities which elect the option of reporting depreciation expense in Plant Funds. Depreciation, which is charged to expenditures, is computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings and Other Improvements	40 - 60 years
Machinery and Equipment	5 - 10 years

K. Other Assets

Included in other assets (noncurrent for proprietary component units) are costs to be recovered from future revenues. Certain items included in the operating costs of **Grand River Dam Authority**, an unregulated enterprise, are recovered through rates set by the Board of Directors. Recognition of these costs, primarily depreciation on debt funded fixed assets, amortization of debt discount and expense, and amortization of losses on advance refunding of long-term debt, is deferred to the extent that such costs will be included in rates charged in future years. The **Oklahoma Municipal Power Authority** (OMPA) enters into power sales contracts with participating municipalities that provide for billings to those municipalities for output and services of the projects. Revenues from these contracts provide for payment of current operating and maintenance expenses (excluding depreciation and amortization), as well as payment of scheduled debt principal and interest, and deposits into certain funds as prescribed in the bond resolutions. For financial reporting purposes, OMPA currently recognizes depreciation of assets financed by bond principal and amortization expense. The difference between current operating expenses and the amounts currently billed under the terms of the power sales contracts are deferred to future periods in which these amounts will be recovered through revenues.

L. Deferred Revenue

Deferred revenues arise when a potential revenue does not meet the available criterion for recognition in the current period. Available is defined as due (or past due) at June 30, and collected thereafter to pay obligations due at June 30. Deferred revenues also arise when resources are received by the State before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized.

Also included in deferred revenue is the undistributed food stamp inventory.

M. Compensated Absences

Employees entering State service prior to July 1, 1996, earn annual vacation leave at the rate of 10 hours per month for the first 5 years of service, 12 hours per month for service of 5 to 10 years, 13.3 hours per month for service of 10 to 20 years, and 16.66 hours per month for over 20 years of service. Employees entering State service on or after July 1, 1996, earn annual vacation leave at the rate of 6.66 hours per month for the first 5 years of service, 10 hours per month for service of 5 to 10 years, 13.3 hours per month for service of 10 to 20 years, and 16.66 hours per month for over 20 years of service. Unused annual leave may be accumulated to a maximum of 480 hours. All accrued annual leave is payable upon termination, resignation, retirement, or death. The General Fund records expenditures when employees are paid for leave, and the cost of accumulated vacation leave is recorded in the General Long-Term Debt Account Group.

N. Risk Management

The Risk Management Division of the Department of Central Services 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 Risk Management Division is authorized to settle claims of the State and oversee the dispensation and/or settlement of claims against a state political subdivision. In no event shall self-insurance coverage exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act. 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 presented to the Risk Management Division.

O. Federal Grants

In addition to monetary transactions, Federal grants also include non-monetary transactions for food stamps, food, and other commodities. Food stamps are valued at coupon value. Commodities are valued at their federally reported value in the Agency Fund.

P. Fund Balance Reserves and Designations

The State's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditure or (2) legally segregated for a specific future use. In the accompanying combined balance sheet, reserves for related assets such as inventories and prepayments are examples of the former. Reserves for encumbrances, contracts, and other specific purposes are examples of the latter. The State's fund balance designation reflects tentative plans for future use of financial resources.

Q. Deficit Fund Balance - Special Indemnity Fund

The Special Indemnity Fund, an expendable trust, has a deficit fund balance of \$18,751,000 at December 31, 1995. Management is not aware of any pending legislation to reduce this deficit.

R. Total (Memorandum Only)

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash

flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of these data.

S. Comparative Data/Restatements

Comparative total (Memorandum Only) data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the State's financial position and operations. Certain amounts presented have been reclassified and/or restated to be consistent with the current year presentation.

Note 2. Budgetary Reporting

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Certain appropriations are transferred to continuing funds for expenditure. Unexpended amounts so transferred may then be rebudgeted in subsequent fiscal years. These transfers are not included in the total expenditures on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis), but are reported as a separate item under Other Financing Uses. Presented below are transfers to continuing funds by function of government within the General Fund and a reconciliation to the Schedule of Expenditures and Intra-Agency Transfers as presented in the Required Supplementary Information (expressed in thousands):

Education	\$	489,988
General Government		4,933
Health Services		6,735
Legal and Judiciary		1,050
Natural Resources		271
Regulatory Services		121
Social Services		644,768
Transportation		<u>184,056</u>
Total Transfers to Continuing Funds		1,331,922
Total Expenditures per Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis)		<u>1,906,800</u>
Total per Schedule of Expenditures and Intra-Agency Transfers as Presented in the Required Supplementary Information	\$	<u><u>3,238,722</u></u>

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resulting basis, perspective, and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 1996, is presented below (expressed in thousands) for the General Fund.

Budgetary Basis Fund Balance, June 30, 1995	\$	587,612
Prior Year Adjustment		<u>(5,980)</u>
Budgetary Basis Adjusted Fund Balance, July 1, 1995		581,632
Excess of total sources over total uses of financial resources (Budgetary Basis)		<u>119,089</u>
Budgetary Basis Fund Balance, June 30, 1996		700,721
Entity and Perspective Differences:		
Non-budgeted Funds and Capital Funds		746,759
Encumbrances		1,633
Basis Differences:		
Add: Net accrued revenues, related receivables, and deferred revenues		204,530
Less: Net accrued expenditures and related liabilities		<u>(293,124)</u>
GAAP Basis Fund Balance, June 30, 1996	\$	<u><u>1,360,519</u></u>

Note 3. Deposits and Investments

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The amount of collateral securities to be pledged for the security of public deposits is established by rules promulgated by the State Treasurer. In accordance with the Office of State Treasurer's policies, the amount of collateral securities to be pledged by financial institutions through the State Treasurer's Office are pledged at market value and must be at 110% of value to collateralize the amount on deposit, less any federal insurance coverage. This percentage may vary for political subdivisions according to their respective policies.

In accordance with State statute, the State Treasurer may purchase and invest in the following:

Obligations of the United States Government, its agencies and instrumentalities	Collateralized or insured certificates of deposit
Prime banker's acceptances	Negotiable certificates of deposit
Investment grade obligations of state and local governments	Prime commercial paper
Money market funds	Repurchase agreements

Deposits

As of June 30, 1996, the State and its discretely presented component units' bank balances of deposits are fully insured or collateralized with securities held by an agent of the State or its discretely presented component units in their respective names. In addition to these deposits, the State has approximately \$547,000,000 on deposit with the U.S. Government. These funds represent unemployment insurance taxes collected from Oklahoma employers which are held by the U.S. Treasury.

Investments

The State's investments are categorized below per Governmental Accounting Standards Board Statement 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*, to give an indication of the level of custodial risk assumed at year end. Category 1 includes investments that are insured, registered, or are held by the State or its agent in the name of the State. Category 2 includes uninsured and unregistered investments, which are held by the counterparties' trust departments or agents in the name of the State. Category 3 includes uninsured and unregistered investments, held by counterparties, or their trust departments or agents, but not in the name of the State.

Investments at June 30, 1996, by investment type, are listed below (expressed in thousands).

Primary Government	Carrying Amount Risk Categories			Total	Market
	1	2	3		Value
U.S. Government Securities	\$ 3,156,605	\$ -	\$ -	\$ 3,156,605	\$ 3,118,640
Repurchase Agreements	832,310	-	42,500	874,810	874,810
Short Term Securities	142,086	-	-	142,086	142,086
State Bond Issues	21,416	-	-	21,416	21,416
Debt Securities	1,046,793	-	-	1,046,793	1,046,793
Equity Securities	5,407,694	-	-	5,407,694	5,420,829
	<u>\$ 10,606,904</u>	<u>\$ -</u>	<u>\$ 42,500</u>	\$ 10,649,404	\$ 10,624,574
Investments Not Subject to Categorization:					
Guaranteed Investment Contracts				41,006	41,006
Real Estate				118,513	118,513
Mutual Funds				133,669	133,669
Money Market Mutual Funds				53,887	53,887
Securities Lending Program:					
U.S. Government Securities				202,080	202,080
Debt Securities				51,871	51,871
Equity Securities				58,555	58,555
Less: Component Units' Investment in State Treasurer's Cash Management Program				(186,927)	(186,927)
Total Investments				<u>\$ 11,122,058</u>	<u>\$ 11,097,228</u>

Component Units-Proprietary	Carrying Amount Risk Categories			Total	Market
	1	2	3		Value
U.S. Government Securities	\$ 658,617	\$ 199,827	\$ 14,972	\$ 873,416	\$ 875,430
Repurchase Agreements	5,429	-	31,273	36,702	36,702
Short Term Securities	1,018	-	-	1,018	1,018
Debt Securities	141,446	2,000	4,424	147,870	147,592
Equity Securities	195,630	-	-	195,630	195,630
	<u>\$ 1,002,140</u>	<u>\$ 201,827</u>	<u>\$ 50,669</u>	\$ 1,254,636	\$ 1,256,372
Investments Not Subject to Categorization:					
Guaranteed Investment Contracts				205,862	205,862
Negotiable Certificates of Deposit				736	736
Real Estate				6,324	6,375
Mutual Funds				2,295	2,295
Money Market Mutual Funds				19,728	19,728
Investment in State Treasurer's Cash Management Program				57,289	57,289
Total Investments				<u>\$ 1,546,870</u>	<u>\$ 1,548,657</u>
Component Unit-Higher Education	Carrying Amount Risk Categories			Total	Market
	1	2	3		Value
U.S. Government Securities	\$ 51,006	\$ 13,824	\$ -	\$ 64,830	\$ 64,830
Short Term Securities	398	-	-	398	394
State Bond Issues	5,950	-	-	5,950	5,950
	<u>\$ 57,354</u>	<u>\$ 13,824</u>	<u>\$ -</u>	\$ 71,178	\$ 71,174
Investments Not Subject to Categorization:					
Real Estate				347	347
Mutual Funds				93,235	111,686
Money Market Mutual Funds				2,030	2,030
Other Pooled Funds				26,159	27,422
Investment in State Treasurer's Cash Management Program				129,638	129,638
Total Investments				<u>\$ 322,587</u>	<u>\$ 342,297</u>

The following table reconciles the details included within this footnote to the Combined Balance Sheet at June 30, 1996 (expressed in thousands).

	Component Units		
	Primary Government	Proprietary	Higher Education
Investments per Combined Balance Sheet	\$ 9,484,643	\$ 1,568,652	\$ 277,697
Non-negotiable CDs and State Treasurer Cash Management classified as investments	(11,205)	(50,100)	(85,554)
Pooled cash investments classified as cash equivalents	1,648,620	-	-
Money Market Mutual Fund classified as cash equivalent	-	606	806
Investment in State Treasurer Cash Management Program classified as cash equivalent	-	27,712	129,638
Total Investments	<u>\$ 11,122,058</u>	<u>\$ 1,546,870</u>	<u>\$ 322,587</u>

State statute authorizes securities lending programs within the State's investment policy. The securities subject to the agreement are commingled with the securities of other lenders. Under agreements entered into by the State, the loaned securities are initially collateralized at a minimum of 102% of their market values. Collateral consists of U.S. government securities, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, floating rate notes, participation notes, money market funds, and bank letters of credit. The collateral is marked-to-market daily such that at the close of trading on any business day the value of collateral shall not be less than 100% plus accrued interest on the loaned securities.

Note 4. Accounts Receivable

Receivables as of June 30, 1996, including the applicable allowances for uncollectible accounts, are as follows (expressed in thousands).

Receivables:	Component Units						Total
	General	Capital Projects	Enterprise	Trust and Agency	Proprietary	Higher Education	
Accounts	\$ 37,642	\$ -	\$ -	\$ 3,174	\$ 124,992	\$ 124,692	\$ 290,500
Interest	16,882	410	3,397	64,242	19,571	3,010	107,512
Contributions	-	-	-	3,516	-	-	3,516
Federal	204,111	203	-	194	1,889	897	207,294
Taxes	115,012	-	-	3,070	-	-	118,082
Lease Payment	41,241	-	-	-	-	-	41,241
Other	-	-	-	7,969	1,791	-	9,760
Notes and Loans	-	-	147,173	-	636,567	54,760	838,500
Gross Receivables	414,888	613	150,570	82,165	784,810	183,359	1,616,405
Less: Uncollectibles							
Accounts Receivable	(16,058)	-	-	-	(23,290)	(31,959)	(71,307)
Notes, Loans, and Other	-	-	-	(268)	(2,830)	(11,969)	(15,067)
Net Total Receivables	<u>\$ 398,830</u>	<u>\$ 613</u>	<u>\$ 150,570</u>	<u>\$ 81,897</u>	<u>\$ 758,690</u>	<u>\$ 139,431</u>	<u>\$ 1,530,031</u>

Note 5. Interfund Accounts/Operating Transfers

A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations at June 30, 1996, is shown below (expressed in thousands).

	Due From		Due To	
	Other Funds	Component Units	Other Funds	Component Units
Primary Government				
General Fund	\$ 5	\$ 42,319	\$ 16,158	\$ 6,695
Expendable Trust:				
Special Indemnity Fund	1,380	-	-	66
Nonexpendable Trust:				
Department of Wildlife	36	-	-	-
Pension Trusts:				
Oklahoma Law Enforcement Retirement System	809	-	-	-
Oklahoma Public Employees Retirement System	477	234	-	-
Uniform Retirement System for Justices and Judges	94	-	-	-
Oklahoma Police Pension and Retirement System	371	-	-	-
Teachers' Retirement System of Oklahoma	11,129	-	18	-
Wildlife Conservation Retirement Plan	137	-	-	-
Agency Funds:				
Assets Held for Beneficiaries	-	-	2	-
Other	403	461	-	3,611
Total Primary Government	<u>\$ 14,841</u>	<u>\$ 43,014</u>	<u>\$ 16,178</u>	<u>\$ 10,372</u>

	Due From			Due To		
	Primary Government	Other Funds	Other Component Units	Primary Government	Other Funds	Other Component Units
Component Units						
Proprietary Funds:						
Oklahoma Industrial Finance Authority	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ -
State Insurance Fund	1,325	-	196	35	-	142
State & Education Emp. Group Insurance Board	7,823	-	-	27	-	5
University Hospitals Authority	162	-	490	634	-	999
Medical Technology and Research Authority	-	-	114	3	-	17
Oklahoma Development Finance Authority	12	-	9	-	-	9
Oklahoma Housing Finance Agency	-	-	-	1	-	-
Oklahoma Turnpike Authority	-	-	-	41,076	-	37
Grand River Dam Authority	24	-	457	414	-	56
Oklahoma Municipal Power Authority	-	-	-	14	-	457
Higher Education Funds:						
Current, Unrestricted	5,088	42,149	1,050	167	23,442	590
Current, Restricted	-	3,544	-	-	20,845	-
Loan	-	3,077	-	-	14	-
Endowment	-	1,177	-	-	14,496	-
Plant	-	877	-	-	752	-
Agency	-	9,113	-	-	388	-
Total Component Units	\$ 14,434	\$ 59,937	\$ 2,325	\$ 42,371	\$ 59,937	\$ 2,312

The amount of total interfund receivables of \$134,551,000 does not agree with total interfund payables of \$131,170,000 at June 30, 1996. The following presents a reconciliation of interfund accounts reported at June 30, 1996 (expressed in thousands).

Due From Other Funds	\$ 74,778
Due From Component Units	45,339
Due From Primary Government	<u>14,434</u>
Total Interfund Receivables Per Financial Statements	134,551
Financial Statement Account Presentation Differences:	
Trust and Agency Funds	<u>902</u>
Total Interfund Receivables	<u>\$ 135,453</u>
Due To Other Funds	\$ 76,115
Due To Component Units	12,684
Due To Primary Government	<u>42,371</u>
Total Interfund Payables Per Financial Statements	131,170
Financial Statement Account Presentation Differences:	
Trust and Agency Funds	4,214
Timing Differences, Fiscal Year Ending December 31, 1995:	
Trust and Agency Funds	(437)
Proprietary Component Units	<u>506</u>
Total Interfund Payables	<u>\$ 135,453</u>

B. Operating Transfers

A summary of interfund operating transfers for the fiscal year ended June 30, 1996, follows (expressed in thousands).

Primary Government	Operating Transfers			
	In	From Component Units	Out	To Component Units
General Fund	\$ 12,857	\$ 28,035	\$ 22,931	\$ 640,042
Capital Projects	-	5,669	-	82,792
Expendable Trust:				
Special Indemnity Fund	19,327	-	-	-
Proprietary Funds:				
Oklahoma Water Resources Board-Bond Issues	-	-	5,150	-
Nonexpendable Trust:				
Commissioners of the Land Office	-	-	4,637	14,287
Department of Wildlife	-	-	3,070	-
Total Primary Government	<u>\$ 32,184</u>	<u>\$ 33,704</u>	<u>\$ 35,788</u>	<u>\$ 737,121</u>

Component Units	Operating Transfers			
	In	From Primary Government	Out	To Primary Government
Proprietary Funds:				
Oklahoma Turnpike Authority	\$ -	\$ 27,505	\$ -	\$ 27,505
University Hospitals Authority	-	26,577	-	-
Higher Education Funds:				
Current, Unrestricted	-	555,433	-	-
Current, Restricted	-	25,695	-	-
Endowment	-	7,200	-	-
Plant	-	92,197	-	-
Total Component Units	<u>\$ -</u>	<u>\$ 734,607</u>	<u>\$ -</u>	<u>\$ 27,505</u>

The amount of total Operating Transfers In of \$800,495,000 does not agree with total Operating Transfers Out of \$800,414,000 for the fiscal year ended June 30, 1996. The following presents a reconciliation of operating transfers reported in the financial statements (expressed in thousands).

Operating Transfers In	\$ 32,184
Operating Transfers In - From Component Units	33,704
Operating Transfers In - From Primary Government	<u>734,607</u>
Total Operating Transfers In Per Financial Statements	800,495
Financial Statement Account Presentation Differences:	
Higher Education Component Units	1,976
Proprietary Component Units	<u>12</u>
Total Operating Transfers In	<u>\$ 802,483</u>
Operating Transfers Out	\$ 35,788
Operating Transfers Out - To Component Units	737,121
Operating Transfers Out - To Primary Government	<u>27,505</u>
Total Operating Transfers Out Per Financial Statements	800,414
Financial Statement Account Presentation Differences:	
Higher Education Component Units	5,669
Proprietary Component Units	4
Timing Differences, Fiscal Year Ending December 31, 1995:	
Trust and Agency Funds	<u>(3,604)</u>
Total Operating Transfers Out	<u>\$ 802,483</u>

Note 6. Fixed Assets

Fixed Assets by category, as of June 30, 1996 (December 31, 1995, or September 30, 1995, for those entities/funds identified in Item B of Note 1) are summarized as follows (expressed in thousands).

	Primary Government		Component Units		
	Pension Trusts	General Fixed Assets	Proprietary	Higher Education	Total
Land	\$ 188	\$ 49,609	\$ 971,877	\$ 132,844	\$ 1,154,518
Buildings and Other Improvements	-	551,427	1,260,290	1,127,381	2,939,098
Machinery and Equipment	2,011	199,811	178,375	630,664	1,010,861
Construction in Progress	-	46,595	15,717	138,782	201,094
Total	2,199	847,442	2,426,259	2,029,671	5,305,571
Less: Accumulated Depreciation	738	-	1,034,200	325,848	1,360,786
Total	\$ 1,461	\$ 847,442	\$ 1,392,059	\$ 1,703,823	\$ 3,944,785

Changes in general fixed assets for the year ended June 30, 1996, were as follows (expressed in thousands).

	Balance	Additions	Deletions/	Balance
	July 1, 1995		Net Transfers	June 30, 1996
Land	\$ 48,468	\$ 1,189	\$ 48	\$ 49,609
Buildings and Other Improvements	545,369	8,149	2,091	551,427
Machinery and Equipment	190,370	16,786	7,345	199,811
Construction in Progress	23,441	25,431	2,277	46,595
Total	\$ 807,648	\$ 51,555	\$ 11,761	\$ 847,442

Note 7. 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 employee participation in certain health maintenance organizations), workers' compensation, second injury workers' compensation, tort liability (except for excess coverage for certain losses in excess of \$1,000,000), 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 \$1,000,000,000.

Coverage for health care claims and workers' compensation is provided by two separate proprietary component units. The State and Education Employees' Group Insurance Board provides group health, life, dental and disability benefits to the State's employees and certain other eligible participants. The State Insurance Fund (SIF) provides workers' compensation coverage for the State's employees (and private and local government employees).

The SIF administers claim payments and provides excess-of-loss reinsurance to certain governmental entities that are self-insured. The premiums and fees received in connection with these transactions are included in sales and were approximately \$5,713,000 in 1995. The incurred claims in excess of the self-insured entities' respective retention limits were approximately \$7,090,000 in 1995. The liability for claims in excess of the self-insured entities' respective retention limits included in unpaid losses and loss adjustment expenses were approximately \$23,817,000 at December 31, 1995.

The SIF limits the maximum net loss that can arise from risks by entering into reinsurance agreements to assign risk to other insurers on a catastrophe basis. Premiums paid for this reinsurance were approximately \$155,000 in 1995. No losses have been ceded under these agreements. Reinsurance receivables with a single reinsurer of \$911,000 at December 31, 1995, have been recorded in anticipation of estimated amounts to be recovered from reinsurers in future years for losses ceded pursuant to certain prior year reinsurance agreements. These agreements do not relieve SIF from its obligation to policyholders. Failure of reinsurers to honor their obligations could result in losses to SIF. Management believes that all reinsurers presently used are financially sound and will be able to meet their contractual obligations.

Coverage for second injury workers' compensation is provided by an expendable trust. The Special Indemnity Fund (SPIF) was created to encourage the hiring of individuals with a preexisting disability and to protect those employers from liability for the preexisting disability. SPIF records a liability for outstanding court awards only as those amounts are awarded by the Workers' Compensation Court for both permanent partial and permanent total disability awards. There is no provision for incurred but not reported claims or claims pending Court determination. Claims and

Judgments which were due and owing at December 31, 1995, have been charged to operations for the year ended December 31, 1995. At year end, the SPIF loss liability exceeded expendable available financial resources; however, because these are adjudicated claims, the full amount of adjudicated claims is presented as a liability in the expendable trust fund. In addition to awards currently due and owing, SPIF has a noncurrent liability for court awarded future payments payable after December 31, in the amount of \$127,576,000 as reported the General Long-Term Debt Account Group.

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).

Except for SPIF, estimates relating to incurred but not reported claims, as well as other probable and estimable losses have been included in accrued liabilities for each fund. Because actual claims liabilities are impacted by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, and other economic and social factors.

The General Fund self-insurance loss liability for the Risk Management Division of the Department of Central Services represents an estimate of amounts to be paid from currently expendable available financial resources. The remaining \$2,897,000 of the liability is reported in the General Long-Term Debt Account Group.

The following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 1996 (December 31, 1995, for Special Indemnity Fund and State Insurance Fund) and the prior fiscal year, (expressed in thousands).

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Current Fiscal Year						
General Fund *- Risk Management Division	\$ 6,864	\$ 4,003	\$ (3,292)	\$ 7,575	\$ 2,897	\$ 4,678
Expendable Trust Fund - Special Indemnity Fund	116,283	52,369	(22,561)	146,091	127,576	18,515
Total Primary Government	<u>\$ 123,147</u>	<u>\$ 56,372</u>	<u>\$ (25,853)</u>	<u>\$ 153,666</u>	<u>\$ 130,473</u>	<u>\$ 23,193</u>
Proprietary Component Units: State Insurance Fund	\$ 633,350	\$ 259,017	\$ (238,628)	\$ 653,739	\$ -	\$ 653,739
State and Education Employees Group Insurance Board	52,019	253,208	(237,767)	67,460	-	67,460
Total Proprietary Component Units	<u>\$ 685,369</u>	<u>\$ 512,225</u>	<u>\$ (476,395)</u>	<u>\$ 721,199</u>	<u>\$ -</u>	<u>\$ 721,199</u>
Prior Fiscal Year						
General Fund - Risk Management Division	\$ 6,728	\$ 1,697	\$ (1,561)	\$ 6,864	\$ 3,130	\$ 3,734
Expendable Trust Fund - Special Indemnity Fund	96,458	40,613	(20,788)	116,283	102,840	13,443
Total Primary Government	<u>\$ 103,186</u>	<u>\$ 42,310</u>	<u>\$ (22,349)</u>	<u>\$ 123,147</u>	<u>\$ 105,970</u>	<u>\$ 17,177</u>
Proprietary Component Units: State Insurance Fund	\$ 531,194	\$ 322,308	\$ (220,152)	\$ 633,350	\$ -	\$ 633,350
State and Education Employees Group Insurance Board	119,603	153,261	(220,845)	52,019	-	52,019
Total Proprietary Component Units	<u>\$ 650,797</u>	<u>\$ 475,569</u>	<u>\$ (440,997)</u>	<u>\$ 685,369</u>	<u>\$ -</u>	<u>\$ 685,369</u>

* As discussed in Note 22. Litigation and Contingencies, general fund claims and judgments includes \$6,500,000 accrued for the payment of litigation losses.

Public Entity Risk Pool - State and Education Employees' Group Insurance Board

The State operates the Oklahoma State and Education Employees' Group Insurance Board (Plan), a Public Entity Risk Pool.

A. Description of Plan

The Plan provides group health, dental, life, and disability benefits to active State employees and local government employees, as well as varying coverages for active education employees and certain participants of the State's retirement systems, survivors, and persons covered by COBRA. Disability coverage is available only to active State employees and local government employees. The Plan is self-insured and provides participants with the option of electing coverage from certain health maintenance organizations (HMOs). Premium rates for the various groups are separately established.

The coverages are funded by monthly premiums paid by individuals, the State, local governments, educational employers, and retirement systems. A participant may extend coverage to dependents for an additional monthly premium based on the coverage requested. Of the 171,000 primary participants and dependents, approximately 16,000 primary participants and 13,000 dependents were covered by HMOs. These counts relate to health coverage only.

All state agencies are required to participate in the Plan. Eligible local governments may elect to participate in the Plan (653 local governments actually participate). Education entities may participate if a minimum of 50% of their eligible employees elect to join the Plan. Any education entity or local government which elects to withdraw from the Plan may do so with 30 days written notice.

A summary of available coverages and eligible groups, along with the number of health care participants follows.

