

# **OKLAHOMA**

# **2002**

**Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2002**

Frank Keating  
Governor

Prepared by

Office of State Finance

Tom Daxon, Director  
Brenda Bolander, State Comptroller

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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.

This publication is issued under authority of the Office of State Finance. Pursuant to 74 O.S. 1992, Section 3105, 1100 copies have been prepared and distributed at a cost of \$13,550.00.

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Requests for additional copies, comments or questions may be directed to Shawn Ashley, Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105.

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# **INTRODUCTORY SECTION**

# **INTRODUCTORY SECTION**



STATE OF OKLAHOMA  
OFFICE OF STATE FINANCE

December 31, 2002

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, 2002. This report, presented in three sections: Introductory, Financial, and Statistical, is the primary means of reporting the State government's financial activities. The CAFR has been prepared in conformance with Governmental Accounting Standards Board (GASB) statements 34 and 35, and other relevant GASB statements. The State elected early implementation of these new standards in the CAFR for June 30, 2001 and this report reflects the second year of implementation. The objective of the new reporting model is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

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 Management's Discussion and Analysis, Government Wide Financial Statements, Fund Financial Statements for Governmental Funds, Proprietary Funds, Fiduciary Funds and Similar Component Units, and for Major Component Units. The Financial Section also includes the Notes to the Financial Statements, Required Supplementary Information and Other Supplementary Information. The Statistical Section contains selected financial and demographic information.

## **PROFILE OF THE GOVERNMENT**

Management of the State, through the Office of State Finance (OSF), 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 govern all funds and accounts 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, agencies, boards, commissions, and authorities. In accordance with Governmental Accounting Standards Board Statement 14, the State financial reporting entity includes twenty-two component units. There are eight major component units, eight nonmajor component units, and six fiduciary component units. The major and nonmajor component units are discretely presented in the financial statements. The fiduciary component units are presented on the fiduciary fund and similar component units financial statements along with the other fiduciary activities of the state. The fiduciary activities are not included in the government-wide financial statements because the resources of these funds are not available to support the State's own programs.

State finances are governed by rules designed to ensure sound, conservative management. The legislature cannot appropriate more than 95% of the general revenue expected to be collected in the coming year. An independent board not subject to legislative control establishes the revenue estimate. 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. When revenue receipts are less than estimated, the Director of Finance is mandated by the constitution to declare a revenue shortfall and reduce appropriations to an amount that is estimated to be covered by current year tax collections.

The State's financial statements have been audited by the Office of the State Auditor and Inspector. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2002, are free of material misstatement. The audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the State of Oklahoma's financial statements for the fiscal year ended June 30, 2002 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

### **Internal Controls**

Management of the State of Oklahoma is responsible for the establishment and maintenance of internal accounting controls that have been designed to ensure assets are safeguarded and 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 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 formal recommendations in his "Executive Budget" which is presented to the legislature on the first day of the legislative session. During the legislative session, legislative committees review agency needs and appropriations made for state agency operations during the ensuing fiscal year. Prior to encumbering or spending money in the fiscal year, each agency submits a Budget Work Program to OSF. In this document the agency outlines, by object of expenditure, fund source, and program category, how they plan to spend the various resources available to them.

Oklahoma's Constitution restricts total appropriations to 95% of estimated general revenues. The Board of Equalization is responsible for approving the official itemized estimate of revenues, based upon information provided by OSF and the Oklahoma Tax Commission. The Board is comprised 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 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 an 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. On September 24, 2002 the Oklahoma Supreme Court found the existing Commission to be unconstitutional. The legislation setting up this oversight commission included a provision for a new Council on Bond Oversight to be created in the event that the previous commission was found to be unconstitutional. The new Council of Bond Oversight assumed all of the duties and responsibilities of the oversight commission. This council now reviews and approves all debt issued by the State, its agencies and public trusts, and performs an assessment of all capital leases.

### **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 directly benefiting from the goods or services. Some of the activities included in the State's proprietary operations are power generating plants, turnpikes, medical services, and insurance and financing services for both public and private entities.

### **Cash Management**

State law requires full collateralization of all State Treasurer bank balances. Generally, the Treasurer promulgates 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 State Treasurer. The State Treasurer is required to keep at least 80% of available cash invested.

### **Capital Assets**

These financial statements include the capital assets of the State. A discussion of capital assets accounting is included in the Management Discussion and Analysis that is part of the basic financial statements. More detailed information about capital assets can be found in the notes to the financial statements.

### **Debt Administration**

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 "Aa3" 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, 2002, the outstanding general obligation net debt of the State of Oklahoma was \$280.5 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, and these obligations are supported solely by the revenues of the issuing entities. Those revenues may include appropriations to the respective entities. More detailed information about long-term obligations can be found in the notes to the financial statements.

### **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.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Oklahoma is an attractive place in which to live and conduct business. The state enjoys a very low cost of doing business, has a highly skilled work force and is geographically well positioned for interstate commercial activity. For example, Oklahoma lies at the crossroads of U.S. Interstates 35, 40 and 44, three of the nation's most important transportation and shipping corridors, allowing state businesses to take advantage of opportunities anywhere in the United States. Our pioneering Career and Technology Education system is a national leader in developing training programs for industry. Oklahoma remains committed to improving the quality of its education system.

Oklahoma is also known for its abundant resources. The state remains a leading producer of oil and natural gas, allowing Oklahoma manufacturers to take advantage of some of the lowest energy prices in the nation. Oklahoma is a leading producer of agricultural products, ranking in the top ten in production of wheat, peanuts, grain sorghum, pecans, rye, hogs and cattle. Oklahomans also enjoy many opportunities for outdoor recreation and due to its many man-made reservoirs, Oklahoma has more miles of shoreline than any state.

Oklahoma's per capita income for 2001 was \$25,071, 39th among the states, and 82.3% of the national average. This is up 4.3% from 2001, versus average gains nationally of 2.4%.

Oklahoma continues to enjoy a low unemployment rate. November 2002 rate reflects a favorable 4.2% rate in Oklahoma versus a 5.3% rate nationally. With a population of approximately 3.4 million people, Oklahoma is the 27th most populous state.

On December 19, 2001, the Office of State Finance announced a revenue shortfall. The Oklahoma Constitution mandates that if collections of certified funds are insufficient to cover the appropriation from that fund appropriations are to be reduced prorata. Final General Revenue Fund collections for the fiscal year ended June 30, 2002 were \$412 million or 8.6% below the estimate used by the Board of Equalization and 6% below collections for the fiscal year ended June 30, 2001. Due to the 95% cap on appropriations, the fiscal year 2002 budgets cuts from the general revenue fund were \$174 million or 3.8%.

During the 2002 legislative session, the amount available for appropriation was \$350 million or 6.2% less than the amount available for appropriation the previous year. Across the board cuts of 5% were implemented for most agencies, although certain programs such as education, Medicaid, social services and mental health were exempted or received lower cuts. The legislature also appropriated \$268 million from the Constitutional Reserve Fund and enacted revenue enhancements of \$55 million.

The current fiscal year 2003 has continued to show declines in revenue. The shortfall in revenue has caused a reduction in fiscal year 2003 appropriations of 6.5%. The Office of State Finance continues to monitor revenue and is prepared to respond as the State Constitution requires. As of November 2002, the most recent month for which collection data is available, fiscal year to date collections were \$224.0 million or 11.9% below the Equalization Board estimate. Of the major tax sources, only collections of the gross production tax on natural gas have exceeded the estimate. Income tax, sales tax and motor vehicle tax collections are below estimates for the current fiscal year.

The State Board of Equalization has made a finding that will invoke a trigger mechanism increasing the maximum individual income tax rate to 7% and revoking expansion of a low income sales tax credit. During calendar year 2001, the maximum rate was 6.75% and was slated to become 6.65% on January 1, 2002. At its December 2002 meeting, the Equalization Board estimated that General Revenue Fund collections for the year ending June 30, 2004 will not exceed its revenue estimate for the year ending June 30, 2003. This finding requires that the maximum income tax rate remain 7%.

Like most other states, Oklahoma is facing challenges due to declining revenue. In spite of these challenges, the State's financial condition is healthy. The state's general obligation debt load remains modest and the State's "Rainy Day Fund" has provided room to address unforeseen emergencies.

## **CURRENT DEVELOPMENTS AND MAJOR INITIATIVES**

Despite our many achievements, we can do better and accomplish more. We enjoy many advantages that should enable Oklahomans to enjoy a higher standard of living. With particular emphasis on improving per capita personal income, our sights are set on implementing policies that will allow Oklahomans to realize their 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.