	State Employee	Local Government Employee	Education Employee	Teachers' Retirement System	Other Retirement Systems	Survivors	COBRA
Health	X	X	X	X	X	X	X
Dental	X	X	X	X	X	X	X
Life	X	X	X		X		
Disability	X	X					
Medicare Supplement				X	X	X	
Health Care Participants:							
Primary	22,000	5,000	26,000	----- 34,000 -----			
Dependents	-----			53,000 -----			

B. Unpaid Claims Liabilities

The Plan establishes policy and contract claim reserves based on the estimated ultimate cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet reported. Disability reserves are also established based on the estimated ultimate cost of settling claims of participants currently receiving benefits and for disability claims incurred but not yet reported to the Plan.

The reserves are determined using the Plan's historical benefit payment experience. The length of time for which costs must be estimated depends on the coverages involved. Although such estimates are the Plan's best estimates of the incurred claims to be paid, due to the complex nature of the factors involved in the calculation, the actual results may be more or less than the estimate. The claim liabilities are recomputed on a periodic basis using actuarial and statistical techniques which consider the effects of general economic conditions, such as inflation, and other factors of past experience, such as changes in participant counts. Adjustments to claim liabilities are recorded in the periods in which they are made.

Premium deficiency reserves are required to be recorded when the anticipated costs of settling claims for the following fiscal year are in excess of the anticipated premium receipts for the following year. Anticipated investment income is considered in determining whether a premium deficiency exists.

C. Reconciliation of Claims Liabilities

The schedule below presents the changes in policy and contract claim reserves and disability reserves for the past two years for the three types of coverages: health and dental, life, and disability (expressed in thousands).

	Health and Dental		Life		Disability	
	1996	1995	1996	1995	1996	1995
Reserves at beginning of year	\$ 29,560	\$ 30,553	\$ 907	\$ 1,555	\$ 19,516	\$ 14,432
Incurred claims:						
Provision for insured events of current year	234,044	217,181	9,441	6,553	6,415	8,073
Changes in provisions for insured events of prior years	(5,453)	(7,507)	(223)	(722)	(8,480)	710
	<u>228,591</u>	<u>209,674</u>	<u>9,218</u>	<u>5,831</u>	<u>(2,065)</u>	<u>8,783</u>
Payments:						
Claims attributable to insured events of current year	201,715	187,946	8,106	5,664	652	1,063
Claims attributable to insured events of prior years	23,842	22,721	684	815	2,768	2,636
	<u>225,557</u>	<u>210,667</u>	<u>8,790</u>	<u>6,479</u>	<u>3,420</u>	<u>3,699</u>
Reserves at end of year	<u>\$ 32,594</u>	<u>\$ 29,560</u>	<u>\$ 1,335</u>	<u>\$ 907</u>	<u>\$ 14,031</u>	<u>\$ 19,516</u>

D. Revenue and Claims Development Information

The separately issued audited financial statements for the Plan include Required Supplementary Information regarding revenue and claims development.

Note 8. Operating Lease Commitments

The State has commitments with non-state entities to lease certain buildings and equipment. Future minimum rental commitments for equipment operating leases as of June 30, 1996, follows (expressed in thousands).

	Primary Government	Component Units	
		Proprietary	Higher Education
1997	\$ 940	\$ 398	\$ 428
1998	752	391	39
1999	386	368	35
2000	222	254	32
2001	150	254	11
Later Years	402	254	-
Total Future Minimum Lease Payments	<u>\$ 2,852</u>	<u>\$ 1,919</u>	<u>\$ 545</u>
Operating lease commitments for building rental for year ended June 30, 1997	\$ 13,298	\$ 3,487	\$ 335
Rent expenditures/expenses for operating leases for year ended June 30, 1996	\$ 14,251	\$ 4,545	\$ 4,370

Note 9. Lessor Agreements

Direct Financing Leases

The **Department of Transportation** (Primary Government) maintains leases classified as direct financing leases. The State leases heavy equipment and machinery to counties within the State. No interest or executory costs are charged, and lease terms are determined by the depreciation schedules published by the American Association of State Highway Transportation Officials. Title to this equipment passes to the counties at the end of the lease term. The Department of Transportation also leases railroad lines within the State to the AT&L Railroad Company and the Oklahoma, Kansas, and Texas Railroad Company with lease terms ending in 2014 and 2011, respectively. No interest or executory costs are charged, and the leases include bargain purchase options. The unguaranteed residual values of the machinery and equipment, and railroad lines are not estimated by the State. Contingent rentals are not a part of any lease and uncollectible amounts are not expected. The total minimum lease payments to be received in future years is \$41,055,173, which is also the net investment in direct financing leases at June 30, 1996.

The **Oklahoma Environmental Finance Authority** (Proprietary Component Unit) leases facilities necessary for the abatement, control and reduction of pollution to industrial and commercial entities. These leases are accounted for as direct financing leases and the Authority has reported assets consisting of the net investment in direct financing leases. The following schedule lists the components of the net investment in direct financing leases as of June 30, 1996 (expressed in thousands).

Total minimum lease payments to be received	
- Gross investment in financing leases	\$ 65,057
Less: Cost of investments and unearned income	<u>24,377</u>
Net investment in direct financing leases	<u>\$ 40,680</u>

At June 30, 1996, minimum lease payments receivable for the State as a whole for each of the five succeeding fiscal years follows (expressed in thousands).

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Primary Government	\$ 5,052	\$ 4,692	\$ 4,086	\$ 3,368	\$ 2,814
Proprietary Component Unit	<u>3,655</u>	<u>3,613</u>	<u>5,733</u>	<u>2,672</u>	<u>2,673</u>
Total	<u>\$ 8,707</u>	<u>\$ 8,305</u>	<u>\$ 9,819</u>	<u>\$ 6,040</u>	<u>\$ 5,487</u>

Operating Leases

Operating leases maintained by state agencies consist primarily of state owned building space leased to non-state entities. The following schedule presents minimum future rentals receivable from these operating leases (expressed in thousands).

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Total</u>
\$ 298	\$ 71	\$ 34	\$ 22	\$ 21	<u>\$ 446</u>

In addition, the leasing operations of the **Commissioners of the Land Office** consist of leasing approximately 800,000 acres of land principally for agricultural purposes. The lease terms are principally for five-year periods with one-fifth of the leases expiring each year. The lease year is on a calendar year basis with rents prepaid one year in advance. The rental amount is determined based on the maximum amount bid by the lessee. The following schedule presents minimum future rentals receivable from the leasing of these lands (expressed in thousands).

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Total</u>
\$ 3,293	\$ 5,740	\$ 4,056	\$ 2,390	\$ 780	<u>\$ 16,259</u>

Note 10. Long-Term Obligations - Primary Government, Governmental Funds

Long-term obligations at June 30, 1996, and changes for the fiscal year then ended are as follows (expressed in thousands).

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Maturity Through</u>	<u>Authorized Unissued</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Long-Term Debt Account Group								
General Obligation Bonds Payable from Tax Revenue:								
Refunding Series R	1977	4.20-4.65%	1996	\$ -	\$ 1,990	\$ -	\$ 1,990	\$ -
Institutional Bldg 1992A	1993	4.25-5.20%	2018	-	245,785	-	4,335	241,450
Institutional Bldg 1992B	1993	4.15-6.60%	2013	-	96,680	-	3,475	93,205
Total				-	344,455	-	9,800	334,655
Revenue Bonds Payable from Lease Rentals:								
OCIA Series A of 1973	1973	4.00-6.00%	1994	-	35	-	35	-
OCIA Series A of 1986	1986	9.00%	2001	-	3,891	-	231	3,660
OCIA Series A of 1988	1988	7.00%	1998	-	1,150	-	300	850
OCIA Series A of 1994	1994	3.00-4.65%	2003	-	7,405	-	810	6,595
OCIA Series B of 1994	1994	4.85-7.15%	2009	-	17,500	-	750	16,750
OCIA Series B of 1995	1995	3.60-5.30%	2016	-	-	33,560	-	33,560
Tourism 1990	1990	5.95%	2000	-	3,245	-	485	2,760
Tourism 1994	1994	5.30-7.20%	2012	-	5,250	-	-	5,250
Dept of Corrections	-	-	-	1,500	-	-	-	-
DHS-Tulsa Co. 1990 (ODFA)	1990	6.15-7.00%	2000	-	1,290	-	185	1,105
Total				1,500	39,766	33,560	2,796	70,530
Certificates of Participation				-	15,881	-	3,096	12,785
Capital Leases*				-	10,841	1,172	2,768	9,245
Compensated Absences				-	91,771	2,607	-	94,378
Pension Obligation				-	2,142	90	-	2,232
Other Claims and Judgments				-	105,970	47,297	22,794	130,473
Total General Long-Term Debt Account Group				\$ 1,500	\$ 610,826	\$ 84,726	\$ 41,254	\$ 654,298

* \$249 of the reductions represents deletions of capital leases rather than capital lease payments

A. General Obligation Bonds

General obligation bonds, administered by the State Treasurer, are authorized and issued primarily to provide resources for State-owned capital improvements, including office buildings for state agencies. The State has pledged 100% of cigarette taxes collected under these bond issues. General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the bonds.

B. Revenue Bonds

The **Oklahoma Capitol Improvement Authority** (OCIA) has five outstanding series of building bonds to construct and equip state office buildings. Principal and interest payments on these bond issues are paid from rents collected from the various state and federal agencies which use the office buildings constructed with the bond proceeds.

The following table presents annual debt service requirements for those long-term debts outstanding at June 30, 1996 that have scheduled debt service amounts (expressed in thousands).

General Long-Term Debt Account Group	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Maturity</u>	<u>Total</u>
General Obligation Bonds:							
Refunding Series R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Institutional Bldg 1992A	16,340	16,335	16,341	16,358	16,385	346,282	428,041
Institutional Bldg 1992B	8,193	8,092	7,993	7,937	7,922	99,813	139,950
	<u>24,533</u>	<u>24,427</u>	<u>24,334</u>	<u>24,295</u>	<u>24,307</u>	<u>446,095</u>	<u>567,991</u>
Interest	16,418	15,982	15,529	15,105	14,707	155,595	233,336
Total	<u>8,115</u>	<u>8,445</u>	<u>8,805</u>	<u>9,190</u>	<u>9,600</u>	<u>290,500</u>	<u>334,655</u>
Revenue Bonds:							
OCIA Series A of 1973	-	-	-	-	-	-	-
OCIA Series A of 1986	477	477	477	476	476	2,701	5,084
OCIA Series A of 1988	382	384	193	-	-	-	959
OCIA Series A of 1994	1,117	1,116	1,117	1,115	1,114	2,230	7,809
OCIA Series B of 1994	1,867	1,862	1,857	1,858	1,854	16,555	25,853
OCIA Series B of 1995	3,117	3,124	3,120	3,121	3,122	34,731	50,335
Tourism 1990	696	692	692	1,194	-	-	3,274
Tourism 1994	345	433	578	574	574	6,269	8,773
Dept of Corrections	-	-	-	-	-	-	-
DHS-Tulsa Co. 1990 (ODFA)	264	261	261	261	259	-	1,306
	<u>8,265</u>	<u>8,349</u>	<u>8,295</u>	<u>8,599</u>	<u>7,399</u>	<u>62,486</u>	<u>103,393</u>
Interest	3,821	3,599	3,350	3,090	2,791	16,212	32,863
Total	<u>4,444</u>	<u>4,750</u>	<u>4,945</u>	<u>5,509</u>	<u>4,608</u>	<u>46,274</u>	<u>70,530</u>
Certificates of Participation	2,719	2,466	2,459	1,382	723	3,036	12,785
Capital Leases	2,364	1,855	1,705	2,203	347	771	9,245
Total Debt Service	<u>\$ 17,642</u>	<u>\$ 17,516</u>	<u>\$ 17,914</u>	<u>\$ 18,284</u>	<u>\$ 15,278</u>	<u>\$ 340,581</u>	427,215
Long-Term Debt without scheduled debt service:							
Compensated Absences							94,378
Pension Obligation							2,232
Other Claims and Judgments							130,473
Total General Long-Term Debt Account Group							<u>\$ 654,298</u>

The **Oklahoma Tourism and Recreation Department** has two revenue bond issues for the financing of capital projects of the Parks Division. The revenue generated by fees from the Parks Division are used to meet the bond obligations. Additional security is provided by a special "Bond Reserve Fund", which is maintained in the amount of \$500,000 and \$525,000 for the 1990 Series and 1994 Series, respectively.

The **Oklahoma Development Finance Authority** issued lease revenue bonds to provide lease financing for the Department of Human Services. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

C. Certificates of Participation

The State has lease purchase agreements funded through certificates of participation. These leases are for the purchase of equipment and facilities. Third-party leasing companies assigned their interest in the lease to underwriters which issued certificates for the funding of these obligations. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. While the State is liable for lease payments to the underwriters, the State is not liable for payments to holders of the certificates.

The following schedule presents, by fiscal year, future minimum lease payments in the General Long Term Debt Account Group, as of June 30, 1996 (expressed in thousands).

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Maturity</u>	<u>Total</u>
	\$ 3,414	\$ 3,021	\$ 2,889	\$ 1,689	\$ 964	\$ 3,448	\$ 15,425
Less: Interest							<u>2,640</u>
Present Value of Minimum Lease Payments							<u>\$ 12,785</u>

Leased buildings and equipment financed by certificates of participation in the general fixed asset account group at June 30, 1996, include the following (expressed in thousands).

Equipment	\$ 21,714
Buildings	<u>1,670</u>
Total	<u>\$ 23,384</u>

D. Capital Leases

The State has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Capital lease obligations are reported for those leases with annual payments equal to \$10,000 or more.

The following schedule presents, by fiscal year, future minimum lease payments in the General Long-Term Debt Account Group, as of June 30, 1996 (expressed in thousands).

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Maturity</u>	<u>Total</u>
	\$ 3,180	\$ 2,448	\$ 2,151	\$ 2,502	\$ 417	\$ 947	\$ 11,645
Less: Executory costs included in minimum lease payments							<u>801</u>
Net Minimum Lease Payments							10,844
Less: Interest							<u>1,599</u>
Present Value of Minimum Lease Payments							<u>\$ 9,245</u>

Leased buildings and equipment under capital leases in the general fixed asset account group at June 30, 1996, include the following (expressed in thousands).

Equipment	\$ 4,359
Buildings	<u>21,691</u>
Total	<u>\$ 26,050</u>

E. Other Claims and Judgments

Included in other claims and judgments are permanent total and permanent partial awards payable after December 31, 1995, from the Special Indemnity Fund and Risk Management liabilities that will not be paid with currently expendable available financial resources.

Note 11. Long-Term Obligations - Primary Government, Proprietary Fund

The **Oklahoma Water Resources Board** (the Board) has issued five series of revenue bonds. These bonds provide resources to implement its statewide financial assistance programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Bonds payable at June 30, 1996, and changes for the fiscal year then ended are as follows (expressed in thousands).

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Maturity Through</u>	<u>Authorized Unissued</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Revenue Bonds Payable from User Fees:								
1989-1995 Issues	1989-1995	2.55-6.70%	2017-2023	\$ -	\$ 146,465	\$ 50,000	\$ 8,450	\$ 188,015
Less: Bond Discounts				-	584	166	26	724
Total Bonds Payable Net of Discounts				<u>\$ -</u>	<u>\$ 145,881</u>	<u>\$ 49,834</u>	<u>\$ 8,424</u>	<u>\$ 187,291</u>

The following table presents estimated annual debt service requirements for bonds payable outstanding at June 30, 1996, (expressed in thousands).

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Maturity</u>	<u>Total</u>
Revenue Bonds Payable:							
1989-1995 Issues Principal and Interest	\$ 14,434	\$ 16,481	\$ 18,933	\$ 17,136	\$ 16,988	\$ 244,518	\$ 328,490
Less: Interest	<u>6,733</u>	<u>7,306</u>	<u>7,162</u>	<u>7,006</u>	<u>6,833</u>	<u>105,435</u>	<u>140,475</u>
Total Principal	<u>\$ 7,701</u>	<u>\$ 9,175</u>	<u>\$ 11,771</u>	<u>\$ 10,130</u>	<u>\$ 10,155</u>	<u>\$ 139,083</u>	<u>\$ 188,015</u>

Note 12. Long-Term Obligations - Component Units, Proprietary Funds

Bonds payable at June 30, 1996, and changes for the fiscal year then ended are as follows (expressed in thousands).

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Maturity Through</u>	<u>Authorized Unissued</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Bonds Payable from User Fees:								
Industrial Finance Authority	1961-1989	3.38-7.65%	2023	\$ 37,093	\$ 55,085	\$ -	\$ 2,045	\$ 53,040
Revenue Bonds Payable from User Fees:								
Student Loan Authority	1992-1995	3.70-6.70%	2025	-	71,870	5,980	2,000	75,850
Environmental Finance Auth.	1973-1977	5.60-7.30%	2008	-	45,350	-	995	44,355
Housing Finance Agency	1980-1995	4.10-10.43%	2026	-	546,141	101,210	96,833	550,518
Turnpike Authority	1989-1992	3.15-7.88%	2022	-	686,684	-	10,142	676,542
Grand River Dam Authority	1987-1995	4.40-6.30%	2013	-	1,101,840	173,405	204,080	1,071,165
Municipal Power Authority	1985-1994	2.75-8.60%	2028	-	398,200	-	3,525	394,675
Total Before Discounts/Deferrals				37,093	2,905,170	280,595	319,620	2,866,145
Less: Bond Discounts				-	63,623	-	7,922	55,701
Net Deferred Debits on Refundings				-	141,472	-	8,852	132,620
Total Bonds Payable Net of Discounts/Deferrals				<u>\$ 37,093</u>	<u>\$ 2,700,075</u>	<u>\$ 280,595</u>	<u>\$ 302,846</u>	<u>\$ 2,677,824</u>

The following table presents annual principal and interest payments (principal payments only for the revenue bonds of Oklahoma Housing Finance Agency) for bonds payable outstanding at June 30, 1996, (September 30, 1995, for Oklahoma Housing Finance Agency and December 31, 1995, for Oklahoma Turnpike Authority, and Grand River Dam Authority) (expressed in thousands).

	1997	1998	1999	2000	2001	Maturity	Total
General Obligation Bonds:							
Industrial Finance Authority	\$ 5,817	\$ 2,726	\$ 2,726	\$ 2,726	\$ 2,726	\$ 99,309	\$ 116,030
Revenue Bonds:							
Student Loan Authority	8,848	8,040	6,892	5,931	5,220	66,482	101,413
Environmental Finance Auth.	3,685	3,645	5,827	2,684	2,686	50,083	68,610
Turnpike Authority	51,653	51,652	51,648	51,649	51,653	1,128,316	1,386,571
Grand River Dam Authority	94,683	95,744	95,621	95,610	95,552	1,187,037	1,664,247
Municipal Power Authority	25,728	25,698	28,313	28,284	28,269	642,415	778,707
Total Principal and Interest	190,414	187,505	191,027	186,884	186,106	3,173,642	4,115,578
Less: Interest	129,634	125,355	121,912	118,464	114,916	1,189,670	1,799,951
Subtotal: Principal	60,780	62,150	69,115	68,420	71,190	1,983,972	2,315,627
Housing Finance Agency	21,614	6,060	8,011	6,778	6,735	501,320	550,518
Total Principal	<u>\$ 82,394</u>	<u>\$ 68,210</u>	<u>\$ 77,126</u>	<u>\$ 75,198</u>	<u>\$ 77,925</u>	<u>\$ 2,485,292</u>	<u>\$ 2,866,145</u>

A. General Obligation Bonds

The **Oklahoma Industrial Finance Authority (OIFA)** has issued seven series of general obligation bonds. These bonds are issued for the funding of industrial finance loans to encourage business development within the State. All revenues arising from the net proceeds from repayment of industrial finance loans and interest received thereon are pledged under these bond issues. In addition, these general obligation bonds are backed by the full faith and credit of the State.

B. Revenue Bonds

The **Oklahoma Student Loan Authority (SLA)** has issued six series of revenue bonds. The bonds are issued for the purpose of funding student loans. All bonds payable are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective bond resolution.

The **Oklahoma Housing Finance Agency (OHFA)** has issued 31 series of revenue bonds with an original issue amount of \$871,779,000. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multifamily construction projects, and establish debt-service reserves as required by the various trust indentures.

The **Oklahoma Turnpike Authority (OTA)** has issued five series of revenue bonds with an original issue amount of \$1,217,524,000. The bonds are issued for the purpose of financing capital improvements and new projects relating to the State's turnpike system and are financed primarily by tolls assessed on users of the turnpikes.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. OTA's cumulative arbitrage rebate liability for the year ended December 31, 1995, is approximately \$1,580,000.

The **Grand River Dam Authority (GRDA)** has issued three series of revenue bonds with an original issue amount of \$2,091,030,000. The bonds were issued to advance refund all of GRDA's previously issued acquisition and construction indebtedness.

The **Oklahoma Municipal Power Authority (OMPA)** has issued nine series of revenue bonds. The bonds are issued to finance portions of OMPA's acquisition and construction activities. The bonds are payable from and collateralized by a pledge of and security interest in the proceeds of the sale of the bonds, the revenues of OMPA, and assets in the funds established by the respective bond resolutions. Neither the State of Oklahoma nor any political subdivision thereof is obligated to pay principal or interest on the bonds. OMPA does not have any taxing authority.

C. Defeased Bonds

In prior years, proprietary component units have defeased bonds by placing assets in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trusts' assets and the liability for the defeased bonds are not included in the accompanying financial statements. The following defeased bonds were outstanding at June 30, 1996 (December 31, 1995 for OTA, GRDA, and OMPA) (expressed in thousands).

General Obligation Bonds	Revenue Bonds			
	OIFA	OTA	GRDA	OMPA
\$ 13,625	\$ 625,675	\$ 1,028,217	\$ 50,458	

D. Notes Payable

Notes payable at June 30, 1996, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance
Student Loan Authority	1987-1995	3.90-6.25%	2025	\$ 93,600	\$ 33,336	\$ 58,800	\$ 33,261	\$ 58,875
Medical Technology and Research Authority	1995-1996	6.25-8.25%	2015	2,908	1,090	1,816	55	2,851
Environmental Finance Auth.	1976	7.50%	1996		83	-	83	-
Total					\$ 34,509	\$ 60,616	\$ 33,399	61,726
Less: Current Portion								30,409
Total Noncurrent Notes Payable								\$ 31,317

The following table presents annual debt service requirements for notes payable outstanding at June 30, 1996 (expressed in thousands).

	1997	1998	1999	2000	2001	Maturity	Total
Student Loan Authority	\$ 32,965	\$ 1,115	\$ 1,115	\$ 1,115	\$ 1,115	\$ 61,132	\$ 98,557
Medical Technology and Research Auth.	321	385	317	317	318	2,828	4,486
Total Principal and Interest	33,286	1,500	1,432	1,432	1,433	63,960	103,043
Less: Interest	2,877	1,292	1,281	1,270	1,258	33,339	41,317
Total Principal	\$ 30,409	\$ 208	\$ 151	\$ 162	\$ 175	\$ 30,621	\$ 61,726

Notes of the **Oklahoma Student Loan Authority** are issued to fund student loans and are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective financing agreements. Notes of the **Medical Technology and Research Authority** are issued for the purpose of financing the construction of facilities and equipment and are secured by a mortgage, security interest in properties, and revenues.

E. Capital Leases

The State's proprietary component units have entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The following schedule presents, by fiscal year, future minimum lease payments in the proprietary component units as of their respective fiscal year ends (expressed in thousands).

	1997	1998	1999	2000	2001	Maturity	Total
Less: Interest	\$ 1,810	\$ 1,554	\$ 1,554	\$ 1,031	\$ 770	\$ 1,982	\$ 8,701
Present Value of Minimum Lease Payments							<u>1,567</u>
							<u>\$ 7,134</u>

Capital lease obligations at the component units' respective year ends, and changes for the fiscal years then ended are as follows (expressed in thousands).

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Lease Obligations	\$ 8,557	\$ -	\$ 1,423	\$ 7,134

The following is property under capital leases at the component units' respective fiscal year ends (expressed in thousands).

Facilities and Equipment	\$ 18,774
Less: Accumulated Depreciation	<u>12,981</u>
Net	<u>\$ 5,793</u>

Note 13. Long-Term Obligations - Component Unit, Higher Education Funds

Long-term obligations at June 30, 1996, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Authorized Unissued	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bonds	1971-1996	0.05-10.00%	2006	-	\$ 5,150	\$ 3,875	\$ 1,325	\$ 7,700
Revenue Bonds	1959-1996	3.00-12.00%	2023	-	124,813	58,780	23,522	160,071
Notes Payable					930	1,271	661	1,540

The following table presents annual principal and interest payments applicable to long-term debt outstanding at June 30, 1996 (expressed in thousands).

	1997	1998	1999	2000	2001	Maturity	Total
General Obligation Bonds	\$ 1,536	\$ 1,852	\$ 1,882	\$ 564	\$ 545	\$ 2,440	\$ 8,819
Less: Interest	261	167	152	134	115	290	1,119
Total Principal	<u>\$ 1,275</u>	<u>\$ 1,685</u>	<u>\$ 1,730</u>	<u>\$ 430</u>	<u>\$ 430</u>	<u>\$ 2,150</u>	<u>\$ 7,700</u>
Revenue Bonds	\$ 14,786	\$ 15,572	\$ 15,900	\$ 16,379	\$ 16,230	\$ 179,839	\$ 258,706
Less: Interest	8,498	8,050	7,592	7,074	6,998	60,423	98,635
Total Principal	<u>\$ 6,288</u>	<u>\$ 7,522</u>	<u>\$ 8,308</u>	<u>\$ 9,305</u>	<u>\$ 9,232</u>	<u>\$ 119,416</u>	<u>\$ 160,071</u>
Notes Payable	\$ 483	\$ 483	\$ 484	\$ 357	\$ -	\$ -	\$ 1,807
Less: Interest	113	81	47	26	-	-	267
Total Principal	<u>\$ 370</u>	<u>\$ 402</u>	<u>\$ 437</u>	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,540</u>

A. General Obligation Bonds

Rose State College Technical Area Education District and Tulsa Community College Area School District #18 have authorized and issued four series of general obligation bonds with an original issue amount of \$16,925,000. These bonds were issued for the financing of buildings, equipment, and related capital improvements. Ad valorem taxes levied upon taxable property within their respective specific areas have been pledged to retire these general obligation bonds.

B. Revenue Bonds

Seventeen of the State's colleges and universities have authorized and issued 45 series of revenue bonds with an original issue amount of \$558,717,000. These bonds were issued for the construction of student housing and other facilities. Student fees, revenues produced by the facilities constructed, and other revenues collateralize the revenue bonds.