Legislators tackled a variety of issues during the 2002 legislative session, passing a number of key bills which were signed by the Governor. A key factor in the 2002 legislative session was dealing with continuing to provide services with decreased revenue.

The State Portal established in 2001, continues to provide the citizens of Oklahoma an opportunity to do business with the State thru eGovernment internet portal. The initial launch of the State Portal on October 15, 2001 has been followed with a number of agencies offering licenses renewals and other services on line. NIC (National Information Consortium), as the State's partner, continues to build and manage a comprehensive eGovernment internet portal. On October 15, 2001, the official website for the state was officially launched. The website gives access to frequently requested information and services offered by agencies. Interested persons may visit the state website *YourOklahoma* at [www.youroklahoma.com](http://www.youroklahoma.com).

Meanwhile, more than 70% of Oklahoma's public schools are now connected to the state's OneNet system. This state-of-the-art telecommunications network allows multi-dimensional instruction to occur throughout the state. This not only

dramatically increases the instructional resources available to teachers, but allows schools, even those in rural areas, to offer a rich, varied curriculum. Through OneNet, a single teacher may interact with students at various distant locations. Each of these students may not only see and talk to the teacher, but see and talk with students at the other locations as well.

The impact of these fiscally conservative rules, however, has been to some extent offset by the practice of granting pension benefits and incurring other liabilities without providing the long range funding required to assure that the State will be able to pay those amounts when they become due.

The Teachers' Retirement System (TRS) has continued to accrue liabilities in excess of its asset growth. Due to the decline on the stock market during the fiscal year 2002 TRS investments decreased 6.5%. In the previous five years, investment returns have averaged over 7.0%. The unfunded liabilities of the system have grown and now exceed \$6 billion. The current fiscal year increase can be traced almost entirely to adoption of a 1% cost of living increase assumption. Without significant changes in TRS's benefit plan or significant changes in funding, the system will experience difficulties in meeting long-term obligations at some point in time.

In spite of these challenges, the State's financial condition is healthy. The state's general obligation debt load remains modest and the State's "Rainy Day Fund" provided room to address unforeseen emergencies.

Highlights of the fiscal year 2002 and fiscal year 2003 budgets include (expressed in millions):

	Amount Appropriated		Percentage of Total Appropriations		Increase (Decrease) from Prior Year		Percentage Increase (Decrease)	
	2002	2003	2002	2003	2002	2003	2002	2003
Department of Education	\$ 1,955	\$ 1,882	36%	36%	\$ (16)	\$ (73)	(1%)	(4%)
Regents for Higher Education	822	802	15%	15%	6	(20)	1%	(2%)
Department of Career & Technical Education	127	123	2%	2%	2	(4)	2%	(3%)
Other education	30	22	1%	0%	7	(8)	30%	(27%)
<b>Total Education</b>	<b>2,934</b>	<b>2,829</b>	<b>54%</b>	<b>53%</b>	<b>(1)</b>	<b>(105)</b>	<b>0%</b>	<b>(4%)</b>
Department of Human Services	401	389	7%	7%	15	(12)	4%	(3%)
Health Care Authority	405	419	7%	8%	42	14	12%	3%
Office of Juvenile Affairs	103	96	2%	2%	3	(7)	3%	(7%)
University Hospitals Authority	44	39	1%	1%	12	(5)	38%	(11%)
Dept. of Rehabilitation Services	25	24	0%	0%	1	(1)	4%	(4%)
<b>Total Human Services</b>	<b>978</b>	<b>967</b>	<b>18%</b>	<b>18%</b>	<b>73</b>	<b>(11)</b>	<b>8%</b>	<b>(1%)</b>
Department of Corrections	373	367	7%	7%	9	(6)	2%	(2%)
Department of Transportation	298	245	5%	5%	(13)	(53)	(4%)	(18%)
Department of Mental Health	144	141	3%	3%	6	(3)	4%	(2%)
Department of Health	69	60	1%	1%	-	(9)	0%	(13%)
Department of Public Safety	72	65	1%	1%	2	(7)	3%	(10%)
Other	635	575	11%	11%	96	(60)	18%	(9%)
<b>Total</b>	<b>\$ 5,503</b>	<b>\$ 5,249</b>	<b>100%</b>	<b>100%</b>	<b>\$ 172</b>	<b>\$ (254)</b>	<b>3%</b>	<b>(5%)</b>

FY02 appropriated amounts have been changed to include budget reductions. FY03 appropriated amounts also include budget reductions.