In August 1995, Oklahoma State University advance refunded its Oklahoma State University Technical Institute at Okmulgee, Student Union Revenue Bonds Series 1988, by placing proceeds of the Oklahoma State University, Technical Branch, Okmulgee Student Union Refunding Revenue Bonds, Series 1995, in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account and defeased bonds are not included in the accompanying financial statements. At June 30, 1996, the balance of the defeased 1988 Series bonds was \$1,235,000. The University advance refunded the 1988 Series bonds to reduce its total debt service payments over the next 12 years by approximately \$120,000 and to obtain an economic gain (difference between the present values of the debt service payment on the old and new debt) of approximately \$82,000.

In November 1995, Oklahoma State University defeased its Housing System Revenue Bonds of 1967A by placing funds available from the bond issue's sinking fund account in an irrevocable trust to provide all future debt service payments of the bonds. The 1967A bonds have been escrowed to maturity (July 1, 2007) and the principal balance of the bonds was \$670,000 at June 30, 1996. The trust account and defeased bonds are not included in the accompanying financial statements. This defeasance reduced the total debt service payments over the next 10 years by approximately \$241,000.

In January 1996, Oklahoma State University current refunded its Athletic Facility Refunding Revenue Bonds of 1987, by using proceeds of the Athletic System Revenue Bonds, Refunding Series 1996, to call the outstanding bonds of the 1987 Series. The University refunded the 1987 Series bonds to reduce its total debt service payments over the next 16 years by approximately \$827,000 and to obtain an economic gain (difference between the present values of the debt service payment on the old and new debt) of approximately \$767,000.

In September 1995, the University of Oklahoma advance refunded its 1987 Utility System Revenue Refunding Bonds, by placing proceeds of the 1995 Utility System Revenue Refunding Bonds, in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account and defeased bonds are not included in the accompanying financial statements. At June 30, 1996, the balance of the defeased 1987 Series bonds was \$8,920,000. The University advance refunded the 1987 Series bonds to reduce its total debt service payments over the next 8 years by approximately \$444,000 and to obtain an economic gain (difference between the present values of the debt service payment on the old and new debt) of approximately \$425,000.

Other colleges and universities have defeased revenue bonds in prior years by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trusts' assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 1996, \$12,555,000 of bonds defeased in prior years were outstanding.

C. Notes Payable

Oklahoma State University and Carl Albert State College each entered into a note payable to fund the construction of facilities which have since been leased. The lease payments and the facilities constructed secure the notes. In addition, the University of Oklahoma Health Sciences Center entered into a note payable to provide start up costs for the Sooner Care HMO which is operated by the Center. The revenues produced by Sooner Care HMO will be used to retire the note.

D. Capital Leases

The Higher Education Component Unit has entered into agreements to lease various facilities and equipment. Such agreements are reported as capital lease obligations.

The following presents, by fiscal year, future minimum lease payments in the Higher Education Component Unit as of June 30, 1996 (expressed in thousands).

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Maturity</u>	<u>Total</u>
	\$ 2,749	\$ 2,239	\$ 1,767	\$ 1,322	\$ 1,276	\$ 2,883	\$ 12,236
Less: Interest							<u>2,363</u>
Present Value of Minimum Lease Payments							<u>\$ 9,873</u>

Capital lease obligations at June 30, 1996, and changes for the fiscal year then ended are as follows (expressed in thousands).

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital Lease Obligations	\$ 10,988	\$ 680	\$ 1,795	\$ 9,873

Leased equipment under capital leases in investment in fixed assets at June 30, 1996, included the following (expressed in thousands).

Facilities and Equipment	\$ 22,332
Less: Accumulated Depreciation	<u>10,004</u>
Net	<u>\$ 12,328</u>

Note 14. Deferred Compensation Plan

The State offers its employees a Deferred Compensation Plan (Plan) as authorized by Section 457 of the Internal Revenue Code of 1954, and as amended by the Tax Reform Act of 1986. The Plan is available to all full-time State employees, as well as any elected officials receiving a salary from the State. Participants may defer until future years up to the lesser of 25% of their gross taxable income as defined by Plan documents or \$7,500 per year, with a minimum contribution of \$25 per month. The participants may direct investment of such funds in available investment options offered by the Plan. All interest, dividends and administrative fees are allocated to participants' accounts.

The Plan offers a catch-up program to participants, which allows them to defer up to \$15,000 annually for the three years prior to their year of retirement. The additional contribution, in excess of the normal maximum to the Plan, is accounted for as catch-up contributions for the years in which the participant was eligible, but did not participate in the Plan or was not contributing at the maximum allowable level. To be eligible for the catch-up program, the participant must be within three years of retirement with no reduced benefits.

Deferred compensation benefits are paid out to participants or beneficiaries upon termination, retirement, death, or unforeseeable emergency. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments, at the option of the participant.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the State (without being restricted to the provisions of benefits under the Plan), and are subject to the claims of the State's general creditors. Participants' rights under the Plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. During the year, some Plan assets were used to pay participant deferred compensation benefits and certain administrative fees charged by the investment carriers. Such administrative fees are charged to individual participant balances.

It is the opinion of Plan management that the State has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. Plan management believes that it is unlikely that the State will use the assets of the Plan to satisfy the claims of the State's general creditors in the future.

Note 15. Beginning Fund Equity Adjustments and Other Changes

Beginning Fund Equity Adjustments

During fiscal 1996, the State implemented Governmental Accounting Standards Board Statement 25 (GASB 25), *Financial Reporting for Defined Benefit Pension Plans and Note Disclosure for Defined Contribution Plans*, and Governmental Accounting Standards Board Statement 27 (GASB 27), *Accounting for Pensions by State and Local Governmental Employers*. Although the new statements made numerous changes, most significant was the requirement to report investments at fair value. As a result, cash/cash equivalents and investments were increased by approximately \$649,700,000.

The Pension Trust Funds were increased for the addition of the Wildlife Conservation Retirement Plan. The Department of Wildlife's Trust Fund was reclassified from an Expendable Trust Fund to a Nonexpendable Trust Fund. Medical Technology and Research Authority was reclassified from the General Fund to a Proprietary Component Unit. The Special Indemnity Fund was reclassified from the General Fund to an Expendable Trust Fund. Detailed amounts for each of these entities or funds are presented in the combining financial statements.

Eight college and universities included in the Higher Education Component Unit reevaluated the carrying value of plant assets and five of these institutions began recording depreciation.

The following schedule reconciles June 30, 1995, fund equity as previously reported, to beginning fund equity, as restated, to include the adoption of new pronouncements and other changes (expressed in thousands).

	General	Capital Projects	Enterprise	Trust and Agency	Proprietary Component Units	Higher Education Component Unit
June 30, 1995, fund equity, as previously reported	\$ 1,133,683	\$ 188,326	\$ 21,438	\$ 8,499,584	\$ 473,351	\$ 2,070,030
Reclassifications:						
Wildlife Conservation Retirement Plan	-	-	-	39,169	-	-
Department of Wildlife Trust	-	-	-	630	-	-
Medical Technology and Research Authority	236	-	-	-	10	-
Special Indemnity Fund	13,442	-	-	(13,442)	-	-
Prior period adjustments:						
To record implementation of GASB 25 and 27	-	-	-	647,734	-	-
Plant inventory and depreciation adjustments	-	-	-	-	-	(117,982)
Other	-	-	-	-	-	13
June 30, 1995, fund equity, as restated	<u>\$ 1,147,361</u>	<u>\$ 188,326</u>	<u>\$ 21,438</u>	<u>\$ 9,173,675</u>	<u>\$ 473,361</u>	<u>\$ 1,952,061</u>

Other Changes

During fiscal 1996, the State implemented Governmental Accounting Standards Board Statement 24 (GASB 24), *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. As a result, the receipt, storage, and distribution of food stamps is reported in the general fund for fiscal 1996. Prior to 1996, food stamps were presented in an agency fund, Assets Held for Beneficiaries. Fiscal 1995 amounts have been restated for comparability purposes.

In addition, GASB 24 required that payments for fringe benefits and salaries made by one entity (paying entity) on behalf of another legally separate entity (employer entity) be recognized by the employer entity. A portion of the Higher Education Component Unit's (employer entity) pension contribution is made by the general fund (paying entity). As a result, these contributions are reported in the General Fund as transfers to the Higher Education Component Unit for fiscal 1996. Prior to fiscal 1996, the contributions were reported in the General Fund as payments to the pension trust fund. Also, these contributions have been recognized in the Higher Education Component Unit as transfers from the

primary government and expenditures. Prior to fiscal 1996 these contributions were not recognized in the Higher Education Component Unit. Fiscal 1995 amounts have been restated for comparability purposes. (See Note 20 for further discussion of on-behalf payments.)

Note 16. Nonrecourse Debt, Notes Receivable, and Funds in Trust of the Oklahoma Development Finance Authority

The Oklahoma Development Finance Authority (ODFA) holds notes receivable and trust investments in amounts equal to the long-term financings. The financing agreements are structured such that the debt is to be repaid solely from the revenues derived from the related facilities leased or acquired, or from the disposition of collateral. As of June 30, 1996, the aggregate amount of these financings is approximately \$169,000,000 for all public and private programs. The financings are not the general obligations of ODFA, and it is the opinion of ODFA's management and its legal counsel that, in the event of default by a borrower, ODFA has no responsibility for repayment of such financings. Accordingly, the nonrecourse debt and the related notes receivable and trust investments have been excluded from the financial statements.

Under the Constitution of the State of Oklahoma, ODFA may issue bonds, to be known as Credit Enhancement Reserve Fund General Obligation Bonds, in a total principal amount of \$100,000,000 for the sole purpose of generating resources if there are insufficient assets to meet insurance obligations. ODFA can provide insurance for payment of the principal and interest on authority revenue bonds or other financial obligations under certain conditions. As of June 30, 1996, there were approximately \$15,100,000 of outstanding financial obligations insured by ODFA. Approximately \$4,400,000 of these obligations were more than 90 days delinquent as of June 30, 1996. Subsequent to June 30, 1996, approximately \$1,200,000 of the delinquent bonds was paid in full. ODFA has accrued a reserve for loan losses of approximately \$3,600,000 to cover potential losses from outstanding financial obligations insured by ODFA. Through June 30, 1996, there have been no Oklahoma Credit Enhancement Reserve Fund General Obligation Bonds issued.

Note 17. Retirement and Pension Systems

A. General Description of the Retirement Systems and Other Information

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that administer pension plans: Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS). The Department of Wildlife Conservation Commission administers the Wildlife Conservation Retirement Plan (WCRP). The Oklahoma Housing Finance Agency has a defined contribution retirement plan that is privately administered.

OFPRS, OLERS, OPERS, OPPRS, AND TRS are cost-sharing multiple-employer defined benefit retirement systems. URSJJ and WCRP are single-employer defined benefit retirement systems. Pension benefit provisions for all plans except WCRP were established by statute and benefit provisions are amended by the State Legislature. The WCRP was also established by statute; however, benefit provisions are established and amended by the Wildlife Conservation Commission. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided to plan members and beneficiaries at the discretion of the State Legislature for the six PERS and at the discretion of the Wildlife Conservation Commission for the WCRP.

Separately issued independent audit reports for each pension plan may be obtained from the following:

Firefighters Pension and Retirement
4545 N. Lincoln Blvd., Suite 265
Oklahoma City, OK 73105-3414

Law Enforcement Retirement
P.O. Box 11415
Oklahoma City, OK 73136

Police Pension and Retirement
1001 N.W. 63rd St., Suite 605
Oklahoma City, OK 73116-7335

Public Employees Retirement
580 Jim Thorpe Bldg.
2101 N. Lincoln Blvd.
Oklahoma City, OK 73116

Uniform Retirement System for
Judges and Justices
2101 N. Lincoln Blvd.
Oklahoma City, OK 73116

Teachers Retirement
P.O. Box 53524
Oklahoma City, OK 73105-4209

The Wildlife Conservation Retirement Plan is included in the audit report of the Department of Wildlife Conservation. This report may be obtained from the Department of Wildlife Conservation, P.O. Box 53464, Oklahoma City, OK 73105.

The number of participating employers in cost-sharing multiple employer plans are as follows:

OFPRS	OLERS	OPERS	OPPRS	TRS
464	7	130	108	632

Of particular significance, TRS's unfunded accrued actuarial liability increased approximately \$130 million during the current year. At June 30, 1996, the funded ratio was only 40%, and the total estimated unfunded liability was approximately \$4.74 billion. A joint executive-legislative committee began studying this problem during 1996, and is expected to provide recommendations for action in the upcoming legislative session.

B. Funding Policy

The contribution requirements for the six PERS are an established rate determined by the Legislature each year and are not based on actuarial calculations. The Wildlife Conservation Retirement Plan required contribution is determined by the Wildlife Conservation Commission and is based on actuarial calculations.

Oklahoma Firefighters Pension and Retirement System (OFPRS) receives contributions from participating full-time firefighters equal to 8% of applicable earnings, while member cities contribute 12.5% of the member's applicable earnings. The contribution rate for paid firefighters is scheduled to increase on July 1, 1996, to 13%. In addition, the member cities contribute \$60 for each volunteer firefighter unless their income in the general fund is less than \$25,000, in which case they are exempt. The State allocates to OFPRS 34% of the insurance premium tax collected from insurance companies on various types of insurance policies to OFPRS as required by statute. Insurance premium contributions to the plan for the years ended June 30, 1996, 1995, and 1994 totaled \$36,793,282, \$35,345,474, and \$35,003,931, respectively.

Oklahoma Law Enforcement Retirement System (OLERS) receives contributions from state agencies and members of 10% and 8%, respectively, of the actual paid base salary of each member. State employer contributions to the plan for the years ended June 30, 1996, 1995, and 1994 were \$3,548,000, \$3,554,000 and \$3,384,000, respectively. These contributions represent 100% of the contribution required. OLERS also receives 1.2% of all fees, taxes, and penalties collected by motor license agents, 50 cents per vehicle inspection sticker issued and 5% of the insurance premium taxes collected from insurance companies on various types of insurance policies as required by statute. The state contributions to the plan for years ended June 30, 1996, 1995, and 1994 totaled \$12,447,899, \$11,880,094, and \$11,628,520, respectively.

Oklahoma Public Employees Retirement System (OPERS) receives contributions from each member based on their gross salary earned (excluding overtime) up to the maximum annual salary caps for the fiscal years ended June 30 are as follows: 1996 - \$60,000; 1997 - \$70,000; 1998 - \$80,000; and thereafter - No Cap. Contributions are received from the following categories of employees: eligible officers, which includes employees of the Department of Corrections who are classified as a correction officer or a probation and parole officer; elected officials, which includes all elected officials who serve the State and participating counties except those officials covered by the other seven plans sponsored by various agencies of the State; and State, county, and local agency employees, which includes all state employees not covered by one of the other seven plans and employees of participating county and local agencies.

State, County, and Local Agency Employees - The contribution rates in effect for the year ended June 30, 1996, and the rates in effect for subsequent years for state employees and agencies are summarized as follows:

Year ended June 30	State Employees		State Agencies	
	First \$25,000	To Cap	First \$25,000	To Cap
	1996	2.00%	3.50%	11.50%
1997	2.50%	3.50%	12.00%	12.00%
1998	3.00%	3.50%	12.50%	12.50%
Thereafter	3.50%	3.50%	12.50%	12.50%

Percentages as set forth in the following table apply to participating county and local agencies:

Year ended June 30	First \$25,000			To Cap	
	Maximum		Total	Employee	Employer
	Employee	Employer			
1996	7.00%	11.50%	13.50%	3.50%	11.50%
1997	7.50%	12.00%	14.50%	3.50%	12.00%
1998	8.00%	12.50%	15.50%	3.50%	12.50%
Thereafter	8.50%	12.50%	16.00%	3.50%	12.50%

Elected Officials - Elected officials' employee contributions are based on the maximum compensation levels set for all members and, the participating employers are required to contribute on the elected officials' covered salary using the same percentage and limits as applicable for state agencies. Elected officials must select an employee contribution rate of 4.5%, 6.0%, 7.5%, 8.5%, 9.0%, or 10.0%.

Eligible Officers - Eligible officers contribute 6.5% on the first \$25,000 of earned compensation and 8.0% for salaries over \$25,000 up to the applicable salary cap. Employer contributions are made on the same basis as for state agencies. Employee contributions of the first \$25,000 of eligible salaries will increase by 0.5% annually beginning July 1, 1998, to a maximum of 8.0%.

State agency employer contributions to OPERS for the year ended June 30, 1996, 1995, and 1994 were \$107,381,215, \$103,506,658, and \$67,594,024, respectively. These contributions represent 100% of the contribution required.

Uniform Retirement System for Justices and Judges (URSJJ) member contributions for fiscal 1996 are 5% of members' salary. If a member elects to extend the provisions of URSJJ to a surviving spouse, contributions are 8% of a member's salary. Contributions from the participating courts are 10% of all fines, forfeitures and penalties received by the courts. These contributions were determined quarterly.

Oklahoma Police Pension and Retirement System (OPPRS) receives contributions from each participating municipality and each participant. Until July 1, 1991, each municipality contributed 10% of the actual base salary of each participant employed by the municipality. Beginning July 1, 1991, municipality contributions increased by 0.5% per year and will continue until July 1, 1996, when the contribution level reaches 13%. Each participant of OPPRS continues to contribute 8% of their actual paid base salary. In addition, the State allocates 14% of the insurance premium taxes collected from insurance companies on various types of insurance policies as required by statute. Insurance premium contributions to the plan for the years ended June 30, 1996, 1995, and 1994 totaled \$15,150,000, \$14,555,000, and \$14,413,000, respectively.

Teachers Retirement System (TRS) receives contributions from participating members and employers; however, an employer may elect to make all or part of the contribution for its employees. The contribution rates vary on pay up to \$25,000 and over \$25,000, and prior to July 1, 1995, there was a limit on pay recognized. In addition, there are special provisions for members of higher education who joined the TRS before July 1, 1995.

The following table summarizes the contribution rates for members other than higher education:

Year ended June 30	First \$25,000	Over \$25,000
1996	6.00%	7.00%
1997	6.50%	7.00%

The following table summarizes the contribution rates for members of higher education:

Year ended June 30	Rate of Pay	Percentage	Pay Maximum
1996	\$27,500	6.00%	\$27,500, if elected to not make additional contributions on excess to \$40,000.
1996	\$44,000	6.00%	\$44,000, if elected to make additional contributions on excess to \$40,000 or if a member prior to July 1, 1995, had not made an election.
1997	None	6.50%	None.

Employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 9.5% and 8.5% for 1997 and 1996, respectively, is applied to annual compensation up to defined caps depending upon the member's elections. Oklahoma statutes require the State to contribute 5/7ths of 78% of the natural and casinghead gas tax collected each year. This contribution by the State is used to offset the percentage of the required employer contributions. TRS received approximately \$114,202,984 from the State and approximately \$7,880,459 from federal sources in 1996. State employer contributions to TRS for the year ended June 30, 1996, 1995, and 1994 were \$1,103,617, \$830,524, and \$844,981, respectively. These contributions represent 100% of the contribution required.

Wildlife Conservation Retirement Plan receives contributions from each member based on their annual covered salary. The contribution requirements are established and amended by the Wildlife Conservation Commission. On July 1, 1995, the employee contribution rate increased from 2% to 2.5% and is scheduled to increase to 3% on July 1, 1996. The Department of Wildlife Conservation is required to contribute at an actuarially determined rate. The required contribution for the year ended June 30, 1996 was \$1,530,000.

C. Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation (URSJJ's excess funding is represented as a negative amount) for the current year were as follows (expressed in thousands):

	URSJJ	WCRP
Annual required contribution	\$ 2,509	\$ 1,530
Interest on net pension obligation	(212)	294
Adjustment to annual required contribution	250	(470)
Annual pension cost	2,547	1,354
Contributions made	4,503	1,264
Increase (decrease) in net pension obligation	(1,956)	90
Net pension obligation-beginning of year	(2,821)	2,142
Net pension obligation-end of year	\$ (4,777)	\$ 2,232

Actuarial Assumptions:

Investment rate of return	7.5%	8.0%
Annual salary increase	1.0%	5.0%
COLA increase	4.5%	2.0%

The annual required contribution for URSJJ for the current year was determined as part of the July 1, 1995, actuarial valuation. Costs in the valuation were prepared using the entry age actuarial cost method, until July 1, 1994, when the unfunded actuarial liability was negative and the actuarial cost method was changed to the aggregate method. Under the aggregate actuarial cost method, the normal cost is computed as the level percentage of pay which, if paid from the valuation date until each member's retirement or termination date, will, together with the assets of the plan, accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the Plan. For actuarial purposes, assets are determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains or losses) for the year ended on the valuation date, assuming a 7.5% rate of return. Prior year's unrecognized gains and losses are added to this amount to develop expected actuarial value. The expected actuarial value is then compared to the market value of the assets at the valuation date, and 20% of any gain(loss) for the last five years is added to the expected actuarial value. The gain(loss) is amortized over five years with the actuarial value of the assets being constrained to a range of 80% to 120% of the market value at the valuation date. The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. The Required Supplementary Information is not supplied since contributions are determined under the aggregate method.

The annual required contribution for WCRP for the current year was determined as part of the July 1, 1995, actuarial valuation. Costs in the valuation were prepared using the entry age actuarial cost method. The actuarial value of assets is set equal to the market value of assets. The unfunded actuarial accrued liability is being amortized over a 15-year period.

Three - Year Trend Information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
Uniform Retirement System for Justices and Judges	6/30/96	\$2,546,746	179%	(\$4,777,327)
	6/30/95	2,816,556	132%	(2,821,043)
	6/30/94	3,313,762	112%	(1,933,708)
Wildlife Conservation Retirement Plan	6/30/96	\$1,353,876	93%	\$2,231,664
	6/30/95	1,305,178	0%	2,141,873
	6/30/94	1,232,940	56%	836,695

The following required supplementary schedule for the Wildlife Conservation Retirement Plan was determined as part of the actuarial valuations at the dates indicated.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/96	42,368,033	48,101,189	5,733,156	88.1%	10,807,681	53.0%
7/1/95	39,168,620	44,196,055	5,027,435	88.6%	10,329,951	48.7%
7/1/94	36,963,040	40,948,606	3,985,566	90.3%	9,628,524	41.4%

D. Other Retirement Systems

The Oklahoma Housing Finance Agency (OHFA), a component unit of the State, contributes to the Oklahoma Housing Finance Agency Retirement Plan, which is a defined contribution plan with 79 members. Under its provisions, employees become eligible for the plan after one year of service, at which time OHFA may contribute up to 10% of the

employees' compensation to the Plan. OHFA's contribution amount is at the discretion of the Board of Trustees and does not have any limitations. Employees begin vesting after two years of service and become fully vested after six years of service. Employees are allowed to contribute to the plan on an after-tax basis with no limitations. Plan provisions were established and may be amended by the Board of Trustees. For the year ended September 30, 1995, OHFA's retirement plan expense was \$223,175. Total payroll was \$2,304,589, and total covered payroll was \$2,244,965. Contributions made by OHFA represent 10% of covered payroll for 1995, net of plan forfeitures.

The entities included in the Higher Education Component Unit are all participants in TRS. However, some employees, depending on job classification, are covered by other retirement plans. The specific disclosures regarding these retirement plans can be found in each entity's independent audit report which has been previously issued under separate cover.

Some Public Beneficiary Trusts are not eligible for participation in OPERS, and may have their own retirement plans.

Note 18. Other Postemployment Benefits

In addition to the pension benefits described in Note 17, the State provides post-retirement health care benefits (OPEB). Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Judges and Justices (URSJJ), and Wildlife Conservation Retirement Plan (WCRP) pay the medicare supplement premium or \$75 per month, whichever is less, for all retirees who elect coverage at time of retirement through the Oklahoma State and Education Employee Group Insurance Board. Teachers' Retirement System of Oklahoma (TRS) pays between \$70 and \$75 per month for each retiree, depending on the member's years of service.

	<u>Current Year Expenditures</u>	<u>Eligible Participants</u>	<u>Enabling Legislation</u>
OLERS	\$ 279,255	310	Title 74, 1316.2
OPERS	\$ 11,235,900	12,452	Title 74, 1316.2
URSJJ	\$ 64,275	73	Title 74, 1316.2
TRS	\$ 19,432,000	23,089	Title 74, 1316.2
WCRP	\$ 62,175	71	Title 29, 3-306

OLERS, OPERS, URSJJ, TRS and WCRP fund postemployment health care benefits as part of the overall retirement requirement. No separation of pension obligation and health insurance obligation is made and assets are not allocated between obligations. Disclosure information regarding OPEB is included in Note 17.

Oklahoma Firefighters Pension and Retirement System and Oklahoma Police Pension and Retirement System do not provide other postemployment benefits.

Fourteen of the colleges and universities included in the Higher Education Component Unit offer postemployment benefits upon the authorization of the institution's Board of Regents. These benefits primarily provide health, dental and life insurance benefits. The eligibility requirements differ depending on the college or university. Current year benefit expenditures, funded on a pay-as-you-go basis, totaled approximately \$1,950,000 for the estimated 1,900 eligible participants.

Note 19. Condensed Financial Statement Information for Discretely Presented Proprietary Component Units and Enterprise Fund

Condensed financial statement information for the discretely presented proprietary component units for the fiscal year ended June 30, 1996 (unless a different fiscal year is indicated), follows (expressed in thousands). Descriptions of and goods or services provided by each component unit are disclosed in Item A of Note 1.

	Oklahoma Industrial Finance Authority	State Insurance Fund (12-31-95 Fiscal Year)	State and Education Employ. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority
Operating Revenue	\$ 4,181	\$ 265,485	\$ 257,385	\$ 9,998	\$ 173,050
Operating Expenses					
Depreciation	110	1,626	190	253	13,802
Other	3,811	289,512	271,164	9,142	192,212
Operating Income (Loss)	260	(25,653)	(13,969)	603	(32,964)
Operating Transfers:					
From Primary Government	-	-	-	-	26,577
To Primary Government	-	-	-	-	-
Nonoperating Revenues (Expenses)	610	56,667	10,887	2,273	3,385
Deferred Costs	-	-	-	-	-
Net Income (Loss)	870	31,014	(3,082)	2,876	(3,002)
Current Assets	25,238	777,061	244,808	18,389	76,239
Current Liabilities	4,004	728,608	78,253	38,630	23,931
Net Working Capital	21,234	48,453	166,555	(20,241)	52,308
Total Assets	55,031	783,012	245,365	169,992	205,019
Total Liabilities	54,004	728,608	78,253	136,850	28,393
Fund Equity	1,027	54,404	167,112	33,142	176,626
Long-term Liabilities	50,000	-	-	98,220	4,462
Fixed Assets - Beginning of Year	185	11,894	1,499	483	272,994
Additions	2	994	47	94	7,181
Deletions	-	(195)	-	-	(3,445)
Fixed Assets - End of Year	\$ 187	\$ 12,693	\$ 1,546	\$ 577	\$ 276,730

The **Oklahoma Housing Finance Agency** (OHFA) received Federal financial assistance totaling \$35,091,000 in housing assistance payments during the year ended September 30, 1995, under the Housing Assistance Payments Program. This Federal assistance was netted against applicable Federal expenditures on the financial statements. Therefore, no Federal revenue is presented for the OHFA operating statement.