Governor Keating's 2002 legislative agenda again reflected the nine long-range goals he originally expressed in his February 1999, state-of-the-state message. Those goals include:

- \* Increasing Oklahoma's per capita personal income to that of the national average by 2025;
- \* Reducing the size and cost of government;
- \* Raising Oklahoma students' ACT scores to above the national average by 2005;
- \* Encouraging one-third of all Oklahomans to earn a college degree by 2010;
- \* Cutting the divorce rate by one-third by 2010;
- \* Reducing out of wedlock births by one-third by 2010;
- \* Cutting child abuse and neglect by one-half by 2010;
- \* Reducing drug abuse by one-half by 2010;
- \* Building and improving Oklahoma's infrastructure.

In November 2002, Oklahoma voters elected State Senator Brad Henry to succeed Governor Keating. He is scheduled to take office on January 13, 2003.

## FINANCIAL INFORMATION

### 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, 2002, while previous tables have presented budgetary data for this and later periods. Transfers are primarily from the General Fund to support public institutions of higher education.

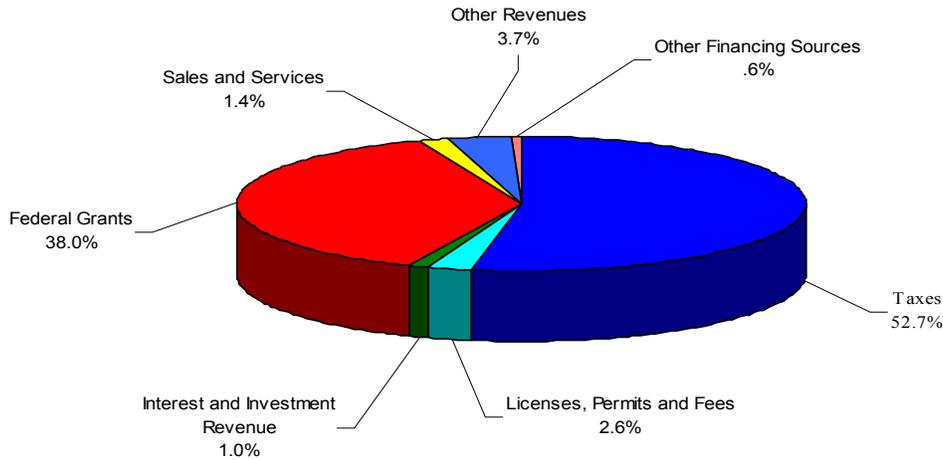
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis  
(expressed in millions)

	2002 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	\$ 5,082	52.7%	\$ (345)	(6.4%)
Licenses, permits and fees	244	2.6%	24	10.9%
Interest and investment revenue	97	1.0%	(148)	(60.4%)
Federal grants	3,666	38.0%	400	12.2%
Sales and services	136	1.4%	1	0.7%
Other revenues	358	3.7%	73	25.6%
Other financing sources:				
Operating transfers	4	0.0%	(7)	(63.6%)
Bond and note proceeds	45	0.5%	(113)	(71.5%)
Other	10	0.1%	(5)	(33.3%)
Total revenues and other financing sources	<u>\$ 9,642</u>	<u>100.00%</u>	<u>\$ (120)</u>	

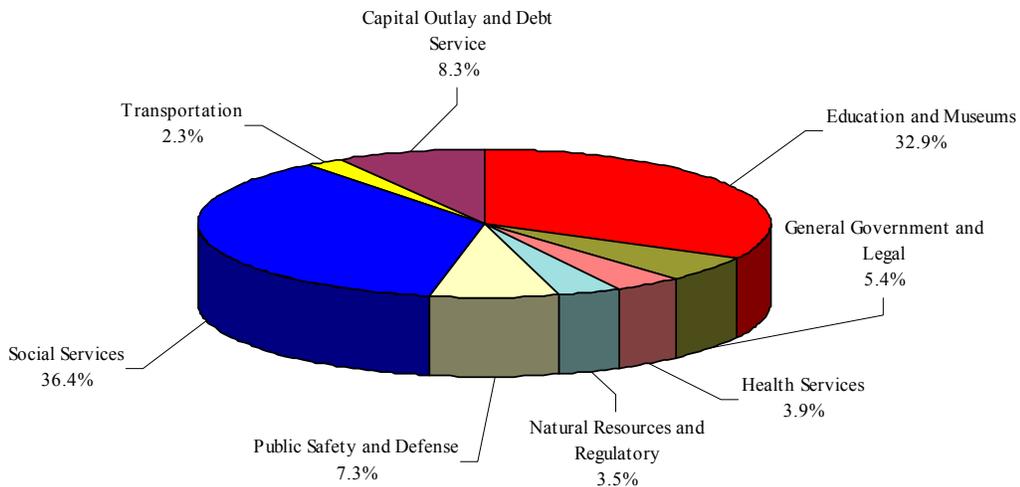
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis  
(expressed in millions)

	2002 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	\$ 3,324	32.8%	\$ 41	1.2%
General government	385	3.8%	(118)	(23.5%)
Health services	397	3.9%	38	10.6%
Legal and judiciary	165	1.6%	7	4.4%
Museums	9	0.1%	0	(0.0%)
Natural resources	183	1.8%	(5)	(2.7%)
Public safety and defense	737	7.3%	61	9.0%
Regulatory services	167	1.7%	(1)	(0.6%)
Social services	3,684	36.4%	403	12.3%
Transportation	233	2.3%	52	(28.7%)
Capital outlay	721	7.1%	42	6.2%
Debt service	117	1.2%	19	19.4%
Other Financing Uses:				
Operating transfers	0	0.0%	(17)	(100.0%)
Bond Refunding	3	0.0%	3	(0.0%)
Total expenditures and other financing uses	<u>\$ 10,125</u>	<u>100.00%</u>	<u>\$ 522</u>	5.4%
Governmental Funds - Net decrease in fund balance	<u>\$ (483)</u>			

**Governmental Fund Revenues and  
Other Financing Sources (GAAP Basis) - Fiscal Year 2002**



**Governmental Funds Expenditures and  
Other Financing Uses (GAAP Basis) - Fiscal Year 2002**



**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 87% of the total tax revenues of the governmental funds, as defined by generally accepted accounting principles. However, the budgetary GRF should not be confused with the General Fund as presented in the accompanying GAAP-basis financial statements, as the two terms are not interchangeable. For example, the GAAP-basis General Fund includes revenues deposited to the State Transportation Fund, federal grant proceeds, revolving fund revenues, fees and charges as well as other money used in the general operations of government which are not considered in the Board of Equalization's estimates of tax revenues.

Receipts from two of the four major taxes exceeded revenues of the prior year while motor vehicle tax and gross production tax decreased, producing a combined total of \$3.8 billion, or 87% of total GRF receipts. The total of major taxes collected decreased \$244.6 million, or 5.9% from that of the prior year, an indication of decreased business activity.

As compared to fiscal year 2001, collections from income taxes increased by \$28.73 million, or 1.4%; sales taxes increased by \$1.3 million, or 0.1%; motor vehicle taxes decreased by \$12.6 million, or 5.1%; and gross production taxes on gas decreased by \$260 million, or 53.5%.

Despite the current revenue shortfall discussed above, 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 nine years and dipped below the estimate six years. The comparison of estimated revenues to actual collections for fiscal year 2002 is as follows:

	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
Individual and Corporate				
Income tax	\$ 2,193.3	\$ 2,124.9	\$ (68.4)	96.9%
Sales tax	1,274.9	1,241.9	(33.0)	97.4%
Motor vehicle tax	271.8	232.3	(39.5)	85.5%
Gross production tax	474.3	226.3	(248.0)	47.7%
Subtotal Major Taxes	4,214.3	3,825.4	(388.9)	90.8%
Other sources	614.4	588.0	(26.4)	95.7%
Total	\$ 4,828.7	\$ 4,413.4	\$ (415.3)	91.4%

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

Fiscal Year	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
1988	\$ 2,319.8	\$ 2,397.8	\$ 78.0	103.4%
1989	2,500	2,601	101	104.0%
1990	2,661	2,735	74	102.8%
1991	3,034	3,110	75	102.5%
1992	3,214	3,161	(53)	98.4%
1993	3,365	3,259	(106)	96.8%
1994	3,399	3,342	(57)	98.3%
1995	3,515	3,513	(3)	99.9%
1996	3,614	3,705	91	102.5%
1997	3,531	3,778	247	107.0%
1998	3,866	4,009	143	103.7%
1999	4,186	4,148	(38)	99.1%
2000	4,271	4,354	83	101.9%
2001	4,456	4,693	237	105.3%
2002	4,829	4,413	(415)	91.4%
Fifteen-Year Average	\$ 3,517.4	\$ 3,547.8	\$ 30.4	100.9%