Note 20. On-Behalf Payments

In 1992, the Legislature passed Senate Bill 568 which resulted in changes in the amount and manner in which employer contributions to the Teachers' Retirement System (TRS) are determined and made. For years beginning July 1, 1992, employer contributions are fixed at certain percentages of annual compensation. Contributions from the State, through the dedicated natural and casinghead gas tax, are used to pay a portion of the contributions required under Senate Bill 568. The employer is responsible for providing any difference between the dedicated tax and the required employer contribution. During fiscal year 1996, the State contributed, through the dedicated natural and casinghead gas tax, approximately \$23,417,000 to TRS on-behalf of the Higher Education Component Unit. These contributions are recognized as tax revenue/operating transfers to component units in the General Fund and operating transfers from primary government/expenditures in the Higher Education Component Unit.

In addition, approximately \$9,000,000 in salary supplements were paid to employees of the State's colleges and universities by various foundations organized to promote the interests of these entities. These supplements are reflected in the financial statements as revenue and expenditures of the Higher Education Component Unit.

Medical Technology and Research Authority	Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency (9-30-95 Fiscal Year)	Oklahoma Turnpike Authority (12-31-95 Fiscal Year)	Grand River Dam Authority (12-31-95 Fiscal Year)	Oklahoma Municipal Power Authority (12-31-95 Fiscal Year)	Total
\$ 2,354	\$ 518	\$ 2,729	\$ 45,732	\$ 106,030	\$ 165,321	\$ 68,565	\$ 1,101,348
97	12	-	87	35,388	26,085	5,454	83,104
2,045	485	2,732	48,794	33,626	83,616	50,007	987,146
212	21	(3)	(3,149)	37,016	55,620	13,104	31,098
-	-	-	-	27,505	-	-	54,082
-	-	-	-	(27,505)	-	-	(27,505)
-	1,111	3	6,417	(30,940)	(58,368)	(17,876)	(25,831)
-	-	-	-	-	3,471	5,653	9,124
212	1,132	-	3,268	6,076	723	881	40,968
771	437	12	112,071	55,208	108,951	20,145	1,439,330
655	85	1,338	28,295	46,783	50,100	19,358	1,020,040
116	352	(1,326)	83,776	8,425	58,851	787	419,290
3,594	6,094	44,529	589,000	763,296	1,011,711	414,859	4,291,502
3,372	3,506	44,455	561,202	711,545	980,465	402,905	3,733,558
222	2,588	74	27,798	51,751	31,246	11,954	557,944
2,717	3,421	43,117	532,907	664,762	930,365	383,547	2,713,518
1,665	107	-	1,150	992,136	891,744	190,037	2,363,894
1,318	2	-	45	49,913	26,185	36,464	122,245
-	-	-	(119)	(20)	(26,726)	(29,375)	(59,880)
\$ 2,983	\$ 109	\$ -	\$ 1,076	\$ 1,042,029	\$ 891,203	\$ 197,126	\$ 2,426,259

The enterprise fund presented in the combined financial statements is comprised solely of **Oklahoma Water Resources Board** bond issues. This enterprise fund has current assets totaling \$12,945,000 and current liabilities totaling \$10,597,000, leaving net working capital of \$2,348,000 for the fiscal year ended June 30, 1996.

Note 21. Commitments

Primary Government

The **Department of Transportation** had contractual commitments at June 30, 1996, of approximately \$347,600,000 for construction of various highway projects. Future appropriations will fund these commitments as work is performed.

The **Department of Human Services** (DHS) maintains a construction unit which engages in capital improvements of State buildings. At year end, DHS had long-term projects totaling \$28,069,000 for the General Fund and \$1,348,000 for the Capital Projects Fund.

Component Units

The **Oklahoma Industrial Finance Authority** (OIFA) had outstanding loan commitments at June 30, 1996, approved by its Board of Directors totaling \$5,250,000. Subsequent to June 30, 1996, OIFA has issued additional commitments of \$398,000. These loan agreements included a "pending clause" which stated that money would be disbursed upon availability of funds.

The **Oklahoma Turnpike Authority** (OTA) had commitments outstanding at December 31, 1995, relating to equipment orders and maintenance projects of approximately \$7,077,000. At December 31, 1995, OTA had commitments outstanding relating to construction contracts of approximately \$1,555,000.

The **Grand River Dam Authority** (GRDA) has entered into agreements to purchase and transport coal for future use. Under the agreements, GRDA is committed to purchase and transport a specified number of tons of coal each year over the remaining lives of the agreements. Under terms of the agreements, the price of the coal and transportation costs are subject to escalation and prices may be renegotiated at specified times. Total purchases under the agreements were \$60,262,000 for 1995. GRDA also entered into a lime purchase agreement in 1993. Under the agreement, GRDA is committed to purchase a specified number of tons of lime each year over the remaining life of the agreement. The price per ton increases yearly as specified by the contract.

The **Oklahoma Municipal Power Authority** (OMPA) purchased approximately \$9,307,000 of power pursuant to several long-term purchase agreements during 1995. OMPA is obligated to purchase, at a minimum, approximately \$6,100,000 of power annually through 2000, decreasing to \$2,880,000 annually through 2003.

Under the bond resolutions, OMPA has covenanted that it will establish and collect rents, rates, and charges under the power sales contracts and will charge and collect rents, rates, and charges for the use or sale of the output, capacity or service of its system. This revenue and other available revenues, are expected to yield net revenues for the 12 month period commencing with the effective date of such rents, rates, and charges equal to at least 110% of the aggregate debt service for such period. This revenue and other available funds, will enable OMPA to discharge all other indebtedness, charges, and liens payable under the resolutions.

Rose State College (RSC), a member of the Higher Education Component Unit, has entered into a contract for the construction of a Communications Center. The total contract amount is approximately \$10,952,000 with an estimated completion date of December 1997. The construction of the Communications Center will be partially funded by the proceeds of General Obligation Bonds issued by the **Rose State College Technical Area Education District**, a component unit of RSC.

Note 22. Litigation and Contingencies

The State and its component units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, alleged breaches of contract, condemnation proceedings, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the State, but remained unpaid as of June 30, 1996. The State has accrued liabilities of approximately \$6,500,000 for the payment of such claims. This amount is reported in the General Fund.

Other litigation and civil actions have been filed against the State with an estimated loss of approximately \$19,000,000 to \$30,000,000. Because the outcome of these proceedings is in question, no liability has been recorded for any loss that may result from these claims.

The State receives significant financial assistance from the Federal Government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowances as a result of these audits could become a liability of the State. As of June 30, 1996, the State is unable to estimate what liabilities may result from such audits.

Primary Government

The **Department of Transportation** (DOT) has incurred significant expenditures on construction projects that have exceeded the amounts approved by the federal grantor. These project expenditures are held in suspense until approved by the federal grantor and subsequently reimbursed. Based on prior years' experience, 82% of the amount held in suspense will be reimbursed. At June 30, 1996, DOT had project expenditures totaling \$13,900,000 of which an estimated \$11,400,000 will be reimbursed pending approval of the Federal Government.

The **Oklahoma Water Resources Board** (Board), pursuant to statute, assumed the obligations of the Oklahoma Water Conservation Storage Commission including a 1974 contractual obligation to repay the United States (through the Army Corps of Engineers) for the costs of constructing water supply storage at Sardis Reservoir in southeastern Oklahoma. Under the 1974 contract, annual payments are to be made for the reservoir construction, operation, and maintenance allocated to the present use water supply storage. The Board has not received legislative authorization to pay the annual payments due in years 1989 through 1996. The Army Corps of Engineers has indicated that the obligation may be declared in default and remedies sought. No further action has been taken by the Army Corps of Engineers pending pursuit of the possible sale of water from Sardis Reservoir. The proceeds from the sale of water would be used to make annual payments to the United States. Total unaudited construction costs of the Sardis Reservoir allocated to water supply storage, as last estimated by the Army Corps of Engineers, are approximately \$37,000,000, repayment of which is governed by the 1974 contract. It is unknown at this time what the final outcome and/or annual payment schedule, if any, will be.

Component Unit

The **Oklahoma State and Education Employees Group Insurance Board** is a defendant in a lawsuit in which the plaintiff alleges breach of contract and failure to provide assistance as promised. The plaintiff is seeking damages in excess of \$7,000,000. The matter is currently pending and no provision for a potential loss has been recorded.

Note 23. Subsequent Events

Component Units

Subsequent to June 30, 1996, **Langston University** issued \$2,000,000 of revenue bonds to finance capital expenditures of the University. These bonds were issued through the Oklahoma Development Finance Authority, and are secured with pledged Section 13 funds. In August 1996, **Eastern Oklahoma State College** defeased outstanding bonds in the amount of \$542,000, using the funds in the Retirement of Indebtedness Fund and the Renewal and Replacement Fund.

In September 1996, **Oklahoma Industrial Finance Authority** issued \$10,000,000 of Taxable General Obligation Industrial Finance Bonds - Series S. In August 1996, **Oklahoma Student Loan Authority** authorized the issuance of two series of revenue bonds. A summary of the primary purposes follows:

<u>Issue</u>	<u>Purpose</u>
\$5,975,000 Series 1996B-1 Subordinate Bonds	Refunding of 1987 SLMA Variable Rate Revenue Note
\$6,230,000 Series 1996B-2 Subordinate Bonds	Partial refunding of 1992A Series Bonds

During November 1995, **Oklahoma Housing Finance Agency** extended the maturity date for one year on the Single Family Mortgage Revenue Bonds 1994 Series D and issued the following revenue bonds:

<u>Issue</u>	<u>Purpose</u>
\$16,030,000 Single Family Mortgage Revenue Bonds 1995, Series B	Purchase Single Family Mortgage Loans
\$10,000,000 Single Family Mortgage Revenue Bonds 1995, Series D-2	Remarket to a long term fixed rate of interest, a portion of 1994 Series D Bonds
\$16,870,000 Multifamily Rental Housing Refunding Revenue Bonds 1995 Series A and B	Refunding of 1988 Rental Revenue Bonds

Required Supplementary Information

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 1996
 (expressed in thousands)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
EDUCATION			
State Arts Council			
01 Duties	\$ 3,038	\$ 3,007	\$ 31
06 FY-95 Carryover	30	30	0
11 FY-95 Carryover	13	13	0
12 FY-95 Carryover	3	2	1
13 FY-95 Carryover	1	1	0
14 FY-95 Carryover	22	22	0
15 FY-95 Carryover	2	0	2
Agency Totals	<u>3,109</u>	<u>3,075</u>	<u>34</u>
Center for Advancement of Science and Technology			
01 Duties	<u>6,051</u>	<u>3,529</u>	<u>2,522</u>
Agency Totals	<u>6,051</u>	<u>3,529</u>	<u>2,522</u>
Department of Education			
01 Financial Support of Public Schools(2)	1,358,676	1,358,576	100
01 Public Schools(1)	1,473	1,473	0
02 Financial Support of Public Schools(2)	15,161	15,161	0
03 Financial Support of Public Schools	1,211	1,211	0
03 Financial Support of Public Schools	95	95	0
03 Mid-term Adjustment(1)	6,771	6,771	0
04 Mid-term Adjustment(1)	6,318	6,318	0
05 ICTE - Telecommunications Curriculum	29	29	0
06 Student Growth(1)	15,082	15,082	0
06 Mid-term Adjustment(1)	6,318	6,318	0
07 Mid-term Adjustment(1)	6,771	6,771	0
07 Early Intervention Program(1)	426	426	0
09 Alternative & At-Risk(1)	14	14	0
10 Homebound Children(2)	1,173	1,173	0
17 Teacher Consultant(1)	958	956	2
21 School Comm. Network - Arts-in-Ed(2)	129	129	0
23 School Lunch Matching Funds(1)	2,759	2,759	0
24 School Lunch Programs(2)	3,191	3,187	4
27 Adult Education Matching(2)	925	924	1
28 Driver Education	1,542	1,542	0
31 Textbooks	14,158	14,155	3
33 Early Intervention(1)	5,931	5,931	0
34 Hissom Compliance	316	117	199
35 Special Education Assistance(2)	291	291	0
37 Parents as Teachers	1,758	1,733	25
38 Parent Training-Parent Awareness	19	1	18
39 Parent Training-Program Evaluation	19	19	0
40 Parent Training-Public Housing Project	47	47	0
41 Parent Training-Technical Asst.	42	39	3
45 Staff Development - Woodward(2)	93	93	0
46 Staff Development - McAlester(2)	93	93	0
50 Alternative Education Academies(2)	3,826	3,775	51
52 Psychometric Services(2)	887	887	0

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
53 Alternative & High Challenge Grants(2)	2,081	2,081	0
54 Staff Development - ADA(2)	998	998	0
55 Staff Development - Ardmore(2)	93	93	0
56 Staff Development - Lawton(2)	93	93	0
57 Staff Development - Norman(2)	93	93	0
58 Staff Development - Stillwater(2)	93	93	0
59 Staff Development - Bartlesville(2)	93	93	0
61 ICTE - Small School Co-ops(2)	466	466	0
62 ICTE - Jane Brooks School/Deaf(2)	56	56	0
63 ICTE - OK Science & Engineering Fair(2)	50	50	0
65 ICTE - Telecommunications Curriculum(2)	229	229	0
66 Criterion Referenced Test	1	1	0
67 Operations	2	1	1
68 Operations	6	6	0
70 Administration & Support Functions -SDE	14,651	14,040	611
72 Agriculture in the Classroom(2)	47	47	0
73 Okla. Cost Accounting System	203	168	35
74 Criterion-referenced test	940	940	0
75 Minority Recruitment Center(1)	193	193	0
76 Lease-purchase mainframe computer	200	167	33
77 Parent Training-Parents as Teacher	75	75	0
78 Oklahoma Geographic Alliance	50	48	2
80 Special Education Assistance	151	151	0
81 SDE - Administration and Support Function	5	5	0
81 Hissom Compliance	80	50	30
81 Special Education Assistance	2	2	0
82 Administration & Support Functions-SDE	190	165	25
83 Textbooks	1,439	1,439	0
83 Okla. Cost Accounting System	21	10	11
84 Minority Recruitment Center	8	7	1
85 Lease/Purchase Mainframe Upgrade	42	38	4
85 SDE - Admin & Support Function	26	25	1
86 Hissom Compliance	73	67	6
90 ICTE - Telecommunications Curriculum	5	5	0
91 ICTE - Telecommunications Curriculum	1	1	0
93 ICTE - Telecommunications Curriculum	17	17	0
94 Summer Arts Programs	20	20	0
95 Summer Arts Programs	187	187	0
96 Summer Arts Programs	27	27	0
97 Administration & Support - Dept. of Ed	501	483	18
99 Minority Recruitment(1)	157	157	0
Agency Totals	<u>1,480,167</u>	<u>1,478,983</u>	<u>1,184</u>

Oklahoma Education Television Authority

01 Duties	2,422	2,401	21
03 FY-95 Carryover	17	17	0
04 FY-95 Carryover	1	1	0
Agency Totals	<u>2,440</u>	<u>2,419</u>	<u>21</u>

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund (continued)
 For the Fiscal Year Ended June 30, 1996
 (expressed in thousands)

	GENERAL FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Oklahoma Commission for Teacher Preparation			
01 Duties	147	100	47
02 Operating Expenses	59	59	0
Agency Totals	<u>206</u>	<u>159</u>	<u>47</u>
Commissioners of the Land Office			
01 Duties	5,000	4,880	120
Agency Totals	<u>5,000</u>	<u>4,880</u>	<u>120</u>
Department of Libraries			
01 Duties	4,467	4,366	101
02 OLTN & DP Charges	575	517	58
11 Duties	23	23	0
Agency Totals	<u>5,065</u>	<u>4,906</u>	<u>159</u>
Board of Private Vocational Schools			
01 Duties	113	107	6
03 FY-95 Carryover	7	7	0
04 FY-95 Carryover	2	2	0
Agency Totals	<u>122</u>	<u>116</u>	<u>6</u>
Physician Manpower Training Commission			
01 Duties	300	300	0
01 Duties	4,890	4,831	59
40 FY-95 Carryover	55	55	0
Agency Totals	<u>5,245</u>	<u>5,186</u>	<u>59</u>
School of Science and Mathematics			
01 Duties	3,397	3,174	223
02 Duties	9	0	9
03 Operation of the agency	290	133	157
71 Bond Debt Service	66	66	0
Agency Totals	<u>3,762</u>	<u>3,373</u>	<u>389</u>
Department of Vocational and Technical Education			
01 Duties	716	716	0
01 Training for Industry Programs-TIPS	1,800	1,712	88
02 Job Safety Training Program	200	200	0
08 Duties(2)	85,549	80,037	5,512
09 Duties	1,496	1,496	0
18 FY-95 Carryover	18	18	0
18 Operations	5,808	5,808	0
Agency Totals	<u>95,587</u>	<u>89,987</u>	<u>5,600</u>
Education Totals	<u>1,606,754</u>	<u>1,596,613</u>	<u>10,141</u>

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
GENERAL GOVERNMENT			
Office of State Finance			
01 Duties	8,123	7,448	675
11 Federal CMIA	25	25	0
21 Intergovernmentals	612	612	0
Agency Totals	<u>8,760</u>	<u>8,085</u>	<u>675</u>
Capitol Improvement Authority			
01 Bond Retirement	140	140	0
02 Bond Retirement	4	4	0
Agency Totals	<u>144</u>	<u>144</u>	<u>0</u>
Department of Commerce			
01 Duties(2)	10,239	9,730	509
03 Community Action Agencies	757	741	16
04 CAA HeadStart	1,810	1,810	0
05 Minority Business Development(1)	219	219	0
06 Rural Enterprises Inc.	26	26	0
07 Sub-State Planning Districts	415	415	0
08 Little Dixie Youth Restitution	31	31	0
09 Small Business Devel Center	622	622	0
11 Rural Regional Incubator	49	49	0
15 SEEDS Program	212	212	0
16 Certified Cities	70	70	0
21 Duties of Agency	389	380	9
Agency Totals	<u>14,839</u>	<u>14,305</u>	<u>534</u>
State Election Board			
01 Duties	5,814	4,073	1,741
02 Elections	359	0	359
11 Elections	850	461	389
11 Duties	1,764	1,764	0
22 Duties	114	114	0
31 Duties	139	139	0
Agency Totals	<u>9,040</u>	<u>6,551</u>	<u>2,489</u>
Ethics Commission			
01 Duties	312	312	0
02 Duties	8	8	0
11 Duties	6	6	0
Agency Totals	<u>326</u>	<u>326</u>	<u>0</u>
Merit Protection Commission			
01 Duties	506	506	0
02 Legal Services	15	0	15
11 Duties	28	28	0
Agency Totals	<u>549</u>	<u>534</u>	<u>15</u>

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund (continued)
 For the Fiscal Year Ended June 30, 1996
 (expressed in thousands)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
State Auditor and Inspector			
01 Duties	3,274	3,274	0
02 Duties	394	394	0
03 Comm.Co.Govt.Per.Educ.Trng	383	383	0
04 Uniform Computer Systems	45	45	0
11 Data Processing System Upgrade	80	80	0
12 Duties	200	200	0
14 Duties	1	1	0
Agency Totals	<u>4,377</u>	<u>4,377</u>	<u>0</u>
Governor			
01 Operations	1,936	1,898	38
02 Mansion Allowance	35	35	0
Agency Totals	<u>1,971</u>	<u>1,933</u>	<u>38</u>
Lieutenant Governor			
01 Operations	318	239	79
11 Duties	192	190	2
21 Duties	1	1	0
Agency Totals	<u>511</u>	<u>430</u>	<u>81</u>
Office of Personnel Management			
01 Duties	4,553	4,342	211
02 OSF Data Processing Charges	119	118	1
11 Duties	150	150	0
Agency Totals	<u>4,822</u>	<u>4,610</u>	<u>212</u>
Department of Central Services			
01 Duties	5,116	4,614	502
01 Asbestos Abatement	963	903	60
02 FY-95 Carryover	9	9	0
02 Carryover for Duties	368	360	8
02 Bldg & Facility Fund(1)	3,838	3,838	0
03 Veteran's Memorial	5	4	1
04 Hissom Memorial Center	195	193	2
06 FY-95 Carryover	12	12	0
21 Asbestos Abatement	0	0	0
21 Duties	42	42	0
70 Debt Service SB-538	330	330	0
71 Asbestos Abatement	99	99	0
Agency Totals	<u>10,977</u>	<u>10,404</u>	<u>573</u>
Secretary of State			
01 Operations	189	182	7

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
02 Volunteerism	119	37	82
03 Administrative Rules	122	120	2
04 Ballot Titles	10	4	6
11 Duties	10	10	0
12 Volunteerism	49	49	0
13 Administrative Rules	49	49	0
Agency Totals	<u>548</u>	<u>451</u>	<u>97</u>
Oklahoma Tax Commission			
30 Duties	42,975	42,975	0
31 Revenue Estimating System	100	100	0
32 Homestead Exemption Reimbursement(1)	648	648	0
40 Duties	724	724	0
Agency Totals	<u>44,447</u>	<u>44,447</u>	<u>0</u>
State Treasurer			
01 Duties	3,145	2,979	166
02 Bank Service Charges	683	675	8
03 Additional Bank Service Charges	376	372	4
10 Duties	104	104	0
11 Legal Services and DP Upgrades	82	82	0
12 Duties	93	90	3
21 State Land Reimbursement Fund(1)	98	98	0
Agency Totals	<u>4,581</u>	<u>4,400</u>	<u>181</u>
General Government Totals	<u>105,892</u>	<u>100,997</u>	<u>4,895</u>
HEALTH SERVICES			
Department of Health			
01 Duties	31,536	30,694	842
02 Eldercare(1)	5,254	5,254	0
04 Margaret Hudson	43	43	0
05 Community Health Centers Inc.	173	173	0
06 Southeast Area Health Center	173	173	0
07 Morton Comprehensive Health	312	296	16
08 Sickle Cell Research Foundation Inc.	104	104	0
09 Emerson Teen Parent Program	135	124	11
10 Alzheimer's Research Advisory	56	55	1
11 Tolliver Alternative Care	47	47	0
12 Child Abuse Prevention(1)	1,481	1,481	0
14 Konowa Community Health Center	125	125	0
15 Dental Care/Disabled & Elderly	150	148	2
16 Transfer of Prenatal Program	327	257	70
17 FY-95 Carryover	1,089	1,089	0
18 FY-95 Carryover	69	69	0
Agency Totals	<u>41,074</u>	<u>40,132</u>	<u>942</u>

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund (continued)
 For the Fiscal Year Ended June 30, 1996
 (expressed in thousands)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Mental Health and Substance Abuse			
01 Duties	109,524	107,939	1,585
02 OSF-Data Processing	36	36	0
10 Operations	501	501	0
11 Duties	<u>2,800</u>	<u>2,800</u>	<u>0</u>
Agency Totals	<u>112,861</u>	<u>111,276</u>	<u>1,585</u>
Health Services Total	<u>153,935</u>	<u>151,408</u>	<u>2,527</u>
LEGAL AND JUDICIARY			
Indigent Defense System			
01 Duties(2)	8,122	7,969	153
01 Capital Post-Conviction	240	209	31
11 Duties	<u>33</u>	<u>27</u>	<u>6</u>
Agency Totals	<u>8,395</u>	<u>8,205</u>	<u>190</u>
Attorney General			
01 Duties	4,086	3,909	177
01 Computer Network	211	31	180
02 Public Employees Relation Bd	40	40	0
02 Duties	87	87	0
11 Duties	133	133	0
14 Duties	4	4	0
21 Duties	150	150	0
45 Census Litigation	<u>84</u>	<u>84</u>	<u>0</u>
Agency Totals	<u>4,795</u>	<u>4,438</u>	<u>357</u>
Court of Criminal Appeals			
01 Duties	1,826	1,673	153
02 Duties	348	348	0
06 Computer System Enhancements	124	0	124
11 Duties	44	44	0
15 Update Jury Instructions	<u>6</u>	<u>6</u>	<u>0</u>
Agency Totals	<u>2,348</u>	<u>2,071</u>	<u>277</u>
District Courts			
01 Duties	17,150	16,995	155
01 Duties	5,094	4,830	264
11 Duties	3,439	3,439	0
11 Duties	376	373	3
21 Duties	601	601	0
21 Duties	<u>500</u>	<u>500</u>	<u>0</u>
Agency Totals	<u>27,160</u>	<u>26,738</u>	<u>422</u>

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
District Attorneys Council			
01 Duties	22,945	22,474	471
01 Duties	567	567	0
02 Duties	133	133	0
03 Duties	1,162	1,025	137
04 Federal Bldg. Bombing Prosecute	100	0	100
11 Duties	247	247	0
12 Duties	146	146	0
21 Witness Fees	380	380	0
22 District Attorney Evidence Fund(1)	25	25	0
23 Duties	300	300	0
Agency Totals	<u>26,005</u>	<u>25,297</u>	<u>708</u>
Office of Workers Compensation Court			
01 Duties	334	329	5
01 Duties	3,508	3,488	20
02 Duties	99	97	2
11 Duties	3	3	0
11 Duties	1	1	0
12 Duties	9	9	0
21 Full-year HB1002 cost	228	219	9
Agency Totals	<u>4,182</u>	<u>4,146</u>	<u>36</u>
Supreme Court			
01 Duties	4,636	4,256	380
01 Duties	2,945	2,923	22
02 Duties	279	279	0
03 Supreme Court Revolving Fund(1)	653	653	0
03 Computer System Enhancements	500	324	176
11 Duties	30	30	0
11 Duties	240	240	0
12 Duties	12	12	0
21 Duties	106	106	0
21 Duties	350	350	0
Agency Totals	<u>9,751</u>	<u>9,173</u>	<u>578</u>
Legal and Judiciary Totals	<u>82,636</u>	<u>80,068</u>	<u>2,568</u>
MUSEUMS			
J. M. Davis Memorial Commission			
01 Duties	<u>338</u>	<u>338</u>	<u>0</u>
Agency Totals	<u>338</u>	<u>338</u>	<u>0</u>

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund (continued)
 For the Fiscal Year Ended June 30, 1996
 (expressed in thousands)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Historical Society			
01 Duties	4,379	4,354	25
02 State Matching Funds	194	107	87
11 FY-95 Carryover	18	18	0
12 General Operations	49	49	0
13 FY-95 Carryover	33	33	0
20 Murrah Building Archiving	24	18	6
Agency Totals	<u>4,697</u>	<u>4,579</u>	<u>118</u>
Will Rogers Memorial Commission			
01 Duties	491	491	0
Agency Totals	<u>491</u>	<u>491</u>	<u>0</u>
Museums Totals	<u>5,526</u>	<u>5,408</u>	<u>118</u>
NATURAL RESOURCES			
Department of Agriculture			
01 Duties	14,709	14,545	164
02 Duties	634	634	0
19 Rural Fire Department Grants	1,600	1,600	0
20 Operations of the Agency	238	238	0
Agency Totals	<u>17,181</u>	<u>17,017</u>	<u>164</u>
Department of Environmental Quality			
01 Duties	6,450	6,007	443
20 Elections	257	256	1
Agency Totals	<u>6,707</u>	<u>6,263</u>	<u>444</u>
Department of Tourism and Recreation			
01 Duties(2)	21,790	21,590	200
41 Operations of the agency	115	115	0
71 Bond Debt Service	300	300	0
Agency Totals	<u>22,205</u>	<u>22,005</u>	<u>200</u>
Conservation Commission			
01 Duties	5,059	5,059	0
Agency Totals	<u>5,059</u>	<u>5,059</u>	<u>0</u>
Water Resources Board			
01 Duties	3,262	3,067	195
02 Operations	194	194	0
Agency Totals	<u>3,456</u>	<u>3,261</u>	<u>195</u>
Natural Resources Totals	<u>54,608</u>	<u>53,605</u>	<u>1,003</u>

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
PUBLIC SAFETY AND DEFENSE			
Military Department			
01 State Match-Armory Maintenance	320	45	275
01 Duties	4,420	4,374	46
02 Armories	335	334	1
03 Purchase of photography equipment	40	40	0
04 Upgrade of data processing equipment	26	24	2
06 Duties	188	188	0
Agency Totals	<u>5,329</u>	<u>5,005</u>	<u>324</u>
Alcoholic Beverage Laws Enforcement			
01 Duties	<u>3,261</u>	<u>3,261</u>	<u>0</u>
Agency Totals	<u>3,261</u>	<u>3,261</u>	<u>0</u>
Department of Corrections			
30 Duties	197,265	194,969	2,296
31 Duties	1,766	1,766	0
31 Duties	4,398	4,398	0
32 Duties	5,568	5,490	78
33 Additional Cell-Space	1,400	1,400	0
34 Energy Management System	<u>285</u>	<u>285</u>	<u>0</u>
Agency Totals	<u>210,682</u>	<u>208,308</u>	<u>2,374</u>
Pardon and Parole Board			
01 Duties	1,526	1,386	140
02 Duties	39	39	0
05 Duties	145	143	2
11 Duties	<u>68</u>	<u>58</u>	<u>10</u>
Agency Totals	<u>1,778</u>	<u>1,626</u>	<u>152</u>
State Bureau of Investigation			
01 Duties	8,070	8,025	45
02 Duties	607	606	1
11 Duties	7	6	1
31 Duties	<u>35</u>	<u>35</u>	<u>0</u>
Agency Totals	<u>8,719</u>	<u>8,672</u>	<u>47</u>
Department of Civil Emergency			
01 Duties	463	463	0
02 Liaison Services	16	16	0
03 FF- Earthquake Preparedness	<u>6</u>	<u>6</u>	<u>0</u>
Agency Totals	<u>485</u>	<u>485</u>	<u>0</u>

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund (continued)
 For the Fiscal Year Ended June 30, 1996
 (expressed in thousands)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
State Fire Marshal			
01 Duties	986	983	3
11 Duties	17	17	0
31 Duties	79	79	0
Agency Totals	<u>1,082</u>	<u>1,079</u>	<u>3</u>
Board of Medicolegal Investigations			
01 Duties	2,291	2,289	2
02 Duties	100	0	100
40 FY-95 Carryover	22	22	0
50 FY-95 Carryover	6	6	0
Agency Totals	<u>2,419</u>	<u>2,317</u>	<u>102</u>
Council on Law Enforcement, Education and Training			
01 Duties	350	343	7
02 Duties	1,379	1,355	24
03 Duties	264	257	7
11 Duties	13	12	1
21 Duties	22	22	0
30 Duties	86	85	1
31 Duties	31	31	0
33 Duties	15	13	2
Agency Totals	<u>2,160</u>	<u>2,118</u>	<u>42</u>
Bureau of Narcotics and Dangerous Drugs			
01 Duties	3,649	3,649	0
02 Duties	299	299	0
11 Duties	256	254	2
Agency Totals	<u>4,204</u>	<u>4,202</u>	<u>2</u>
Department of Public Safety			
01 Duties	48,324	48,324	0
02 Duties	798	798	0
03 Duties	402	402	0
04 Motor Vehicles	1,500	1,500	0
05 Duties	126	126	0
Agency Totals	<u>51,150</u>	<u>51,150</u>	<u>0</u>
Public Safety and Defense Totals	<u>291,269</u>	<u>288,223</u>	<u>3,046</u>
REGULATORY SERVICES			
State Banking Department			
01 Duties	2,170	2,170	0
02 Duties	27	27	0
Agency Totals	<u>2,197</u>	<u>2,197</u>	<u>0</u>

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Department of Mines			
01 Duties	886	886	0
Agency Totals	<u>886</u>	<u>886</u>	<u>0</u>
Corporation Commission			
01 Duties	1,646	1,587	59
02 Duties	626	613	13
03 Duties(2)	2,000	2,000	0
03 Oil & Gas Shortfall	657	657	0
05 FY-95 Carryover	62	62	0
Agency Totals	<u>4,991</u>	<u>4,919</u>	<u>72</u>
Horse Racing Commission			
01 Duties	1,972	1,937	35
03 Carryover	86	83	3
Agency Totals	<u>2,058</u>	<u>2,020</u>	<u>38</u>
Insurance Department			
01 Duties	2,439	2,366	73
11 Carryover for Duties	155	155	0
Agency Totals	<u>2,594</u>	<u>2,521</u>	<u>73</u>
Department of Labor			
01 Boxing/Boiler Inspection Backlog	387	277	110
02 Duties	1,800	1,605	195
03 Duties	1,324	1,254	70
04 Duties	56	56	0
11 Carryover	130	127	3
11 Carryover	40	40	0
Agency Totals	<u>3,737</u>	<u>3,359</u>	<u>378</u>
LP Gas Research, Marketing, and Safety Commission			
01 LP Gas Research(1)	54	54	0
Agency Totals	<u>54</u>	<u>54</u>	<u>0</u>
Liquefied Petroleum Gas Board			
01 Duties	391	340	51
02 Operations	49	41	8
Agency Totals	<u>440</u>	<u>381</u>	<u>59</u>
Securities Commission			
01 Duties	514	514	0
Agency Totals	<u>514</u>	<u>514</u>	<u>0</u>

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund (continued)
 For the Fiscal Year Ended June 30, 1996
 (expressed in thousands)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Commission on Consumer Credit			
01 Duties	662	653	9
03 FY-95 Carryover	39	39	0
Agency Totals	<u>701</u>	<u>692</u>	<u>9</u>
Regulatory Services Totals	<u>18,172</u>	<u>17,543</u>	<u>629</u>
SOCIAL SERVICES			
Commission on Children and Youth			
10 Duties	1,270	1,131	139
40 FY-95 Carryover	54	54	0
Agency Totals	<u>1,324</u>	<u>1,185</u>	<u>139</u>
Office of Handicapped Concerns			
01 Duties	310	273	37
20 FY-95 Carryover	30	30	0
Agency Totals	<u>340</u>	<u>303</u>	<u>37</u>
Human Rights Commission			
10 Duties	665	662	3
Agency Totals	<u>665</u>	<u>662</u>	<u>3</u>
Indian Affairs Commission			
10 Duties	168	166	2
20 FY-95 Carryover	26	26	0
Agency Totals	<u>194</u>	<u>192</u>	<u>2</u>
Office of Juvenile Affairs			
01 Duties(2)	76,361	74,461	1,900
02 Delinquency and Youth Gang Intervention	1,400	1,075	325
Agency Totals	<u>77,761</u>	<u>75,536</u>	<u>2,225</u>
Department of Veterans Affairs			
01 Duties	1,000	1,000	0
01 Duties	14,566	14,566	0
02 Duties	961	961	0
Agency Totals	<u>16,527</u>	<u>16,527</u>	<u>0</u>
Human Services			
01 Duties(1)	327,766	327,766	0
04 Duties(1)	10,000	10,000	0
Agency Totals	<u>337,766</u>	<u>337,766</u>	<u>0</u>

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
J.D. McCarty Center			
01 Duties	500	500	0
10 Duties	858	858	0
Agency Totals	<u>1,358</u>	<u>1,358</u>	<u>0</u>
Department of Rehabilitative Services			
01 Duties(1)	1,800	1,800	0
01 Duties(1)	19,418	19,418	0
05 Priority Groups I and II (1)	1,500	1,500	0
Agency Totals	<u>22,718</u>	<u>22,718</u>	<u>0</u>
Health Care Authority			
01 Duties(1)	24,018	24,018	0
01 Duties(1)	235,820	235,820	0
02 Vendor Drug Program(1)	1,000	1,000	0
03 Medicaid Managed Care(1)	200	200	0
03 Medicaid Managed Care(1)	112	112	0
04 Medicaid FFP Change(1)	1,900	1,900	0
05 Medicaid OBRA'90(1)	1,863	1,863	0
06 Medicaid Boren Hospitals(1)	2,705	2,705	0
07 Medicaid Boren Nursing Homes(1)	5,104	5,104	0
08 Medicaid Services(1)	3,008	3,008	0
Agency Totals	<u>275,730</u>	<u>275,730</u>	<u>0</u>
University Hospitals Authority			
01 Duties	26,577	26,577	0
10 FY-95 Carryover	2,247	2,247	0
Agency Totals	<u>28,824</u>	<u>28,824</u>	<u>0</u>
Social Services Total	<u>763,207</u>	<u>760,801</u>	<u>2,406</u>
TRANSPORTATION			
Department of Transportation			
01 Duties(1)	621	621	0
02 Highway Construction & Maintenance(1)	175,584	175,584	0
03 Highway Construction & Maintenance(1)	7,851	7,851	0
Agency Totals	<u>184,056</u>	<u>184,056</u>	<u>0</u>
Transportation Totals	<u>184,056</u>	<u>184,056</u>	<u>0</u>
GENERAL FUND TOTALS	<u>\$ 3,266,055</u>	<u>\$ 3,238,722</u>	<u>\$ 27,333</u>

(1) Appropriation was transferred to a continuing fund for expenditure.

(2) Part of the appropriation was transferred to a continuing fund for expenditure.

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Combining Financial Statements

Combining Financial Statements

Combining Financial Statements - Trust and Agency Funds

Trust and Agency Funds account for assets the State holds in a trustee capacity or as an agent for individuals, private organizations, other governmental organizations, or other funds. These include: Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds, and Agency Funds.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations. A brief description follows:

Employment Security Commission accounts for the deposit of monies requisitioned from the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits.

Special Indemnity Fund accounts for monies to provide additional compensation to a worker with a pre-existing injury who suffers a second injury.

NONEXPENDABLE TRUST FUNDS

Nonexpendable Trust Funds account for the assets held by the State in a trustee capacity where only income derived from the trust principal may be expended for designated operations. The principal must be preserved intact. A brief description follows:

Commissioners of the Land Office accounts for the land and cash granted to the State by the United States Congress for the use and benefit of educational systems in Oklahoma.

Department of Wildlife accounts for monies held in trust for the improvement and preservation of wildlife. The monies have been accumulated from the sale of lifetime hunting and fishing licenses.

PENSION TRUST FUNDS

Pension Trust Funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various state retirement systems. See the Notes to the Financial Statements, Retirement and Pension Systems, for a description of the individual Pension Trust Funds.

AGENCY FUNDS

Agency Funds account for the receipt and disbursement of various monies and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units, organizations, or individuals. A brief description follows:

Taxes Held for Outside Entities is maintained by the Oklahoma Tax Commission to account for taxes: (1) being held for distribution to county and city governments, (2) to cover anticipated tax refunds, (3) paid conditionally on an increase in gross value of oil and/or gas sold by a producer waiting on approval or settlement of an appeal, and (4) that have been intercepted by the Tax Commission to be disbursed to claimants.

Deferred Compensation Plan is used to account for compensation deferred by state employees electing to participate in a deferred compensation plan in accordance with Internal Revenue Code Section 457. This plan is administered by the Oklahoma Public Employees Retirement System.

Funds Held for Other Governments are monies invested by the Office of the State Treasurer for other local governments. This includes Federal Farm Credit, county governments, and several school districts.

Funds Held in Escrow are monies held in an account until certain conditions or requirements are met. These include:

Cash Performance Bonds maintained by the Department of Mines until mining is complete and reclamation meets specifications.

Unlocated Mineral Owner's Fund maintained by the Corporation Commission as an escrow account for royalties due unlocated owners.

Workers' Compensation Claims Under Appeal contains money being held in trust for an injured worker whose claim is on appeal. This fund is maintained by the Workers' Compensation Court.

Unsettled Premium Tax Suits is an escrow account being maintained by the Oklahoma Insurance Department for the purpose of depositing protested taxes and/or fees imposed under Oklahoma law.

Other monies accounted for by the State Department of Health for bond requirements for disposal sites, by the Department of Public Safety for the retention and refund of financial responsibility security amounts and sign deposits for motor vehicle inspection stations.

Assets Held for Beneficiaries are monies maintained for: (1) clients in institutions under the jurisdiction of the Department of Human Services (DHS), the Department of Corrections, the Department of Veterans Affairs, and the Department of Mental Health, (2) canteen funds at DHS and the Department of Correction institutions, (3) DHS custodial parents from the collection from absent parents, (4) DHS clients placed in agency custody, and (5) the inventory maintained for commodities.

Other is monies accounted for (1) by the Employees' Benefit Council for payment of employee claims against SoonerFlex flexible spending accounts, (2) property distribution maintained by the Department of Central Services to account for federal surplus property transferred to the State's custody to be sold or donated to other governmental entities and/or specified nonprofit organizations and property seized by state organizations pending the outcome of legal proceedings, (3) deposits held by the Department of Central Services for bid process documents, (4) donations held by the District Attorney's Council for the Murrah Crime Victims Compensation Fund, and (5) funds held by the Department of Transportation which had accrued to its former health insurance rate stabilization account and being returned to the accounts contributors.

Combining Balance Sheet
Trust and Agency Funds
June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Expendable Trusts	Nonexpendable Trusts
Assets		
Cash/Cash Equivalents	\$ 544,892	\$ 195,391
Investments	0	616,233
Accounts Receivable	2,266	0
Interest and Investments Revenue Receivable	0	0
Employer Contributions Receivable	0	0
Employee Contributions Receivable	0	0
Federal Grants Receivable	194	0
Taxes Receivable	3,008	0
Other Receivables	0	6,398
Due from Brokers	0	0
Due from Other Funds	1,380	36
Due from Component Units	0	0
Inventory	0	0
Fixed Assets, Net	0	0
Other Assets	0	9,108
Total Assets	\$ 551,740	\$ 827,166
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 64	\$ 0
Claims and Judgments	18,515	0
Interest Payable	1,866	0
Tax Refunds Payable	191	0
Due to Brokers	0	0
Due to Other Funds	66	0
Due to Component Units	0	0
Due to Others	0	0
Deferred Revenue	2,256	4,301
Compensated Absences	0	0
Benefits in the Process of Payment	0	0
Deferred Compensation	0	0
Total Liabilities	22,958	4,301
Fund Balances		
Reserved		
Unemployment Benefits	547,533	0
Preservation of Wildlife	0	35,246
Employees' Pension Benefits	0	0
Permanent Trust	0	776,467
Undistributed Revenue	0	11,152
Unreserved		
Undesignated	(18,751)	0
Total Fund Balances	528,782	822,865
Total Liabilities and Fund Balances	\$ 551,740	\$ 827,166

Pension Trusts	Agency	Total	
		1996	1995
\$ 328,034	\$ 121,217	\$ 1,189,534	\$ 996,166
8,595,501	160,638	9,372,372	8,328,161
0	908	3,174	2,803
63,748	494	64,242	59,578
2,254	0	2,254	2,055
1,262	0	1,262	1,172
0	0	194	304
0	62	3,070	3,095
1,303	0	7,701	95,718
43,289	0	43,289	80,858
13,017	403	14,836	21,807
234	461	695	1,827
0	3,882	3,882	5,499
1,461	0	1,461	1,728
0	0	9,108	8,762
<u>\$ 9,050,103</u>	<u>\$ 288,065</u>	<u>\$ 10,717,074</u>	<u>\$ 9,609,533</u>
\$ 2,188	\$ 951	\$ 3,203	\$ 2,236
0	0	18,515	13,442
0	0	1,866	1,584
0	2,324	2,515	3,079
70,592	0	70,592	81,891
18	2	86	78
0	3,611	3,611	0
0	120,538	120,538	131,371
0	0	6,557	6,068
178	0	178	166
59,577	0	59,577	55,281
0	160,639	160,639	140,662
<u>132,553</u>	<u>288,065</u>	<u>447,877</u>	<u>435,858</u>
0	0	547,533	502,248
0	0	35,246	34,696
8,917,550	0	8,917,550	7,874,651
0	0	776,467	754,249
0	0	11,152	21,273
0	0	(18,751)	(13,442)
<u>8,917,550</u>	<u>0</u>	<u>10,269,197</u>	<u>9,173,675</u>
<u>\$ 9,050,103</u>	<u>\$ 288,065</u>	<u>\$ 10,717,074</u>	<u>\$ 9,609,533</u>

Combining Balance Sheet
 Expendable Trust Funds
 June 30, 1996
 (with comparative totals for June 30, 1995)
 (expressed in thousands)

	Employment Security Commission	Special Indemnity Fund	Total	
			1996	1995
Assets				
Cash/Cash Equivalents	\$ 544,543	\$ 349	\$ 544,892	\$ 499,065
Accounts Receivable	2,266	0	2,266	2,456
Federal Grants Receivable	194	0	194	304
Taxes Receivable	3,008	0	3,008	3,032
Due From Other Funds	0	1,380	1,380	1,421
Total Assets	\$ 550,011	\$ 1,729	\$ 551,740	\$ 506,278
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 31	\$ 33	\$ 64	\$ 67
Claims and Judgments	0	18,515	18,515	13,442
Interest Payable	0	1,866	1,866	1,584
Tax Refunds Payable	191	0	191	53
Due to Component Units	0	66	66	52
Deferred Revenue	2,256	0	2,256	2,274
Total Liabilities	2,478	20,480	22,958	17,472
Fund Balances				
Reserved				
Unemployment Benefits	547,533	0	547,533	502,248
Unreserved				
Undesignated	0	(18,751)	(18,751)	(13,442)
Total Fund Balances	547,533	(18,751)	528,782	488,806
Total Liabilities and Fund Balances	\$ 550,011	\$ 1,729	\$ 551,740	\$ 506,278

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Expendable Trust Funds
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Employment Security Commission	Special Indemnity Fund	Total	
			1996	1995
Revenues				
Taxes	\$ 115,648	\$ 0	\$ 115,648	\$ 125,031
Interest and Investment Revenue	36,607	0	36,607	31,573
Federal Grants	9,794	0	9,794	12,827
Other	3,165	0	3,165	216
Total Revenues	165,214	0	165,214	169,647
Expenditures				
Current				
Regulatory Services	0	24,636	24,636	24,665
Social Services	119,929	0	119,929	125,269
Total Expenditures	119,929	24,636	144,565	149,934
Revenues over Expenditures	45,285	(24,636)	20,649	19,713
Other Financing Sources				
Operating Transfers In	0	19,327	19,327	17,996
Total Other Financing Sources	0	19,327	19,327	17,996
Revenue and Other Sources in Excess of (Less Than) Expenditures and Other Uses	45,285	(5,309)	39,976	37,709
Fund Balance - Beginning of Year	502,248	(13,442)	488,806	451,097
Fund Balance - End of Year	\$ 547,533	\$ (18,751)	\$ 528,782	\$ 488,806

Combining Balance Sheet
 Nonexpendable Trust Funds
 June 30, 1996
 (with comparative totals for June 30, 1995)
 (expressed in thousands)

	Commissioners of the Land Office	Department Of Wildlife	Total	
			1996	1995
Assets				
Cash/Cash Equivalents	\$ 195,268	\$ 123	\$ 195,391	\$ 527
Investments	581,153	35,080	616,233	709,699
Other Receivables	6,398	0	6,398	94,992
Due from Other Funds	0	36	36	32
Other Assets	9,101	7	9,108	8,762
Total Assets	\$ 791,920	\$ 35,246	\$ 827,166	\$ 814,012
Liabilities and Fund Balances				
Liabilities				
Deferred Revenue	\$ 4,301	\$ 0	\$ 4,301	\$ 3,794
Total Liabilities	4,301	0	4,301	3,794
Fund Balances				
Reserved				
Preservation of Wildlife	0	35,246	35,246	34,696
Permanent Trust	776,467	0	776,467	754,249
Undistributed Revenue	11,152	0	11,152	21,273
Total Fund Balances	787,619	35,246	822,865	810,218
Total Liabilities and Fund Balances	\$ 791,920	\$ 35,246	\$ 827,166	\$ 814,012

Combining Statement of Revenues, Expenses
and Changes in Fund Balances
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Commissioners of the Land Office	Department Of Wildlife	Total	
			1996	1995
Operating Revenues				
Licenses, Permits and Fees	\$ 0	\$ 955	\$ 955	\$ 6,235
Sales and Services	0	74	74	86
Interest and Investment Revenue	55,472	0	55,472	66,672
Rental Revenue	8,417	0	8,417	8,433
Sales of Investments	6,901	0	6,901	14,648
Other	0	0	0	4
Total Operating Revenues	70,790	1,029	71,819	96,078
Operating Expenses				
Losses and Loss Expense	0	0	0	2
Administrative Expense	237	0	237	0
Benefit Payments and Refunds	39,532	0	39,532	40,551
Total Operating Expenses	39,769	0	39,769	40,553
Operating Income	31,021	1,029	32,050	55,525
Nonoperating Revenues				
Interest and Investment Revenue	0	2,591	2,591	2,007
Total Nonoperating Revenues	0	2,591	2,591	2,007
Income Before				
Operating Transfers	31,021	3,620	34,641	57,532
Operating Transfers Out	(4,637)	(3,070)	(7,707)	(7,747)
Operating Transfers To Component Units	(14,287)	0	(14,287)	(15,202)
Net Income	12,097	550	12,647	34,583
Fund Balances - Beginning of Year	775,522	34,696	810,218	775,635
Fund Balances - End of Year	\$ 787,619	\$ 35,246	\$ 822,865	\$ 810,218

Combining Statement of Cash Flows
 Nonexpendable Trust Funds
 For the Fiscal Year Ended June 30, 1996
 (with comparative totals for June 30, 1995)
 (expressed in thousands)

	Commissioners of the Land Office	Department Of Wildlife	Total	
			1996	1995
Cash Flows from Operating Activities				
Operating Income	\$ 31,021	\$ 1,029	\$ 32,050	\$ 55,525
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations				
Amortization (Accretion) and Other Noncash Expenses	5,339	0	5,339	2,778
Other	(5,420)	0	(5,420)	(12,882)
Decrease (Increase) in Assets				
Interest and Investment Revenue Receivable	12,111	0	12,111	(2,148)
Interfund Receivable	0	(3)	(3)	156
Increase in Liabilities				
Deferred Revenue	507	0	507	193
Net Cash Provided by Operating Activities	<u>43,558</u>	<u>1,026</u>	<u>44,584</u>	<u>43,622</u>
Cash Flows from Noncapital Financing Activities				
Operating Transfers Out	(4,637)	(3,070)	(7,707)	(7,747)
Operating Transfers to Component Units	<u>(14,287)</u>	<u>0</u>	<u>(14,287)</u>	<u>(15,202)</u>
Net Cash Used by Noncapital Financing Activities	<u>(18,924)</u>	<u>(3,070)</u>	<u>(21,994)</u>	<u>(22,949)</u>
Cash Flows from Investing Activities				
Interest and Investment Revenue	0	2,591	2,591	2,007
Proceeds from Sale/Maturities of Investments	407,283	0	407,283	217,203
Principal Received from Notes Receivable	76,483	0	76,483	8,275
Payments to Purchase Investments	<u>(313,565)</u>	<u>(518)</u>	<u>(314,083)</u>	<u>(248,817)</u>
Net Cash Provided (Used) by Investing Activities	<u>170,201</u>	<u>2,073</u>	<u>172,274</u>	<u>(21,332)</u>
Net Increase (Decrease) in Cash/Cash Equivalents	194,835	29	194,864	(659)
Cash/Cash Equivalents - Beginning of Year	<u>433</u>	<u>94</u>	<u>527</u>	<u>1,186</u>
Cash/Cash Equivalents - End of Year	<u>\$ 195,268</u>	<u>\$ 123</u>	<u>\$ 195,391</u>	<u>\$ 527</u>

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Combining Statement of Plan Net Assets
Pension Trust Funds
June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash/Cash Equivalents	\$ 1,094	\$ 15,758	\$ 117,807
Investments	878,178	334,709	3,044,363
Interest and Investment Revenue Receivable	5,144	1,488	21,312
Employer Contributions Receivable	618	157	1,252
Employee Contributions Receivable	338	191	401
Other Receivables	71	0	0
Due from Broker	1,551	0	16,921
Due from Other Funds	0	809	477
Due from Component Units	0	0	234
Fixed Assets, Net	49	0	1,168
	<u>887,043</u>	<u>353,112</u>	<u>3,203,935</u>
Total Assets			
Liabilities			
Accounts Payable	928	389	0
Due to Broker	1,904	2,690	22,304
Due to Other Funds	0	0	0
Compensated Absences	62	0	0
Benefits in the Process of Payment	10	15,701	0
	<u>2,904</u>	<u>18,780</u>	<u>22,304</u>
Total Liabilities			
Fund Balance Reserved for Employees' Pension Benefits	<u>\$ 884,139</u>	<u>\$ 334,332</u>	<u>\$ 3,181,631</u>

Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Wildlife Conservation Retirement Plan	Total	
				1996	1995
\$ 6,740	\$ 54,758	\$ 131,877	\$ 0	\$ 328,034	\$ 370,206
99,141	781,861	3,414,148	43,101	8,595,501	7,476,900
675	6,792	28,337	0	63,748	58,990
0	227	0	0	2,254	2,055
0	332	0	0	1,262	1,172
1,232	0	0	0	1,303	726
325	0	24,492	0	43,289	80,858
94	371	11,129	137	13,017	19,979
0	0	0	0	234	1,537
0	0	244	0	1,461	1,728
<u>108,207</u>	<u>844,341</u>	<u>3,610,227</u>	<u>43,238</u>	<u>9,050,103</u>	<u>8,014,151</u>
0	871	0	0	2,188	2,162
607	9,602	33,485	0	70,592	81,891
0	0	18	0	18	0
0	0	116	0	178	166
0	28,655	15,211	0	59,577	55,281
<u>607</u>	<u>39,128</u>	<u>48,830</u>	<u>0</u>	<u>132,553</u>	<u>139,500</u>
<u>\$ 107,600</u>	<u>\$ 805,213</u>	<u>\$ 3,561,397</u>	<u>\$ 43,238</u>	<u>\$ 8,917,550</u>	<u>\$ 7,874,651</u>

Combining Statement of Changes in Plan Net Assets
Pension Trust Funds
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System
Additions			
Contributions			
Employer Contributions	\$ 16,366	\$ 3,548	\$ 123,395
Employee Contributions	8,744	2,324	28,761
State Contributions	36,793	12,448	0
Total Contributions	<u>61,903</u>	<u>18,320</u>	<u>152,156</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	25,970	15,610	99,874
Interest and Investment Revenue	93,601	41,935	326,570
	<u>119,571</u>	<u>57,545</u>	<u>426,444</u>
Less Investment Expenses	<u>4,084</u>	<u>5,023</u>	<u>9,594</u>
Net Investment Income	115,487	52,522	416,850
Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total Additions	<u>177,390</u>	<u>70,842</u>	<u>569,006</u>
Deductions			
Administrative and General Expenses	653	272	2,111
Benefit Payments and Refunds	56,990	19,098	165,400
Total Deductions	<u>57,643</u>	<u>19,370</u>	<u>167,511</u>
Net Increase	119,747	51,472	401,495
Fund Balance Reserved for Employees' Pension Benefits			
Beginning of Year	<u>764,392</u>	<u>282,860</u>	<u>2,780,136</u>
End of Year	<u>\$ 884,139</u>	<u>\$ 334,332</u>	<u>\$ 3,181,631</u>

Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Wildlife Conservation Retirement Plan	Total	
				1996	1995
\$ 4,503	\$ 16,112	\$ 55,111	\$ 1,248	\$ 220,283	\$ 199,271
1,127	9,067	149,885	391	200,299	202,045
0	15,150	122,083	0	186,474	179,387
<u>5,630</u>	<u>40,329</u>	<u>327,079</u>	<u>1,639</u>	<u>607,056</u>	<u>580,703</u>
3,216	39,646	147,758	1,986	334,060	747,741
<u>11,752</u>	<u>68,073</u>	<u>320,481</u>	<u>2,512</u>	<u>864,924</u>	<u>354,983</u>
14,968	107,719	468,239	4,498	1,198,984	1,102,724
<u>303</u>	<u>11,945</u>	<u>6,816</u>	<u>288</u>	<u>38,053</u>	<u>29,962</u>
14,665	95,774	461,423	4,210	1,160,931	1,072,762
<u>0</u>	<u>0</u>	<u>85</u>	<u>0</u>	<u>85</u>	<u>115</u>
<u>20,295</u>	<u>136,103</u>	<u>788,587</u>	<u>5,849</u>	<u>1,768,072</u>	<u>1,653,580</u>
91	808	2,214	0	6,149	6,013
<u>3,756</u>	<u>44,039</u>	<u>427,961</u>	<u>1,780</u>	<u>719,024</u>	<u>687,386</u>
<u>3,847</u>	<u>44,847</u>	<u>430,175</u>	<u>1,780</u>	<u>725,173</u>	<u>693,399</u>
16,448	91,256	358,412	4,069	1,042,899	960,181
<u>91,152</u>	<u>713,957</u>	<u>3,202,985</u>	<u>39,169</u>	<u>7,874,651</u>	<u>6,914,470</u>
<u>\$ 107,600</u>	<u>\$ 805,213</u>	<u>\$ 3,561,397</u>	<u>\$ 43,238</u>	<u>\$ 8,917,550</u>	<u>\$ 7,874,651</u>

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 1996

(with comparative totals for June 30, 1995)

(expressed in thousands)

	Taxes Held For Outside Entities	Deferred Compensation Plan	Funds Held For Other Governments
Assets			
Cash/Cash Equivalents	\$ 91,151	\$ 1	\$ 6,600
Investments	0	160,638	0
Accounts Receivable	25	0	0
Interest Receivable	428	0	27
Taxes Receivable	62	0	0
Due from Other Funds	0	0	0
Due from Component Units	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 91,666</u>	<u>\$ 160,639</u>	<u>\$ 6,627</u>
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 7	\$ 0	\$ 0
Tax Refunds Payable	2,324	0	0
Due to Other Funds	0	0	0
Due to Component Units	0	0	0
Due to Others	89,335	0	6,627
Deferred Compensation	0	160,639	0
Total Liabilities	<u>\$ 91,666</u>	<u>\$ 160,639</u>	<u>\$ 6,627</u>

Funds Held In Escrow	Assets Held For Beneficiaries	Other	Total	
			1996	1995
\$ 6,466	\$ 14,148	\$ 2,851	\$ 121,217	\$ 126,368
0	0	0	160,638	141,562
7	694	182	908	347
38	1	0	494	588
0	0	0	62	63
0	0	403	403	375
0	0	461	461	290
0	1,765	2,117	3,882	5,499
<u>\$ 6,511</u>	<u>\$ 16,608</u>	<u>\$ 6,014</u>	<u>\$ 288,065</u>	<u>\$ 275,092</u>
\$ 246	\$ 697	\$ 1	\$ 951	\$ 7
0	0	0	2,324	3,026
0	2	0	2	26
0	0	3,611	3,611	0
6,265	15,909	2,402	120,538	131,371
0	0	0	160,639	140,662
<u>\$ 6,511</u>	<u>\$ 16,608</u>	<u>\$ 6,014</u>	<u>\$ 288,065</u>	<u>\$ 275,092</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 1996

(expressed in thousands)

	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
Taxes Held for Outside Entities				
Assets				
Cash/Cash Equivalents	\$ 82,539	\$ 1,287,510	\$ 1,278,898	\$ 91,151
Accounts Receivable	30	25	30	25
Interest Receivable	445	428	445	428
Taxes Receivable	63	62	63	62
Total Assets	\$ 83,077	\$ 1,288,025	\$ 1,279,436	\$ 91,666
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 0	\$ 7	\$ 0	\$ 7
Tax Refunds Payable	3,026	2,324	3,026	2,324
Due to Others	80,051	1,285,694	1,276,410	89,335
Total Liabilities	\$ 83,077	\$ 1,288,025	\$ 1,279,436	\$ 91,666
Deferred Compensation				
Assets				
Cash/Cash Equivalents	\$ 0	\$ 1	\$ 0	\$ 1
Investments	140,662	69,779	49,803	160,638
Total Assets	\$ 140,662	\$ 69,780	\$ 49,803	\$ 160,639
Liabilities				
Deferred Compensation	\$ 140,662	\$ 69,780	\$ 49,803	\$ 160,639
Total Liabilities	\$ 140,662	\$ 69,780	\$ 49,803	\$ 160,639
Funds Held for Other Governments				
Assets				
Cash/Cash Equivalents	\$ 19,958	\$ 6,600	\$ 19,958	\$ 6,600
Interest Receivable	143	27	143	27
Total Assets	\$ 20,101	\$ 6,627	\$ 20,101	\$ 6,627
Liabilities				
Due to Others	\$ 20,101	\$ 6,627	\$ 20,101	\$ 6,627
Total Liabilities	\$ 20,101	\$ 6,627	\$ 20,101	\$ 6,627
Funds Held in Escrow				
Assets				
Cash/Cash Equivalents	\$ 5,902	\$ 4,256	\$ 3,692	\$ 6,466
Accounts Receivable	3	7	3	7
Interest Receivable	0	38	0	38
Total Assets	\$ 5,905	\$ 4,301	\$ 3,695	\$ 6,511
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 5	\$ 246	\$ 5	\$ 246
Due to Others	5,900	4,055	3,690	6,265
Total Liabilities	\$ 5,905	\$ 4,301	\$ 3,695	\$ 6,511

	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
Assets Held for Beneficiaries				
Assets				
Cash/Cash Equivalents	\$ 14,651	\$ 128,806	\$ 129,309	\$ 14,148
Accounts Receivable	254	694	254	694
Interest Receivable	0	1	0	1
Inventory	3,310	10,863	12,408	1,765
Total Assets	\$ 18,215	\$ 140,364	\$ 141,971	\$ 16,608
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 0	\$ 697	\$ 0	\$ 697
Due to Other Funds	26	2	26	2
Due to Others	18,189	139,665	141,945	15,909
Total Liabilities	\$ 18,215	\$ 140,364	\$ 141,971	\$ 16,608
Other				
Assets				
Cash/Cash Equivalents	\$ 3,318	\$ 128,795	\$ 129,262	\$ 2,851
Investments	900	0	900	0
Accounts Receivable	60	182	60	182
Due from Other Funds	375	403	375	403
Due from Component Units	290	461	290	461
Inventory	2,189	1,623	1,695	2,117
Total Assets	\$ 7,132	\$ 131,464	\$ 132,582	\$ 6,014
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 2	\$ 1	\$ 2	\$ 1
Due to Component Units	0	3,611	0	3,611
Due to Others	7,130	127,852	132,580	2,402
Total Liabilities	\$ 7,132	\$ 131,464	\$ 132,582	\$ 6,014
Total - All Agency Funds				
Assets				
Cash/Cash Equivalents	\$ 126,368	\$ 1,555,968	\$ 1,561,119	\$ 121,217
Investments	141,562	69,779	50,703	160,638
Accounts Receivable	347	908	347	908
Interest Receivable	588	494	588	494
Taxes Receivable	63	62	63	62
Due from Other Funds	375	403	375	403
Due from Component Units	290	461	290	461
Inventory	5,499	12,486	14,103	3,882
Total Assets	\$ 275,092	\$ 1,640,561	\$ 1,627,588	\$ 288,065
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 7	\$ 951	\$ 7	\$ 951
Tax Refunds Payable	3,026	2,324	3,026	2,324
Due to Other Funds	26	2	26	2
Due to Component Units	0	3,611	0	3,611
Due to Others	131,371	1,563,893	1,574,726	120,538
Deferred Compensation	140,662	69,780	49,803	160,639
Total Liabilities	\$ 275,092	\$ 1,640,561	\$ 1,627,588	\$ 288,065

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**General Fixed Assets
Account Group**

The General Fixed Assets Account Group is used to account for fixed assets acquired or constructed for general governmental purposes other than those of the enterprise fund type, similar trust funds, proprietary component units, and the Higher Education Component Unit.

Schedule of General Fixed Assets
by Function
June 30, 1996
(expressed in thousands)

Function	Land	Buildings and Other Improvements	Machinery and Equipment	Construction in Progress	Total
Education	\$ 147	\$ 5,367	\$ 27,678	\$ 143	\$ 33,335
General Government	1,819	95,985	51,154	779	149,737
Health Services	593	69,164	11,752	241	81,750
Legal and Judiciary	0	0	2,862	0	2,862
Museums	1,260	5,791	310	303	7,664
Natural Resources	35,992	18,266	7,722	3,578	65,558
Public Safety and Defense	7,522	243,151	22,795	14,580	288,048
Regulatory Services	0	41	1,666	0	1,707
Social Services	745	97,680	12,731	26,918	138,074
Transportation	1,531	15,982	61,141	53	78,707
Total	<u>\$ 49,609</u>	<u>\$ 551,427</u>	<u>\$ 199,811</u>	<u>\$ 46,595</u>	<u>\$ 847,442</u>

Schedule of Changes in General Fixed Assets
by Function
For the Fiscal Year Ended June 30, 1996
(expressed in thousands)

Function	Balance July 1, 1995	Additions	Deletions/ Net Transfers	Balance June 30, 1996
Education	\$ 33,026	\$ 1,630	\$ 1,321	\$ 33,335
General Government	146,394	4,059	716	149,737
Health Services	81,775	1,117	1,142	81,750
Legal and Judiciary	2,783	79	0	2,862
Museums	7,664	658	658	7,664
Natural Resources	57,956	7,743	141	65,558
Public Safety and Defense	273,124	17,675	2,751	288,048
Regulatory Services	2,051	98	442	1,707
Social Services	125,877	13,342	1,145	138,074
Transportation	76,998	5,154	3,445	78,707
Total	<u>\$ 807,648</u>	<u>\$ 51,555</u>	<u>\$ 11,761</u>	<u>\$ 847,442</u>

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Combining Financial Statements
- Component Units
- Proprietary Funds

The State of Oklahoma has twelve proprietary component units which are described below:

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

301 N.W. 63rd Street, Suite 225, Oklahoma City, Oklahoma 73116

The Oklahoma Industrial Finance Authority assists with the State's industrial development. The Authority makes loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. These loans are secured by first or second mortgages on real estate and equipment. The loans are financed by issuance of general obligation bonds.

STATE INSURANCE FUND

P.O. Box 53505, Oklahoma City, Oklahoma 73152

The Oklahoma State Insurance Fund provides a source for workers' compensation insurance for all employers within the State including state agencies and other governmental units. The Fund is financed through employer premiums.

STATE AND EDUCATION EMPLOYEES GROUP INSURANCE BOARD

3545 N.W. 58th Street, Suite 1000, Oklahoma City, Oklahoma 73112

The State and Education Employees Group Insurance Board provides varying coverages of group health, dental, life, and disability benefits to active employees and retirees of the State, local governments, and education entities as well as certain other eligible participants. The Board is financed through employer and employee premiums.

OKLAHOMA STUDENT LOAN AUTHORITY

4545 N. Lincoln Blvd., Suite 66, Oklahoma City, Oklahoma 73105

The Oklahoma Student Loan Authority provides loans to qualified persons (persons who are citizens of the State or are attending participating schools in the State) at participating educational institutions (postsecondary proprietary institutions and higher education institutions) through the issuance of tax-exempt revenue bonds or other debt obligations.

MEDICAL TECHNOLOGY AND RESEARCH AUTHORITY

1100 N. Lindsey, SCB 148, Oklahoma City, Oklahoma 73104

The Medical Technology and Research Authority promotes and assists the development of medical technology and research benefiting the citizens of Oklahoma.

UNIVERSITY HOSPITALS AUTHORITY

940 N.E. 13th Street, Oklahoma City, Oklahoma 73104

The University Hospitals Authority consists of The University Hospital and Children's Hospital of Oklahoma. The University Hospital is affiliated with the University of Oklahoma Health Sciences Center whose medical school staff and residents provide patient care, in-service education, and administrative duties within The University Hospital. The University Hospital is financed primarily through patient service charges.

OKLAHOMA DEVELOPMENT FINANCE AUTHORITY

301 N.W. 63rd Street, Suite 225, Oklahoma City, Oklahoma 73116

The Oklahoma Development Finance Authority provides financing for both public and private entities in the State. The Authority obtains funds through the issuance of bonds and notes.

OKLAHOMA ENVIRONMENTAL FINANCE AUTHORITY

2809 N.W. Expressway, Suite 485, Oklahoma City, Oklahoma 73112

The Oklahoma Environmental Finance Authority provides financing for both public and private entities in the State. The Authority obtains funds through the issuance of bonds and notes. Qualifying entities are provided a method of financing facilities necessary or useful to abate, control, and reduce air and water pollution.

OKLAHOMA HOUSING FINANCE AGENCY

1140 N.W. 63rd Street, Suite 200, Oklahoma City, Oklahoma 73116

The Oklahoma Housing Finance Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State of Oklahoma. In addition, OHFA administers Section 8 Housing Assistance Payments Programs for the U.S. Department of Housing and Urban Development.

OKLAHOMA TURNPIKE AUTHORITY

P.O. Box 11357, Oklahoma City, Oklahoma 73136

The Oklahoma Turnpike Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the Legislature and approved by the Department of Transportation. The Authority receives revenues from turnpike tolls and a percentage of the turnpike concessions sales. The Authority issues revenue bonds to finance the cost of turnpike projects.

GRAND RIVER DAM AUTHORITY

P.O. Box 409, Vinita, Oklahoma 74301

The Grand River Dam Authority controls the waters of the Grand River system to develop and generate water power and electric energy and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma.

OKLAHOMA MUNICIPAL POWER AUTHORITY

P.O. Box 1960, Edmond, Oklahoma 73083

The Oklahoma Municipal Power Authority provides a means for the municipal electric systems in the State to jointly plan, finance, acquire, and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. The Authority also sells electric power to its member municipalities.

Combining Balance Sheet
Component Units - Proprietary Funds
June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Oklahoma Industrial Finance Authority	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority	Medical Technology and Research Authority
Assets						
Current Assets						
Cash/Cash Equivalents	\$ 129	\$ 371	\$ 9,591	\$ 646	\$ 39,522	\$ 526
Investments	22,184	718,257	220,877	15,270	0	0
Accounts Receivable	35	48,431	2,545	0	28,762	129
Interest and Investment Revenue Receivable	340	8,031	2,181	2,473	0	0
Federal Grants Receivable	0	0	0	0	1,889	0
Other Receivables	0	0	1,791	0	0	0
Notes Receivable	2,541	0	0	0	0	0
Due from Component Units	9	196	0	0	490	114
Due from Primary Government	0	1,325	7,823	0	162	0
Inventory	0	0	0	0	5,414	0
Prepaid Items	0	450	0	0	0	2
Other Current Assets	0	0	0	0	0	0
Total Current Assets	25,238	777,061	244,808	18,389	76,239	771
Restricted Assets						
Cash/Cash Equivalents	84	0	0	0	0	0
Investments	133	0	0	22,466	7,259	0
Long-Term Notes Receivable, Net	0	0	0	121,340	0	0
Other Restricted Assets	1	0	0	0	329	0
Total Restricted Assets	218	0	0	143,806	7,588	0
Other Assets						
Fixed Assets, Net	71	5,951	551	230	121,192	2,823
Long-Term Notes Receivable, Net	26,663	0	0	6,700	0	0
Long-Term Investments	579	0	0	0	0	0
Other Noncurrent Assets	2,262	0	6	867	0	0
Total Other Assets	29,575	5,951	557	7,797	121,192	2,823
Total Assets	\$ 55,031	\$ 783,012	\$ 245,365	\$ 169,992	\$ 205,019	\$ 3,594

Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
						1996	1995
\$ 215	\$ 0	\$ 21,814	\$ 9,992	\$ 10,482	\$ 2,030	\$ 95,318	\$ 98,365
0	0	85,981	40,965	55,603	9,969	1,169,106	1,035,179
146	0	157	641	15,306	5,550	101,702	96,554
52	12	4,063	711	1,708	0	19,571	19,783
0	0	0	0	0	0	1,889	5,838
0	0	0	0	0	0	1,791	4,262
0	0	0	0	0	0	2,541	2,295
9	0	0	0	457	0	1,275	1,357
12	0	0	0	24	0	9,346	9,488
0	0	0	2,816	24,627	2,019	34,876	32,812
3	0	56	83	744	0	1,338	1,535
0	0	0	0	0	577	577	401
<u>437</u>	<u>12</u>	<u>112,071</u>	<u>55,208</u>	<u>108,951</u>	<u>20,145</u>	<u>1,439,330</u>	<u>1,307,869</u>
739	1,556	0	53,259	0	13,007	68,645	51,938
3,214	2,281	0	104,419	185,519	55,662	380,953	383,216
0	0	0	0	0	0	121,340	100,438
4	0	0	5,000	0	0	5,334	4,083
<u>3,957</u>	<u>3,837</u>	<u>0</u>	<u>162,678</u>	<u>185,519</u>	<u>68,669</u>	<u>576,272</u>	<u>539,675</u>
30	0	211	535,988	565,782	159,230	1,392,059	1,402,731
355	0	476,138	0	0	0	509,856	520,314
1,210	0	0	0	0	16,804	18,593	19,026
105	40,680	580	9,422	151,459	150,011	355,392	352,001
<u>1,700</u>	<u>40,680</u>	<u>476,929</u>	<u>545,410</u>	<u>717,241</u>	<u>326,045</u>	<u>2,275,900</u>	<u>2,294,072</u>
<u>\$ 6,094</u>	<u>\$ 44,529</u>	<u>\$ 589,000</u>	<u>\$ 763,296</u>	<u>\$ 1,011,711</u>	<u>\$ 414,859</u>	<u>\$ 4,291,502</u>	<u>\$ 4,141,616</u>

(continued)

Combining Balance Sheet
Component Units - Proprietary Funds
June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

(continued)	Oklahoma Industrial Finance Authority	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority	Medical Technology and Research Authority
Liabilities and Fund Equity						
Liabilities						
Current Liabilities						
Accounts Payable and Accrued Liabilities	\$ 7	\$ 16,168	\$ 10,321	\$ 289	\$ 14,951	\$ 469
Claims and Judgments	0	653,739	67,460	0	0	0
Interest Payable	644	0	0	1,782	0	0
Due to Component Units	0	142	5	0	999	17
Due to Primary Government	0	35	27	0	634	3
Deferred Revenue	250	57,472	0	0	0	0
Capital Leases	0	0	0	0	1,247	0
Compensated Absences	59	1,052	440	54	6,100	32
Notes Payable	0	0	0	30,275	0	134
General Obligation Bonds	3,040	0	0	0	0	0
Revenue Bonds	0	0	0	6,230	0	0
Other Current Liabilities	4	0	0	0	0	0
Total Current Liabilities	4,004	728,608	78,253	38,630	23,931	655
Other Liabilities						
Due to Primary Government	0	0	0	0	0	0
Capital Leases	0	0	0	0	4,321	0
Notes Payable	0	0	0	28,600	0	2,717
General Obligation Bonds	50,000	0	0	0	0	0
Revenue Bonds	0	0	0	69,620	0	0
Other Noncurrent Liabilities	0	0	0	0	141	0
Total Other Liabilities	50,000	0	0	98,220	4,462	2,717
Total Liabilities	54,004	728,608	78,253	136,850	28,393	3,372
Fund Equity						
Retained Earnings						
Reserved						
Debt Service	0	0	0	0	0	0
Unreserved	1,027	20,517	159,400	33,142	176,626	222
Total Retained Earnings	1,027	20,517	159,400	33,142	176,626	222
Net Unrealized Gain (Loss) on Securities						
	0	33,887	7,712	0	0	0
Total Fund Equity	1,027	54,404	167,112	33,142	176,626	222
Total Liabilities and Fund Equity	\$ 55,031	\$ 783,012	\$ 245,365	\$ 169,992	\$ 205,019	\$ 3,594

Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
						1996	1995
\$ 58	\$ 0	\$ 176	\$ 4,896	\$ 6,678	\$ 3,762	\$ 57,775	\$ 48,993
0	0	0	0	0	0	721,199	685,369
4	328	6,280	20,094	4,920	10,810	44,862	45,858
9	0	0	37	56	457	1,722	1,374
0	0	1	939	414	14	2,067	3,584
14	0	0	6,683	0	0	64,419	79,885
0	0	0	0	1,566	0	2,813	2,957
0	0	224	1,089	1,676	70	10,796	12,694
0	0	0	0	0	0	30,409	19,344
0	0	0	0	0	0	3,040	2,085
0	1,010	21,614	11,465	34,790	4,245	79,354	53,839
0	0	0	1,580	0	0	1,584	1,553
<u>85</u>	<u>1,338</u>	<u>28,295</u>	<u>46,783</u>	<u>50,100</u>	<u>19,358</u>	<u>1,020,040</u>	<u>957,535</u>
0	0	0	40,137	0	0	40,137	38,822
0	0	0	0	0	0	4,321	5,600
0	0	0	0	0	0	31,317	15,165
0	0	0	0	0	0	50,000	53,000
0	43,117	527,820	624,625	904,968	375,280	2,545,430	2,591,151
3,421	0	5,087	0	25,397	8,267	42,313	39,428
<u>3,421</u>	<u>43,117</u>	<u>532,907</u>	<u>664,762</u>	<u>930,365</u>	<u>383,547</u>	<u>2,713,518</u>	<u>2,743,166</u>
<u>3,506</u>	<u>44,455</u>	<u>561,202</u>	<u>711,545</u>	<u>980,465</u>	<u>402,905</u>	<u>3,733,558</u>	<u>3,700,701</u>
0	0	13,715	0	0	0	13,715	12,334
2,588	74	14,083	51,751	29,230	11,954	500,614	461,027
<u>2,588</u>	<u>74</u>	<u>27,798</u>	<u>51,751</u>	<u>29,230</u>	<u>11,954</u>	<u>514,329</u>	<u>473,361</u>
0	0	0	0	2,016	0	43,615	(32,446)
<u>2,588</u>	<u>74</u>	<u>27,798</u>	<u>51,751</u>	<u>31,246</u>	<u>11,954</u>	<u>557,944</u>	<u>440,915</u>
<u>\$ 6,094</u>	<u>\$ 44,529</u>	<u>\$ 589,000</u>	<u>\$ 763,296</u>	<u>\$ 1,011,711</u>	<u>\$ 414,859</u>	<u>\$ 4,291,502</u>	<u>\$ 4,141,616</u>