The status of three important fund balances affecting the new years fiscal picture is explained below:

**Cash-Flow Reserve Fund** - At the close of fiscal year 2002, the State set aside \$448.9 million to meet anticipated monthly cash-flow needs for the new fiscal year. The new total amounted to 10% of the General Revenue Fund's certified appropriation level, which was the same as the prior year.

**General Revenue Funds** - The fiscal year 2002 cash allows for no carryover available to the next Legislature as compared to the \$47.3 million in the prior year. The carryover funds reflect the difference between the 95% appropriation limit and actual receipts up to 100% of the estimate. Funds required to replenish or increase the cash-flow reserve fund also come from this source. Since the General Revenue Fund collections were below the estimate and below the 95% appropriation level, automatic budget reductions were triggered during the fiscal year to ensure that no deficit spending occurred.

**Constitutional Reserve "Rainy Day Fund"** - At the start of each fiscal year, collections that exceed 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, 2002, this fund had a balance of \$72.4 million.

#### **FOR THE FUTURE**

The State continues to aggressively research and pursue solutions to improve the State's competitive economic performance and the quality of life for its citizens. Economic growth in rural Oklahoma has seriously lagged behind both state and national averages over the past 16 years.

In cooperation with the central purchasing division of the Department of Central Services, the Office of Personnel Management, and the Department of Commerce, OSF negotiated a contract to replace the State's core financial application system. The new system will be a fully-integrated, web-based system available for use by all agencies. Implementation began in early 2002, with the initial phase to become operational in July 2003. Once fully operational, there will be significant opportunities to eliminate agency-level systems. When the new system is interfaced with the State's portal, additional efficiencies may be realized.

The State is seeking to encourage new business development, and its Quality Jobs program, providing tax credits for creating new jobs in basic industries, has helped Oklahoma win the location of several new branch plants within its borders. However, more progress is needed. Many state leaders are optimistic that the state's new right-to-work law will bolster its appeal to businesses seeking to expand.

#### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oklahoma for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Since 1996, the State of Oklahoma has received the Certificate of Achievement. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

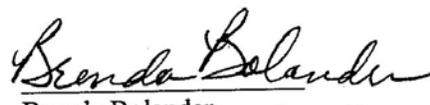
In addition, the State also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 8, 2002. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

#### **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. Questions or requests for additional information related to this report can be directed to our office at (405) 521-2141.

Respectfully submitted,

  
Tom Daxon  
Director of State Finance

  
Brenda Bolander  
State Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Oklahoma

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*William Patrick Pate*  
President

*Jeffrey L. Essler*  
Executive Director

# SELECTED OKLAHOMA STATE OFFICIALS

June 30, 2002

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## LEGISLATIVE BRANCH

Senate  
Stratton Taylor  
President Pro Tempore

House of Representatives  
Larry E. Adair  
Speaker of the House

## EXECUTIVE BRANCH

Governor  
Frank Keating

Lieutenant Governor  
Mary Fallin

\* Secretary of State  
Mike Hunter

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  
Carroll Fisher

Commissioners of the  
Corporation Commission  
Bob Anthony  
Ed Apple  
Denise Bode

## JUDICIAL BRANCH

\* State Supreme Court  
Hardy Summers  
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

## JUDICIAL

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

## STATE AGENCIES (By Cabinet Secretary)

### ADMINISTRATION

Accountancy Board  
Architects and Landscape Board  
Banking Department  
Board of Nursing  
Capitol Improvement Authority  
Chiropractic Examiners Board  
Consumer Credit Commission  
Cosmetology Board  
Dental Board  
Department of Central Services  
Embalmers and Funeral Directors Board  
Engineers and Land Surveyors  
Health Insurance High Risk Pool  
Horse Racing Commission  
Insurance Department  
Medical Licensure  
Motor Vehicle Commission  
Optometry Board  
Osteopathic Examiners Board  
Perfusionists Board  
Pharmacy Board  
Podiatry Board  
Psychologist Board of Examiners  
Real Estate Commission  
Securities Commission  
Social Workers Board  
Speech-Language Pathology and Audiology Board  
Used Motor Vehicle Commission  
Veterinary Medical Examiners Bd.

### ECONOMIC DEVELOPMENT & SPECIAL AFFAIRS

Capital Investment Board  
Commerce Department  
Development Finance Authority  
Housing Finance Authority  
Human Rights Commission  
Industrial Finance Authority  
Labor Department  
Municipal Power Authority  
Native Am. Cultural & Educ. Auth.

### AGRICULTURE

Agriculture Department  
Boll Weevil Eradication Organization  
Conservation Commission  
Foresters Board  
Peanut Commission  
Sheep and Wool Commission  
Sorghum Commission  
Wheat Commission

### ENERGY

Commission on Marginally Producing Oil and Gas Wells  
Corporation Commission  
Department of Mines  
Energy Resources Board  
Grand River Dam Authority  
Interstate Oil and Gas Compact Commission  
Liquefied Petroleum Gas Board  
L P Research, Marketing and Safety Commission

### HEALTH & HUMAN SERVICES

Children and Youth Commission  
Employees Benefits Council  
Handicapped Concerns  
Health Care Authority  
Health Department  
Human Services Department  
Indian Affairs Commission  
Office of Juvenile Affairs  
J.D. McCarty Center  
Mental Health and Substance Abuse  
Nursing Home Administrators Board  
Physicians Manpower Training  
Rehabilitation Services  
University Hospitals Authority

### TRANSPORTATION

Space Industry Development Authority  
Transportation Department  
Transportation Authority

### ENVIRONMENT

Department of Environmental Quality  
Department of Wildlife Conservation  
Environmental Finance Authority  
Geological Survey  
Water Resources Board

### FINANCE & REVENUE

Auditor and Inspector  
Building Bond Commission  
Commissioners of the Land Office  
Office of State Finance  
CompSource Oklahoma  
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 and Education Employees Group Insurance Board

### SECRETARY OF STATE

Council on Judicial Complaints  
Election Board  
Ethics Commission  
Secretary of State

### TOURISM & RECREATION

Capitol Complex & Centennial Commemoration Commission  
Historical Society  
J.M. Davis Memorial Commission  
Tourism and Recreation  
Will Rogers Memorial Commission

### EDUCATION

Anatomical Board  
Arts Council  
Commission for Teacher Preparation  
Center for the Advancement of Science and Technology  
Department of Education  
Educational Television Authority  
Library Department  
Private Vocational Schools  
Regents for Higher Education  
School of Science and Mathematics  
Student Loan Authority  
Career & Technology Education

### MILITARY

Military Department

### SAFETY & SECURITY

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

### VETERANS' AFFAIRS

Department of Veterans Affairs

# **FINANCIAL SECTION**

# **FINANCIAL SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

CLIFTON H. SCOTT  
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.  
100 STATE CAPITOL  
OKLAHOMA CITY, OK 73105-4896  
405/521-3495

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Oklahoma as of and for the year ended June 30, 2002, which collectively comprise the State's basic financial statements listed in the table of contents. These financial statements are the responsibility of the State of Oklahoma's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit:

- the financial statements of the Commissioners of the Land Office, the Oklahoma Department of Commerce, the Oklahoma Insurance Department or the Oklahoma Department of Wildlife Conservation which in the aggregate represent eleven percent and one percent, respectively, of the assets and revenues of the governmental activities;
- the financial statements of the Department of Environmental Quality-Drinking Water State Revolving Fund or the outstanding bond issues of the Water Resources Board which in the aggregate represent fifty-five percent and fourteen percent, respectively, of the assets and revenues of the business-type activities;
- the financial statements of the aggregate discretely presented component units;
- the financial statements of the Commissioners of the Land Office, the Oklahoma Department of Commerce, the Oklahoma Insurance Department or the Oklahoma Department of Wildlife Conservation which in the aggregate represent one percent of both the assets and revenues of the general fund;
- the financial statements of the Commissioners of the Land Office permanent fund;
- the financial statements of the Oklahoma Department of Wildlife Conservation Lifetime Licenses permanent fund;
- the financial statements of the Water Resources Board enterprise fund;
- the financial statements of the Oklahoma Firefighter's Pension and Retirement System, the Oklahoma Law Enforcement Retirement System, the Oklahoma Police Pension and Retirement System, the Oklahoma Public Employee's Retirement System, the Oklahoma Teachers' Retirement System, the Uniform Retirement System for Judges and Justices, or the Oklahoma Department of Wildlife Conservation Retirement Plan which in the aggregate represent ninety-nine percent and ninety-eight percent, respectively, of the assets and revenues/additions of the aggregate remaining fund information.