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Oklahoma Industrial Finance Authority	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority	Medical Technology and Research Authority
Operating Revenues						
Sales and Services	\$ 0	\$ 265,403	\$ 257,385	\$ 0	\$ 165,669	\$ 2,354
Interest Revenue	4,011	0	0	9,998	0	0
Other	170	82	0	0	7,381	0
Total Operating Revenues	4,181	265,485	257,385	9,998	173,050	2,354
Operating Expenses						
Operations and Maintenance of Facilities	20	0	0	0	123,496	2,001
Losses and Loss Expense	0	263,241	0	0	24,779	0
Administrative and General	625	26,271	17,956	2,048	43,533	44
Interest Expense	3,166	0	0	7,094	404	0
Depreciation Expense	110	1,626	190	253	13,802	97
Benefit Payments and Refunds	0	0	253,208	0	0	0
Total Operating Expenses	3,921	291,138	271,354	9,395	206,014	2,142
Operating Income (Loss)	260	(25,653)	(13,969)	603	(32,964)	212
Nonoperating Revenues (Expenses)						
Interest and Investment Revenue	0	56,667	10,887	2,273	1,597	0
Other Nonoperating Revenues	610	0	0	0	1,929	0
Interest Expense	0	0	0	0	0	0
Amortization of Losses and Discounts	0	0	0	0	0	0
Other Nonoperating Expenses	0	0	0	0	(141)	0
Total Nonoperating Revenues (Expenses)	610	56,667	10,887	2,273	3,385	0
Income (Loss) Before Operating Transfers	870	31,014	(3,082)	2,876	(29,579)	212
Operating Transfers:						
From Primary Government	0	0	0	0	26,577	0
To Primary Government	0	0	0	0	0	0
Costs to be Recovered from Future Revenues	0	0	0	0	0	0
Net Income (Loss)	870	31,014	(3,082)	2,876	(3,002)	212
Retained Earnings - Beginning of Year	157	(10,497)	162,482	30,266	179,628	10
Retained Earnings - End of Year	\$ 1,027	\$ 20,517	\$ 159,400	\$ 33,142	\$ 176,626	\$ 222

Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
						1996	1995
\$ 399	\$ 2,498	\$ 0	\$ 106,030	\$ 164,897	\$ 68,565	\$ 1,033,200	\$ 1,034,897
0	222	40,828	0	0	0	55,059	56,995
<u>119</u>	<u>9</u>	<u>4,904</u>	<u>0</u>	<u>424</u>	<u>0</u>	<u>13,089</u>	<u>11,832</u>
<u>518</u>	<u>2,729</u>	<u>45,732</u>	<u>106,030</u>	<u>165,321</u>	<u>68,565</u>	<u>1,101,348</u>	<u>1,103,724</u>
0	0	3,579	30,239	73,501	46,230	279,066	273,375
0	0	0	0	0	0	288,020	348,922
485	12	4,180	3,387	10,115	3,777	112,433	130,880
0	2,720	41,035	0	0	0	54,419	57,262
12	0	87	35,388	26,085	5,454	83,104	83,965
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>253,208</u>	<u>153,261</u>
<u>497</u>	<u>2,732</u>	<u>48,881</u>	<u>69,014</u>	<u>109,701</u>	<u>55,461</u>	<u>1,070,250</u>	<u>1,047,665</u>
<u>21</u>	<u>(3)</u>	<u>(3,149)</u>	<u>37,016</u>	<u>55,620</u>	<u>13,104</u>	<u>31,098</u>	<u>56,059</u>
145	3	6,417	11,722	15,697	4,423	109,831	95,650
966	0	0	448	248	0	4,201	3,629
0	0	0	(43,110)	(59,898)	(18,738)	(121,746)	(123,081)
0	0	0	0	(14,415)	(3,476)	(17,891)	(18,110)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(85)</u>	<u>(226)</u>	<u>(4,296)</u>
<u>1,111</u>	<u>3</u>	<u>6,417</u>	<u>(30,940)</u>	<u>(58,368)</u>	<u>(17,876)</u>	<u>(25,831)</u>	<u>(46,208)</u>
1,132	0	3,268	6,076	(2,748)	(4,772)	5,267	9,851
0	0	0	27,505	0	0	54,082	54,375
0	0	0	(27,505)	0	0	(27,505)	(27,898)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,471</u>	<u>5,653</u>	<u>9,124</u>	<u>12,039</u>
<u>1,132</u>	<u>0</u>	<u>3,268</u>	<u>6,076</u>	<u>723</u>	<u>881</u>	<u>40,968</u>	<u>48,367</u>
<u>1,456</u>	<u>74</u>	<u>24,530</u>	<u>45,675</u>	<u>28,507</u>	<u>11,073</u>	<u>473,361</u>	<u>424,994</u>
<u>\$ 2,588</u>	<u>\$ 74</u>	<u>\$ 27,798</u>	<u>\$ 51,751</u>	<u>\$ 29,230</u>	<u>\$ 11,954</u>	<u>\$ 514,329</u>	<u>\$ 473,361</u>

Combining Statement of Cash Flows
Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Oklahoma Industrial Finance Authority	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority	Medical Technology and Research Authority
Cash Flows from Operating Activities						
Operating Income (Loss)	\$ 260	\$ (25,653)	\$ (13,969)	\$ 603	\$ (32,964)	\$ 212
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	110	1,626	190	253	13,802	97
Amortization (Accretion) and Other Noncash Expenses	(160)	4,008	0	0	0	0
Other	0	0	0	0	118	0
Decrease (Increase) in Assets						
Accounts Receivable	41	2,886	1,773	0	(1,194)	(129)
Interest and Investment Revenue Receivable	308	(1,974)	0	(16,055)	0	0
Interfund Receivable	2	0	0	0	4,045	0
Inventory	0	0	0	0	(32)	0
Prepaid Items	0	150	0	0	0	(2)
Long-Term Notes Receivable	0	0	0	0	0	0
Other Noncurrent Assets	0	0	(6)	0	0	0
Increase (Decrease) in Liabilities						
Accounts Payable and Accrued Liabilities	3	3,421	(450)	(49)	(5,738)	94
Claims and Judgments	0	20,388	15,441	0	0	0
Interest Payable	(79)	0	0	172	0	0
Deferred Revenue	0	(15,667)	0	0	0	0
Other Current Liabilities	5	0	0	0	0	0
Other Noncurrent Liabilities	0	0	0	0	0	0
Net Cash Provided (Used) by Operating Activities	<u>490</u>	<u>(10,815)</u>	<u>2,979</u>	<u>(15,076)</u>	<u>(21,963)</u>	<u>272</u>
Cash Flows from Noncapital Financing Activities						
Proceeds from Bonds and Notes	0	0	0	64,780	0	0
Contributed Capital from Non-State Sources	0	0	0	0	0	0
Operating Transfers:						
From Primary Government	0	0	0	0	26,577	0
To Primary Government	0	0	0	0	0	0
Principal Paid on Bonds and Notes	(2,045)	0	0	(35,261)	0	0
Other Noncapital Financing Activity	<u>0</u>	<u>0</u>	<u>0</u>	<u>(303)</u>	<u>0</u>	<u>0</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (2,045)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,216</u>	<u>\$ 26,577</u>	<u>\$ 0</u>

Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
						1996	1995
\$ 21	\$ (3)	\$ (3,149)	\$ 37,016	\$ 55,620	\$ 13,104	\$ 31,098	\$ 56,059
12	0	87	35,388	26,085	5,454	83,104	83,965
0	(2,468)	169	1,315	0	1,256	4,120	1,628
0	0	0	448	0	0	566	(3,415)
(23)	1	(131)	(334)	177	(573)	2,494	(7,182)
0	(12)	124	0	0	0	(17,609)	(14,987)
0	0	0	0	0	0	4,047	(2,469)
0	0	0	(390)	(472)	(1,170)	(2,064)	1,397
(2)	0	3	2	46	0	197	(371)
0	0	2,553	0	0	0	2,553	77,454
15	3,609	0	210	0	(176)	3,652	(38,832)
46	0	(364)	2,084	(664)	118	(1,499)	3,295
0	0	0	0	0	0	35,829	34,572
0	(15)	(558)	0	0	0	(480)	(13,153)
0	0	0	818	0	0	(14,849)	7,624
0	0	0	0	0	0	5	(50)
31	0	2,795	27	(3)	0	2,850	(12,758)
100	1,112	1,529	76,584	80,789	18,013	134,014	172,777
0	0	101,210	0	0	0	165,990	193,327
16	0	0	0	0	0	16	484
0	0	0	27,505	0	0	54,082	54,375
0	0	0	(27,505)	0	0	(27,505)	(27,898)
0	(1,078)	(96,834)	0	0	0	(135,218)	(247,777)
0	0	0	0	0	0	(303)	(259)
\$ 16	\$ (1,078)	\$ 4,376	\$ 0	\$ 0	\$ 0	\$ 57,062	\$ (27,748)

(continued)

Combining Statement of Cash Flows
Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

(continued)	Oklahoma Industrial Finance Authority	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority	Medical Technology and Research Authority
Cash Flows from Capital and Related Financing Activities						
Proceeds from Sale and Maturity of Investments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds from Bonds and Notes Payable	0	0	0	0	0	1,795
Contributions for Purchase of Fixed Assets	0	0	0	0	0	0
Payments for Acquisition of Fixed Assets	(3)	(994)	(47)	(94)	(4,081)	(1,318)
Payments for Refunding and Defeasance of Debt	0	0	0	0	0	0
Principal Paid on Bonds, Notes, and Capital Leases	0	0	0	0	(1,262)	(265)
Interest Paid on Bonds, Notes, and Capital Leases	0	0	0	0	0	0
Other Capital and Related Financing Activity	0	1	0	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3)</u>	<u>(993)</u>	<u>(47)</u>	<u>(94)</u>	<u>(5,343)</u>	<u>212</u>
Cash Flows from Investing Activities						
Interest and Investment Revenue	0	38,761	11,325	2,221	1,597	0
Proceeds from Sale and Maturity of Investments	9,027	644,844	195,632	76,319	4,260	0
Principal Received from Notes Receivable	6,046	0	0	0	0	0
Payments to Purchase Investments	(12,932)	(671,908)	(200,984)	(92,289)	0	0
Payments to Issue Notes Receivable	(619)	0	0	0	0	0
Net Cash Provided (Used) by Investing Activities	<u>1,522</u>	<u>11,697</u>	<u>5,973</u>	<u>(13,749)</u>	<u>5,857</u>	<u>0</u>
Net Increase (Decrease) in Cash/Cash Equivalents	(36)	(111)	8,905	297	5,128	484
Cash/Cash Equivalents - Beginning of Year	<u>249</u>	<u>482</u>	<u>686</u>	<u>349</u>	<u>34,394</u>	<u>42</u>
Cash/Cash Equivalents - End of Year	<u>\$ 213</u>	<u>\$ 371</u>	<u>\$ 9,591</u>	<u>\$ 646</u>	<u>\$ 39,522</u>	<u>\$ 526</u>

Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
						1996	1995
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,701
0	0	0	0	176,417	0	178,212	0
0	0	0	0	0	0	0	28
(2)	0	(45)	(49,894)	(3,159)	(7,862)	(67,499)	(60,692)
0	0	0	0	0	0	0	(95,690)
0	0	0	(10,955)	(210,658)	(3,525)	(226,665)	(34,323)
0	0	0	(40,459)	(58,294)	(21,735)	(120,488)	(122,829)
0	0	0	0	248	0	249	(776)
(2)	0	(45)	(101,308)	(95,446)	(33,122)	(236,191)	(171,581)
101	3	6,417	12,238	13,568	4,532	90,763	86,744
0	2,202	144,501	83,419	15,630	70,167	1,246,001	1,032,331
0	0	0	0	0	0	6,046	7,324
(1,210)	0	(156,346)	(67,280)	(21,100)	(56,868)	(1,280,917)	(1,103,530)
(280)	(2,219)	0	0	0	0	(3,118)	(6,657)
(1,389)	(14)	(5,428)	28,377	8,098	17,831	58,775	16,212
(1,275)	20	432	3,653	(6,559)	2,722	13,660	(10,340)
2,229	1,536	21,382	59,598	17,041	12,315	150,303	160,643
\$ 954	\$ 1,556	\$ 21,814	\$ 63,251	\$ 10,482	\$ 15,037	\$ 163,963	\$ 150,303

(continued)

Combining Statement of Cash Flows
 Component Units - Proprietary Funds
 For the Fiscal Year Ended June 30, 1996
 (expressed in thousands)

(continued)

Oklahoma Industrial Finance Authority	University Hospitals Authority
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Noncash Capital and Related Financing Activities

Real Estate and Equipment Acquired Through		
Foreclosed Notes Receivable	\$ 267	\$ 0
Donated Equipment	0	1,691
Accounts Payable Incurred for Equipment	0	495

Combining Financial Statements
- Component Unit
- Higher Education Funds

The Higher Education Component Unit is primarily comprised of colleges and universities which are members of the Oklahoma State System of Higher Education. The System includes the following colleges and universities:

COMPREHENSIVE UNIVERSITIES

University of Oklahoma
Oklahoma State University

OTHER FOUR YEAR UNIVERSITIES

University of Central Oklahoma
East Central University
Northeastern State University
Northwestern Oklahoma State University
Southeastern Oklahoma State University
Southwestern Oklahoma State University
Cameron University
Langston University
Oklahoma Panhandle State University
Rogers University
University of Science and Arts of Oklahoma

TWO YEAR COLLEGES

Carl Albert Junior College
Connors State College
Eastern Oklahoma State College
Redlands Community College
Murray State College
Northeastern Oklahoma A & M College
Northern Oklahoma College
Oklahoma City Community College
Rose State College
Seminole Junior College
Tulsa Community College
Western Oklahoma State College

Each institution which is a member of the Oklahoma State System of Higher Education is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the Governor, with the advice and consent of the Senate. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities:

Board of Regents of Oklahoma Colleges has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University.

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the System.

Ardmore Higher Education Program, Enid Higher Education Program, and McCurtain County Higher Education Program were established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the Programs earn credit applicable toward academic degrees and certificates at participating institutions in the System.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18 were created to provide postsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries. The primary source of operating funds is ad valorem taxes assessed against real property located in their districts.

Combining Balance Sheet
Component Unit - Higher Education Funds
June 30, 1996
(with comparative totals for June 30, 1995)
(expressed in thousands)

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Assets			
Cash/Cash Equivalents	\$ 195,162	\$ 35,378	\$ 3,006
Investments	74,914	18,644	813
Accounts Receivable	41,915	46,411	404
Interest and Investment Revenue Receivable	1,332	42	250
Federal Grants Receivable	0	897	0
Notes and Loans Receivable	0	0	42,791
Due from Other Funds	42,149	3,544	3,077
Due from Component Units	1,050	0	0
Due from Primary Government	5,088	0	0
Advances to Primary Government	0	0	0
Inventory	18,793	0	0
Prepaid Items	3,727	9	8
Fixed Assets, Net	0	0	0
Other Assets	848	482	0
Total Assets	\$ 384,978	\$ 105,407	\$ 50,349
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 32,763	\$ 9,179	\$ 311
Interest Payable	0	0	0
Due to Other Funds	23,442	20,845	14
Due to Component Units	590	0	0
Due to Primary Government	167	0	0
Due to Others	0	0	0
Deferred Revenue	22,329	15,314	0
Capital Leases	0	0	0
Compensated Absences	36,583	2,315	0
Notes Payable	1,057	0	0
General Obligation Bonds	0	0	0
Revenue Bonds	0	0	0
Other Liabilities	22,785	1,648	26
Total Liabilities	139,716	49,301	351
Fund Balances			
Unrestricted	245,262	0	0
Restricted	0	56,106	49,998
Unexpended Plant Funds	0	0	0
Renewals and Replacements	0	0	0
Retirement of Indebtedness	0	0	0
Investment in Fixed Assets	0	0	0
Total Fund Balances	245,262	56,106	49,998
Total Liabilities and Fund Balances	\$ 384,978	\$ 105,407	\$ 50,349

Endowment Funds	Plant Funds	Agency Funds	Total	
			1996	1995
\$ 4,674	\$ 101,130	\$ 4,898	\$ 344,248	\$ 350,549
106,696	75,415	1,215	277,697	237,970
887	2,758	358	92,733	76,849
286	1,100	0	3,010	2,460
0	0	0	897	1,985
0	0	0	42,791	42,327
1,177	877	9,113	59,937	58,599
0	0	0	1,050	754
0	0	0	5,088	10,633
0	0	0	0	210
0	0	0	18,793	18,725
0	688	0	4,432	3,716
0	1,703,823	0	1,703,823	1,535,985
12	522	0	1,864	15,174
<u>\$ 113,732</u>	<u>\$ 1,886,313</u>	<u>\$ 15,584</u>	<u>\$ 2,556,363</u>	<u>\$ 2,355,936</u>
\$ 24	\$ 15,053	\$ 52	\$ 57,382	\$ 54,429
0	3,120	0	3,120	1,772
14,496	752	388	59,937	58,599
0	0	0	590	686
0	0	0	167	454
0	0	15,144	15,144	12,656
0	217	0	37,860	66,832
0	9,873	0	9,873	10,988
0	0	0	38,898	37,004
0	483	0	1,540	930
0	7,700	0	7,700	5,150
0	160,071	0	160,071	124,813
9,194	832	0	34,485	29,562
<u>23,714</u>	<u>198,101</u>	<u>15,584</u>	<u>426,767</u>	<u>403,875</u>
0	0	0	245,262	246,673
90,018	0	0	196,122	174,980
0	84,509	0	84,509	71,854
0	2,985	0	2,985	3,557
0	23,225	0	23,225	21,863
0	1,577,493	0	1,577,493	1,433,134
<u>90,018</u>	<u>1,688,212</u>	<u>0</u>	<u>2,129,596</u>	<u>1,952,061</u>
<u>\$ 113,732</u>	<u>\$ 1,886,313</u>	<u>\$ 15,584</u>	<u>\$ 2,556,363</u>	<u>\$ 2,355,936</u>

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**STATISTICAL
SECTION**

STATISTICAL SECTION

STATISTICAL SECTION INDEX

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CASH RECEIPTS AND DISBURSEMENTS

(For all fund types combined)

by Category

For the Fiscal Years Ended June 30, 1987 through June 30, 1996

	1996	1995	1994	1993
Cash Receipts by Source:				
Taxes	\$ 4,533,832,681	\$ 4,292,825,694	\$ 4,171,399,330	\$ 4,004,262,875
Licenses, Permits, and Fees	126,746,123	125,546,800	114,190,748	113,409,593
Fines, Forfeits, and Penalties	9,712,974	12,922,896	12,713,597	11,975,799
Income from Money and Property	200,299,903	189,470,710	160,427,452	184,869,454
Grants, Refunds, and Reimbursements	2,664,011,649	2,342,091,497	2,230,459,216	2,149,710,999
Higher Education	163,733,815	150,907,027	155,495,049	132,592,295
Sales and Services	349,726,346	353,614,351	350,148,435	396,832,644
Non-Revenue Receipts	428,531,083	600,562,290	664,277,305	763,837,201
Total Collections	\$ 8,476,594,574	\$ 8,067,941,265	\$ 7,859,111,132	\$ 7,757,490,860
Disbursements by Function of Government:				
Education	\$ 3,479,049,093	\$ 3,363,972,223	\$ 3,243,011,505	\$ 3,094,920,009
General Government	258,065,326	232,779,824	217,894,423	230,095,993
Health Services	313,345,235	295,676,766	285,088,005	297,114,426
Legal and Judiciary	107,889,849	103,062,230	98,207,598	96,169,096
Museums	8,029,357	7,103,208	7,787,539	7,285,465
Natural Resources	174,284,377	165,215,892	145,877,414	131,516,482
Public Safety and Defense	428,385,545	394,732,689	376,683,833	353,878,439
Regulatory Services	99,065,119	94,526,541	93,424,312	85,222,082
Social Services	2,447,007,338	2,316,200,744	2,219,811,291	2,262,275,215
Transportation	776,979,475	680,440,719	649,409,416	634,285,372
Other Local Apportionments	39,104,818	38,215,192	38,434,483	33,679,675
Sinking Fund Payments on Bonded Debt	42,485,191	48,670,759	47,876,004	41,946,165
Total Disbursements	\$ 8,173,690,723	\$ 7,740,596,787	\$ 7,423,505,823	\$ 7,268,388,419

Prepared on a cash basis to aid in budgetary analysis.

	1992	1991	1990	1989	1988	1987
\$	3,767,112,946	\$ 3,732,786,561	\$ 3,402,334,194	\$ 3,271,621,248	\$ 3,076,626,386	\$ 2,592,351,781
	111,042,458	100,840,990	97,319,103	71,901,507	69,981,362	66,898,468
	6,980,944	6,216,510	6,357,738	4,594,677	4,194,923	3,628,559
	218,903,029	234,014,771	206,658,787	194,064,413	311,809,310	302,472,930
	2,144,771,088	1,900,189,845	1,792,878,154	1,836,159,992	1,533,990,868	1,566,600,976
	111,400,434	130,120,595	135,360,114	116,253,845	95,090,396	77,497,692
	383,543,021	390,263,499	261,543,572	257,067,619	236,706,735	209,719,082
	500,503,475	432,251,486	371,527,999	320,755,068	170,319,444	199,068,098
	<u>\$ 7,244,257,395</u>	<u>\$ 6,926,684,257</u>	<u>\$ 6,273,979,661</u>	<u>\$ 6,072,418,369</u>	<u>\$ 5,498,719,424</u>	<u>\$ 5,018,237,586</u>
\$	2,934,689,937	\$ 2,759,703,679	\$ 2,427,560,944	\$ 2,317,485,881	\$ 2,089,671,253	\$ 2,018,172,787
	222,111,235	229,921,339	212,881,881	245,470,408	215,286,547	202,267,659
	295,806,883	260,821,678	249,065,028	221,851,629	197,251,821	197,301,960
	89,485,986	78,796,103	71,645,627	64,349,921	58,278,344	54,841,235
	7,076,222	5,963,354	5,315,985	4,803,043	4,548,471	4,645,803
	126,076,211	109,614,320	102,106,584	93,364,416	87,111,726	94,813,794
	351,705,324	342,336,219	265,849,343	247,220,558	220,239,334	215,267,893
	74,985,759	83,769,888	63,973,681	62,004,860	78,806,091	79,007,020
	2,345,644,915	2,227,481,279	1,845,726,015	1,680,023,498	1,567,836,371	1,594,523,265
	641,074,879	635,104,373	645,154,749	644,184,846	623,666,821	558,520,524
	15,680,219	13,037,225	10,832,876	14,836,687	9,896,998	10,158,745
	42,543,878	21,796,136	19,186,264	18,806,600	21,272,670	23,348,846
	<u>\$ 7,146,881,448</u>	<u>\$ 6,768,345,593</u>	<u>\$ 5,919,298,977</u>	<u>\$ 5,614,402,347</u>	<u>\$ 5,173,866,447</u>	<u>\$ 5,052,869,531</u>

TAX COLLECTIONS

For the Fiscal Years Ended June 30, 1987 through June 30, 1996

Taxes	1996	1995	1994	1993
Aircraft Excise Tax	\$ 1,681,776	\$ 1,853,999	\$ 1,402,816	\$ 1,630,073
Alcoholic Beverage Excise Tax	20,845,359	20,211,389	21,133,027	20,947,382
Alternative Fuel Surcharge	182,018	133,284	198,749	170,892
Beverage Tax	22,978,605	22,461,075	22,827,056	21,810,405
Bingo Tax	12,359,983	11,816,705	10,883,377	5,026,496
Charity Games Tax	1,196,451	1,039,031	1,515,757	1,146,840
Cigarette Tax	60,527,991	58,332,155	58,251,171	60,456,532
City Use Tax - Collect/Deposit	346,360	295,570	251,529	207,169
Coin Operated Device Decal	3,814,318	3,404,098	3,972,441	4,071,043
Conservation Excise Tax	75,193	873,542	501,863	844,262
Diesel Fuel Excise Tax	76,058,267	62,902,742	56,987,746	53,640,018
Documentary Stamp Tax	6,604,360	5,961,293	6,281,264	5,032,770
Franchise Tax	36,264,543	36,721,223	32,817,309	34,341,621
Freight Car Tax	970,565	1,515,736	1,135,505	853,410
Fuels Excise Tax	1,494,378	1,460,982	1,456,769	1,379,576
Gasoline Excise Tax	263,258,712	267,138,186	268,605,663	258,493,935
Gift Tax	-	-	-	-
Gross Production Tax - Oil and Gas	315,549,773	301,524,689	367,736,133	404,905,673
Income Tax (Corporate and Individual)	1,700,792,804	1,592,915,946	1,490,180,078	1,453,295,598
Inheritance and Estate Tax	67,881,873	68,789,242	58,052,250	50,943,472
Insurance Premium Tax	108,625,507	103,957,280	105,344,076	92,916,758
Mixed Beverage Gross Receipts Tax	12,018,242	11,395,625	11,338,883	11,176,891
Occupational Health and Safety Tax	1,895,164	1,819,752	1,811,543	1,601,694
Pari-Mutuel Taxes	3,312,299	3,151,651	3,600,525	3,845,857
Pari-Mutuel Exotic Wager	-	-	3,535	66,612
Pari-Mutuel - Other Tax	66,363	129,878	161,939	160,441
Petroleum Excise Tax	4,279,030	4,072,789	5,086,869	5,409,358
Rural Electric Co-operative Tax	13,401,177	13,154,486	13,404,328	12,927,846
Sales Tax	1,135,594,213	1,076,970,533	1,033,687,832	957,681,580
Sales Tax - City	7,792,195	7,360,330	6,848,307	6,265,328
Sales Tax - County	615,674	632,306	297,025	236,598
Self-Insurance Premium Tax	-	88,739	148,189	139,114
Special Fuel Decal	558,653	594,524	650,516	665,844
Special Fuel Use Tax	92,598	136,419	222,505	473,876
Tag Agent Remittance Tax	516,519,709	490,213,416	472,071,427	428,320,724
Telephone Surcharge	997,902	951,735	930,015	878,254
Tobacco Products Tax	11,256,079	11,303,560	10,622,404	9,664,544
Tourism Gross Receipt Tax	3,077,388	2,978,677	2,638,751	2,505,566
Tribal Compact in Lieu of Tax Payments	6,172,567	4,829,309	3,790,436	1,787,138
Unclaimed Property Tax	10,116,730	5,760,279	6,901,353	7,659,463
Unclassified Tax Receipts	-	98,332	75,339	28,477
Use Tax	66,388,592	59,630,927	51,880,903	49,323,050
Vehicle Revenue Tax Stamps	44,800	41,592	41,555	38,138
Workers' Compensation Awards - Assessments	23,386,339	20,129,038	21,160,528	17,779,633
Workers' Compensation Insurance Premium Tax	7,245,625	7,042,702	6,880,624	6,550,637
Other Taxes	7,492,506	7,030,928	7,609,420	6,962,261
Total	\$ 4,533,832,681	\$ 4,292,825,694	\$ 4,171,399,330	\$ 4,004,262,849

Prepared on a cash basis to aid in budgetary analysis.

1992	1991	1990	1989	1988	1987
\$ 1,778,536	\$ 1,533,394	\$ 2,619,952	\$ 2,287,367	\$ 1,015,552	\$ 1,017,326
22,147,248	20,917,099	20,408,760	21,536,591	22,214,581	21,881,705
98,846	-	-	-	-	-
21,487,488	21,503,791	20,561,344	20,008,678	19,919,603	18,136,392
-	-	-	-	-	-
-	-	-	-	-	-
60,339,722	61,058,310	65,306,944	71,983,400	77,888,675	65,865,910
196,043	161,228	146,516	110,031	100,280	91,566
3,377,121	4,518,184	3,315,589	3,871,644	724,381	-
2,687,396	1,967,459	2,810,606	2,708,157	3,656,930	6,482,791
51,035,710	49,756,094	49,793,751	52,348,344	49,494,439	37,023,003
4,485,783	4,256,584	4,523,067	4,470,220	5,040,471	5,351,399
33,900,715	31,387,096	29,880,117	31,229,430	28,931,715	31,545,284
808,281	819,329	910,183	924,943	1,126,371	750,665
1,344,661	1,359,443	1,400,990	1,493,381	1,414,686	1,542,794
249,822,104	246,342,350	255,570,383	255,760,913	258,242,792	164,540,443
-	-	-	-	-	6,210
342,177,274	404,143,185	384,510,644	362,252,512	376,687,550	354,297,027
1,369,734,220	1,357,169,347	1,117,562,159	1,070,523,781	900,283,045	764,353,909
46,962,269	39,465,754	67,189,006	36,016,804	39,851,538	47,392,660
91,363,715	85,450,248	85,439,519	130,254,455	124,877,675	64,474,663
11,345,355	11,297,842	11,274,726	11,033,139	11,006,317	9,910,126
1,487,888	1,216,596	1,019,501	954,296	967,327	1,049,230
4,282,925	5,231,046	5,081,419	4,095,103	1,016,656	1,020,283
2,189,171	2,340,059	2,313,262	1,626,526	483,115	436,006
775,809	773,269	935,992	617,371	124,095	90,198
4,641,228	5,318,067	4,663,049	4,390,949	4,556,465	4,219,168
13,195,104	13,041,716	12,531,764	12,381,751	12,026,972	11,795,434
909,604,940	909,774,294	795,599,133	737,982,515	719,501,500	581,637,904
6,107,216	5,836,086	5,525,657	5,258,013	5,069,927	5,013,423
224,793	170,159	150,969	332,159	328,241	208,452
125,936	110,072	89,309	77,983	55,840	23,084
567,501	555,056	519,208	548,963	580,677	570,865
556,052	589,029	615,611	581,359	641,682	454,941
408,854,360	389,604,571	375,972,305	359,026,573	346,570,940	333,223,446
77,478	61,631	850,367	839,508	834,843	633,910
9,010,579	8,604,570	8,231,987	7,773,135	7,588,428	7,469,570
2,455,025	2,245,474	2,171,809	1,985,331	1,073,877	-
-	-	-	-	-	-
9,073,096	4,399,862	2,750,647	4,014,133	3,247,327	4,375,908
48,838	59,924	9,825	42,736	897,732	-
48,267,881	46,940,425	42,324,689	34,155,843	31,916,562	26,819,926
36,187	46,552	34,364	34,605	32,047	27,318
11,626,131	9,452,730	8,084,668	7,586,525	7,681,032	8,248,480
5,396,592	4,352,553	4,230,596	3,731,544	3,625,584	3,914,455
7,415,703	8,198,857	4,678,214	4,137,096	5,029,881	5,644,290
<u>\$ 3,761,112,920</u>	<u>\$ 3,762,029,335</u>	<u>\$ 3,401,608,601</u>	<u>\$ 3,270,987,807</u>	<u>\$ 3,076,327,351</u>	<u>\$ 2,591,540,164</u>

GROSS SALES TAX BY INDUSTRY

For the Fiscal Years Ended June 30, 1996

Industry	Gross Sales Tax
General Merchandise Stores	204,429,367
Food Stores	182,956,575
Eating and Drinking Establishments	109,501,187
Miscellaneous Retail Stores	91,413,484
Wholesale Trade-Durable Goods	88,547,859
Furniture, Home Furnishings, and Equipment Stores	76,478,316
Communications	70,578,984
Building Materials, Hardware, Garden Supply, and Mobile Home Dealers	62,526,810
Automotive Dealers and Gasoline Service Stations	43,240,880
Electric, Gas, and Sanitary Services	35,122,235
Apparel and Accessory Stores	33,506,002
Business Services	31,821,873
Wholesale Trade-Nondurable Goods	19,140,600
Hotels, Rooming Houses, Camps, and Other Lodging Places	17,286,194
Automotive Services	12,806,186
Amusement and Recreation Services, except Motion Pictures	8,908,926
Personal Services	7,992,330
Non-Classifiable Establishments	7,797,908
Stone, Clay, Glass, and Concrete Products	5,902,436
Motion Pictures	5,212,642
Printing, Publishing, and Allied Industries	3,294,046
Miscellaneous Repair Services	2,460,332
Machinery, except Electrical	2,436,616
Electrical and Electronic Machinery, Equipment, and Supplies	1,836,361
Membership Organizations	1,371,978
Construction-Special Trade Contractors	1,341,066
Fabricated Metal Products, except Machinery and Transportation Equipment	1,315,695
Oil and Gas Extraction	1,179,546
Educational Services	1,070,427
Local and Suburban Transit and Interurban Highway Passenger Transportation	972,788
Measuring, Analyzing, and Controlling Instruments	708,998
Lumber and Wood Products, except Furniture	647,129
Chemicals and Allied Products	632,657
Miscellaneous Manufacturing Industries	613,751
Food and Kindred Products	562,417
Transportation Equipment	551,988
Petroleum Refining and Related Industries	497,307
Agricultural Services	424,764
Health Services	392,338
Other Taxes	<u>2,797,259</u>
Total	<u><u>\$ 1,140,278,257</u></u>

Source: Oklahoma Tax Commission

BANK DEPOSITS

for the Years 1986 through 1995

<u>Year</u>	<u># of Banks</u>	<u>\$ Amount of Deposits</u>
1995	342	28,685,284,000
1994	350	27,404,941,000
1993	371	26,881,754,000
1992	394	27,313,414,000
1991	411	24,740,365,000
1990	419	23,689,810,000
1989	428	22,983,403,000
1988	458	22,755,315,000
1987	485	23,539,958,000
1986	510	25,170,602,000

Source: Federal Reserve Bank of Kansas City

ASSESSED VALUATIONS

For the Years 1987 through 1996

	1996	1995	1994	1993
Real Estate and Improvements	\$ 8,328,449,049	\$ 8,395,607,977	\$ 8,037,465,631	\$ 7,843,783,897
Personal Property Subject to Tax	2,086,267,080	2,057,628,937	2,028,445,909	2,014,749,962
Total Locally Assessed	10,414,716,129	10,453,236,914	10,065,911,540	9,858,533,859
Homestead Exemptions Allowed	691,944,964	689,302,818	685,897,647	682,717,943
Net Assessed Locally	9,722,771,165	9,763,934,096	9,380,013,893	9,175,815,916
Public Service Assessment	2,063,227,985	2,023,137,118	1,980,070,550	1,868,033,971
Net Assessed Valuation	<u>\$ 11,785,999,150</u>	<u>\$ 11,787,071,214</u>	<u>\$ 11,360,084,443</u>	<u>\$ 11,043,849,887</u>

Locally assessed property has been assessed at varying rates. This property is valued, assessed, and taxed locally. Public Service property is valued and assessed at a central state level, and taxed and collected at the local level. The rate of assessment varies by type of property.

Source: Oklahoma Tax Commission

NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT

Annual Averages of Employees
For the Years 1986 through 1995

INDUSTRY GROUP	1995	1994	1993	1992
Wholesale and Retail Trade	312,000	300,900	289,600	286,200
Services	343,900	317,300	305,900	293,100
Manufacturing	169,800	171,100	168,600	163,800
Local Government	149,800	148,100	146,100	142,300
State Government	76,400	76,600	76,400	78,000
Transportation and Public Utilities	73,400	72,900	72,400	70,600
Finance, Insurance, and Real Estate	65,400	64,100	62,200	60,700
Federal Government	43,500	45,300	47,300	49,800
Mining	32,100	35,000	35,700	37,500
Construction	47,900	47,400	42,800	39,800
Totals	<u>1,314,200</u>	<u>1,278,700</u>	<u>1,247,000</u>	<u>1,221,800</u>

Source: Oklahoma Employment Security Commission - Research and Planning Division

1992	1991	1990	1989	1988	1987
\$ 7,742,345,977	\$ 7,680,130,611	\$ 7,690,654,189	\$ 7,816,492,107	\$ 7,623,203,694	\$ 7,618,401,728
<u>1,991,659,840</u>	<u>1,921,683,561</u>	<u>1,812,267,835</u>	<u>1,787,889,265</u>	<u>1,716,774,988</u>	<u>1,791,565,856</u>
9,734,005,817	9,601,814,172	9,502,922,024	9,604,381,372	9,339,978,682	9,409,967,584
<u>681,931,910</u>	<u>710,235,908</u>	<u>715,210,089</u>	<u>719,857,032</u>	<u>717,189,569</u>	<u>721,778,553</u>
9,052,073,907	8,891,578,264	8,787,711,935	8,884,524,340	8,622,789,113	8,688,189,031
<u>1,835,701,692</u>	<u>1,905,964,059</u>	<u>1,904,133,857</u>	<u>1,904,198,506</u>	<u>1,908,965,655</u>	<u>1,894,166,293</u>
<u>\$ 10,887,775,599</u>	<u>\$ 10,797,542,323</u>	<u>\$ 10,691,845,792</u>	<u>\$ 10,788,722,846</u>	<u>\$ 10,531,754,768</u>	<u>\$ 10,582,355,324</u>

1991	1990	1989	1988	1987	1986
285,300	280,500	276,100	273,300	270,400	276,200
279,800	272,900	263,600	246,700	232,600	224,700
168,900	168,800	164,400	161,400	156,800	160,300
135,900	132,800	132,700	128,100	124,700	124,600
76,900	75,600	72,600	69,200	67,800	68,800
70,400	68,700	65,600	63,700	63,200	64,200
60,900	60,300	58,800	58,700	59,800	62,400
49,600	50,800	51,900	51,200	52,900	53,400
41,900	43,300	42,200	44,600	46,000	51,800
<u>38,800</u>	<u>39,600</u>	<u>36,100</u>	<u>35,200</u>	<u>34,500</u>	<u>38,000</u>
<u>1,208,400</u>	<u>1,193,300</u>	<u>1,164,000</u>	<u>1,132,100</u>	<u>1,108,700</u>	<u>1,124,400</u>

STATE COLLEGES AND UNIVERSITIES - PUBLIC

<u>Four Year Universities (Location)</u>	<u>Student Enrollment 1996</u>
University of Oklahoma (Norman Campus, Health Sciences Center, Law Center, and Geological Survey)	30,335
Oklahoma State University (Stillwater Campus, School of Technical Training at Okmulgee, the College of Veterinary Medicine, the Oklahoma City Technical Institute, the Agricultural Experiment Station, the Agricultural Extension Division, and Oklahoma College of Osteopathic Medicine and Surgery)	32,193
University of Central Oklahoma (Edmond)	20,467
East Central University (Ada)	5,803
Northeastern State University (Tahlequah)	10,786
Northwestern Oklahoma State University (Alva)	2,395
Southeastern Oklahoma State University (Durant)	5,015
Southwestern Oklahoma State University (Weatherford and Sayre)	6,697
Cameron University (Lawton)	8,247
Langston University (Langston)	4,457
Oklahoma Panhandle State University (Goodwell)	1,660
Rogers University (Claremore and Tulsa)	4,524
University of Science and Arts of Oklahoma (Chickasha)	<u>2,080</u>
Total - Four Year Universities	<u><u>134,659</u></u>
 <u>Two Year Junior Colleges (Location)</u>	
Carl Albert State College (Poteau)	2,339
Connors State College (Warner)	3,243
Eastern Oklahoma State College (Wilburton)	2,819
Redlands Community College (El Reno)	2,836
Murray State College (Tishomingo)	2,385
Northeastern Oklahoma A&M College (Miami)	3,088
Northern Oklahoma College (Tonkawa)	3,337
Oklahoma City Community College (Oklahoma City)	14,707
Rose State College (Midwest City)	12,953
Seminole Junior College (Seminole)	2,230
Tulsa Community College (Tulsa)	29,269
Western Oklahoma State College (Altus)	<u>2,535</u>
Total - Two Year Junior Colleges	<u><u>81,741</u></u>

Source: State Regents for Higher Education

STATE COLLEGES AND UNIVERSITIES - PRIVATE

<u>Higher Education Institutions (Location)</u>	<u>Student Enrollment 1996</u>
Bacone College (Muskogee)	575
Bartlesville Wesleyan College (Bartlesville)	726
Hillsdale Freewill Baptist College (Moore)	193
Mid-America Bible College (Oklahoma City)	441
National Education Center: Spartan School of Aeronautics (Tulsa)	1,500
Oklahoma Baptist University (Shawnee)	2,592
Oklahoma Christian University of Science and Arts (Oklahoma City)	1,382
Oklahoma City University (Oklahoma City)	5,775
Oral Roberts University (Tulsa)	3,700
Phillips University (Enid)	700
St. Gregory's College (Shawnee)	335
Southern Nazarene University (Bethany)	2,252
Southwestern College of Christian Ministries (Bethany)	160
University of Tulsa (Tulsa)	<u>5,070</u>
Totals	<u><u>25,401</u></u>

Source: State Regents for Higher Education

SCHOOL ENROLLMENTS

For the Years 1987 through 1996

<u>Public School Enrollments:</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Early Childhood	5,069	4,911	5,304	4,765
Kindergarten	52,150	49,839	47,698	48,041
Elementary School	273,429	274,994	278,076	282,749
Junior High School	130,208	127,750	124,610	118,516
Senior High School	167,359	161,933	157,291	150,405
Non-High School Districts (Grades 1-8)	17,883	17,473	17,538	17,259
Special Education (Ungraded)	3,279	3,224	2,808	2,817
Total	<u>649,377</u>	<u>640,124</u>	<u>633,325</u>	<u>624,552</u>
 <u>Higher Education:</u>				
Public Institutions	216,400	223,279	224,829	238,244
Private Institutions	25,401	24,627	25,839	25,433
Total	<u>241,801</u>	<u>247,906</u>	<u>250,668</u>	<u>263,677</u>
 <u>Vocational-Technical Education:</u>				
Secondary	121,754	120,481	107,894	102,852
Adult	240,861	222,384	191,261	191,137
Total	<u>362,615</u>	<u>342,865</u>	<u>299,155</u>	<u>293,989</u>

Sources: Department of Education, Regents for Higher Education, and Department of Vocational and Technical Education

ECONOMIC AND DEMOGRAPHIC ESTIMATES

For the Years 1986 through 1995

	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
Population	3,277,700	3,258,100	3,232,900	3,206,200
Labor Force	1,546,900	1,541,000	1,525,010	1,518,000
Total Employment	1,474,220	1,451,000	1,433,000	1,432,000
Oklahoma Unemployment Rate	4.70%	5.80%	6.00%	5.70%
U.S. Unemployment Rate	5.60%	6.10%	6.80%	7.40%
Oklahoma Per Capita Income	\$18,580	\$17,880	\$17,360	\$16,837
Oklahoma Per Capita Income Expressed As a Percentage of the U.S. Average	80.06%	81.10%	81.79%	81.81%

Sources: Oklahoma Employment Security Commission - Research and Planning Division and Office of State Finance - Economic and Fiscal Policy Research Division

1992	1991	1990	1989	1988	1987
4,034	3,075	-	-	-	-
48,469	49,121	49,727	50,920	52,037	51,672
278,772	277,626	271,554	262,553	259,075	257,670
119,495	117,259	113,604	108,369	107,227	117,200
142,837	144,459	147,282	151,096	157,539	158,543
17,575	17,347	18,167	18,455	18,170	18,455
2,246	2,647	3,942	14,378	13,690	14,075
<u>613,428</u>	<u>611,534</u>	<u>604,276</u>	<u>605,771</u>	<u>607,738</u>	<u>617,615</u>
228,718	218,601	216,290	220,719	218,389	217,163
27,336	28,836	23,894	24,569	25,506	23,335
<u>256,054</u>	<u>247,437</u>	<u>240,184</u>	<u>245,288</u>	<u>243,895</u>	<u>240,498</u>
96,275	91,039	82,656	84,705	83,022	79,692
218,072	300,533	296,633	266,722	249,997	221,552
<u>314,347</u>	<u>391,572</u>	<u>379,289</u>	<u>351,427</u>	<u>333,019</u>	<u>301,244</u>

1991	1990	1989	1988	1987	1986
3,167,700	3,145,585	3,150,300	3,167,100	3,210,100	3,252,700
1,499,000	1,512,000	1,523,000	1,524,000	1,563,000	1,605,000
1,399,000	1,428,000	1,438,000	1,422,000	1,448,000	1,473,000
6.70%	5.60%	5.60%	6.70%	7.40%	8.20%
6.70%	5.50%	5.30%	5.50%	6.20%	7.00%
\$16,064	\$15,584	\$14,187	\$13,310	\$12,507	\$12,338
81.81%	81.41%	80.20%	80.13%	79.98%	82.77%

MAJOR EMPLOYERS BY SIZE

Non-Government (Listed Alphabetically)

1996

5,001 OR MORE EMPLOYEES

AMR, Corp.	Integris Health
C.R. Anthony Co.	Phillips Petroleum Co.
W. H. Braum, Inc.	Wal-Mart Stores, Inc.

3,001 TO 5,000 EMPLOYEES

AT&T Network Systems	Oklahoma Gas & Electric Co.
CITGO Petroleum Corp. (Cities Service)	St. John Medical Center, Inc.
Conoco, Inc.	Southwestern Bell Telephone Co.
Dillard Department Stores	SWO Holding Co. - Homeland Stores
General Motors Corporation	The Williams Companies, Inc.
McDonald's Restaurants of Okla., Inc.	

1,001 TO 3,000 EMPLOYEES

Albertson's	Montgomery Ward & Co., Inc.
American Fidelity Group	Musket Corporation (Love's Country Store)
Amity Care Corporation	Muskogee Regional Medical
Amoco Corporation	Nordam
Avis Rent-A-Car System, Inc.	Norman Regional Hospital
BOK Financial Group	Northrop Grumman Corporation
Brinker International, Inc.	OneOK, Inc.
Central and South West	Parker Drilling Company
Charles Machine Works (Ditch Witch Int.)	J. C. Penney Co., Inc.
Cherokee Nation of Oklahoma	Columbia Presbyterian Hospital
Dayton Tire, Div. of Bridgestone	Prudential Insurance of America
Deaconess Hospital	QuikTrip Corporation
First Data Resources, Inc.	Remington Park, Inc.
Flint Industries, Inc.	Rockwell International Corporation
Fort Howard Paper Company	St. Anthony Hospital
Goodyear Tire and Rubber Company	Saint Francis Hospital
Halliburton Services	Seagate Technology
The Hertz Corporation	Sears, Roebuck and Co.
Hillcrest Health Center, Inc.	State Farm Mutual Automobile Insurance
Hillcrest Medical Center	Target Stores
Hilti, Inc.	Tulsa Regional Medical Center
Horner Foods, Inc.	Tyson Foods Inc.
K-Mart Corporation	The Uniroyal Goodrich Tire Co.
Kerr-McGee Corporation	Unit Parts Co.
L.S.B. Industries, Inc.	United Parcel Service of America, Inc.
Liberty National Bancorp.	United Supermarkets of Oklahoma, Inc.
Mazzio's Corporation, Inc.	Warren Petroleum Company
Mercuriser	Warehouse Market
Mercy Health Center	Wrangler, Inc.
Midwest City Regional Hospital	

500 TO 1000 EMPLOYEES

(Oklahoma-based Employers Only)

American Nursery Products, Inc.

CMI Corporation

Crest Discount Foods, Inc.

Dolese Bros. Co.

Eateries, Inc.

Farm Fresh Inc.

Fleming Companies, Inc.

Fred Jones Manufacturing Co.

Candid Color Systems/Glamour Shots

Jane Phillips Episcopal Hospital

Lowrance Electronics, Inc.

Macklanburg-Duncan

Mapco, Inc.

Oklahoma Baptist University

Oklahoma City University

Oklahoma Fixture Company

Oklahoma Nursing Homes Ltd.

The Oklahoma Publishing Company

Oral Roberts University

St. Mary's Hospital

Sonic Industries, Inc.

Thrifty Rent-A-Car System, Inc.

United Design Corporation

Valley View Regional Hospital

World Publishing Company

Source: Department of Commerce

NET GENERAL OBLIGATION BONDS AND NOTES PER CAPITA

For the Years 1991 through 1996

(amounts expressed in thousands with the exception of General Bonded Debt Per Capita)

Fiscal Year Ended June 30	Population	Total General Bonded Debt (1)	Debt Payable From Proprietary Component Units	Debt Payable From Higher Education Component Units	Net General Bonded Debt	General Bonded Debt Per Capita
1996	est. 3,298	\$ 395,420	\$ 53,040	\$ 7,700	\$ 334,680	\$ 101.48
1995	3,278	404,715	55,085	5,150	344,480	105.09
1994	3,258	428,925	67,320	6,475	355,130	109.00
1993	3,233	340,745	81,030	-	259,715	80.33
1992	3,206	95,665	81,115	-	14,550	4.54
1991	3,168	96,345	72,660	-	23,685	7.48

(1) General Bonded Debt is the bonded debt expected to be repaid through general governmental resources.

Notes:

Comparable data for the fiscal years June 30, 1987 through June 30, 1990 is not available.

Assessed value data is not presented in this table because the State of Oklahoma does not receive property tax revenue.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

For the Years 1991 through 1996

(amounts expressed in thousands)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1996	\$ 9,800	\$ 16,930	\$ 26,730	\$ 6,688,130	0.40%
1995	10,580	17,480	28,060	6,338,769	0.44%
1994	4,670	9,638	14,308	5,675,628	0.25%
1993	4,510	613	5,123	5,171,373	0.10%
1992	7,400	1,359	8,759	5,112,494	0.17%
1991	11,250	1,282	12,532	4,636,483	0.27%

General Governmental Expenditures include the General and Capital Projects Funds.

Comparable data for the fiscal years June 30, 1987 through June 30, 1990 is not available.

REVENUE BOND COVERAGE ENTERPRISE FUND AND PROPRIETARY COMPONENT UNITS

(amounts expressed in thousands)

		Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Requirements	Debt Service Coverage
Enterprise Fund:						
Oklahoma Water Resources Board						
	For the fiscal year ended June 30, 1996	\$ 10,091	\$ 746	\$ 9,345	\$ 11,218	0.83
	1995	12,577	835	11,742	60,160	0.20
	1994	11,471	1,423	10,048	12,075	0.83
	1993	9,483	493	8,990	9,981	0.90
	1992	9,306	697	8,609	12,227	0.70
	1991	10,176	573	9,603	16,790	0.57
Proprietary Component Units:						
Oklahoma Student Loan Authority						
	For the fiscal year ended June 30, 1996	\$ 12,874	\$ 2,048	\$ 10,826	\$ 5,897	1.84
	1995	10,324	2,134	8,190	6,324	1.30
	1994	8,532	2,358	6,174	3,727	1.66
	1993	8,827	2,083	6,744	20,453	0.33
	1992	11,213	2,359	8,854	13,347	0.66
	1991	12,492	2,063	10,429	5,171	2.02
Oklahoma Environmental Finance Authority						
	For the fiscal year ended June 30, 1996	\$ 2,732	\$ 12	\$ 2,720	\$ 3,713	0.73
	1995	2,800	13	2,787	3,514	0.79
	1994	2,868	12	2,856	3,782	0.76
	1993	3,220	38	3,182	7,343	0.43
	1992	3,236	13	3,223	4,580	0.70
Oklahoma Housing Finance Agency						
	For the fiscal year ended September 30, 1995	\$ 52,149	\$ 7,846	\$ 44,303	\$ 45,074	0.98
	1994	53,810	8,342	45,468	53,105	0.86
	1993	67,008	10,171	56,837	71,806	0.79
Oklahoma Turnpike Authority						
	For the fiscal year ended December 31, 1995	\$ 117,136	\$ 33,626	\$ 83,510	\$ 50,527	1.65
	1994	109,691	33,117	76,574	44,510	1.72
	1993	96,828	31,477	65,351	37,346	1.75
	1992	83,214	29,192	54,022	17,899	3.02
	1991	74,778	26,219	48,559	16,522	2.94
	1990	61,834	19,828	42,006	15,393	2.73
Grand River Dam Authority						
	For the fiscal year ended December 31, 1995	\$ 225,219	\$ 83,616	\$ 141,603	\$ 92,223	1.54
	1994	180,751	84,315	96,436	90,266	1.07
	1993	175,242	76,799	98,443	101,726	0.97
	1992	161,046	72,542	88,504	95,436	0.93
	1991	159,599	82,935	76,664	95,562	0.80
	1990	158,403	75,114	83,289	82,761	1.01
Oklahoma Municipal Power Authority						
	For the fiscal year ended December 31, 1995	\$ 72,988	\$ 40,612	\$ 32,376	\$ 22,983	1.41
	1994	74,931	43,872	31,059	22,203	1.40
	1993	70,922	44,392	26,530	18,397	1.44
	1992	68,194	42,497	25,697	17,861	1.44
	1991	71,217	45,104	26,113	18,223	1.43
	1990	72,700	46,746	25,954	17,313	1.50

(1) Gross revenues including interest and investment income

(2) Operating expenses, exclusive of depreciation and operating interest (where applicable)

Comparable data for the fiscal years June 30, 1987 through June 30, 1990 is not available.

Upon implementation of GASB Statement 14, the Oklahoma Housing Finance Agency was included within the State's reporting entity. Comparable data prior to their inclusion is not available.

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GENERAL INFORMATION

OKLAHOMA means "Land of the Red People" in the Choctaw language.

Admitted to Union (46th State)	1907
Capitol	Oklahoma City
1995 Population	3,277,700
Population per square mile	46.9
Counties	77

State Symbols

Nickname	Sooner State
Motto	Labor Omnia Vincit (Labor Conquers All Things)
Colors	Green and White
Flower	Mistletoe
Tree	Redbud
Bird	Scissor-tailed Flycatcher
Animal	American Buffalo
Fish	White Bass (Sand Bass)
Butterfly	Black Swallowtail
Reptile	Mountain Boomer (Collared Lizard)
Rock	Rose Rock

Total Area	69,957 square miles
Land Area	68,656 square miles
Water Area	1,301 square miles

Recreation

Number of State Parks	53
Number of State Trails	47
Number of Lakes	48