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 on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting

principles used and the significant estimates made by management, as well as evaluating the overall 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 financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes 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 System's unfunded actuarial accrued liability is approximately \$5,965,000,000. 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: "...it should be noted that unfunded liabilities are expected to increase until the year 2024....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.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the State of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. This report is issued under separate cover in the State of Oklahoma's Single Audit Report.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining financial statements and the Schedule of Expenditures and Intra-Agency Transfers-Detail Budget to Actual Comparison (Non-GAAP Budgetary Basis)-General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Expenditures and Intra-Agency Transfers-Detail Budget to Actual Comparison (Non-GAAP Budgetary Basis)-General Fund has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The introductory section and the statistical section listed in the aforementioned table of contents have not been audited by us, and accordingly, we do not express an opinion on them.

Sincerely,



CLIFTON H. SCOTT  
State Auditor and Inspector

December 31, 2002

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

# **Management's Discussion and Analysis**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Oklahoma provides this *Management's Discussion and Analysis* of the State of Oklahoma's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Oklahoma is for the fiscal year ended June 30, 2002. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the State's financial statements which follow.

The State of Oklahoma is in its second year of implementing new reporting standards with significant changes in content and structure from years prior to fiscal year end June 30, 2001.

## FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

### Government-Wide Highlights:

*Net Assets* - The assets of the State exceeded its liabilities at fiscal year ending June 30, 2002 by \$9.28 billion (presented as "net assets"). Of this amount, \$1.49 billion was reported as "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the State's ongoing obligations to citizens and creditors.

*Changes in Net Assets* - The State's total net assets decreased by \$264.3 million (a 2.8% decrease) in fiscal year 2002. Net assets of governmental activities decreased by \$267.9 million (a 3.1 % decrease), while net assets of the business-type activities showed an increase of \$3.5 million (a 0.5 % increase).

### Fund Highlights:

*Governmental Funds - Fund Balances* - As of the close of fiscal year 2002, the State's governmental funds reported a combined ending fund balance of \$2.97 billion, a decrease of \$524 million in comparison with the prior year. Of this total amount, \$1.389 billion represents the "unreserved fund balances" with substantially all being in the general fund. Of this \$1.389 billion, \$449 million (decreased \$10 million) is in the Cash Flow Reserve Fund, \$72 million (decreased \$269 million) is in the Rainy Day Fund, and \$5 million is in the Capital Projects Fund leaving \$863 million (decreased \$215 million) as undesignated for the general fund. This \$863 million is roughly 8% of the total governmental fund expenditures for the year.

### Long-term Debt:

The State's total long-term debt obligations showed a net increase of \$88 million (7.25%) during the current fiscal year. The key factor in this increase was the issuance of \$138.7 million of revenue bonds by the State's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board).

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the State of Oklahoma's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information (combining financial statements) in addition to the basic financial statements themselves. These components are described below:

### Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the State – the *Government-Wide Financial Statements* and the *Fund Financial Statements* and *Combining Major Component Unit Financial Statements*. These financial statements also include the *Notes to the Financial Statements* that explain some of the information in the financial statements and provide more detail.

### Government-Wide Financial Statements

The *government-wide financial statements* provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position,

which assists in assessing the State's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The *statement of net assets* presents all of the government's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the state's net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements have separate sections for three different types of state programs or activities. These three types of activities are:

*Governmental Activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with State government fall into this category, including education (support for both common public schools and higher education), general government, health services, legal and judiciary services, museums, natural resources, public safety and defense, regulatory services, social services, and transportation.

*Business-Type Activities* – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission) and the State's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board). Both of these programs operate with minimal assistance from the governmental activities of the state.

*Discretely Presented Component Units* – These are operations for which the State has financial accountability but they have certain independent qualities as well. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. The State's discretely presented component units are presented in two categories, major and nonmajor. This separation is determined by the relative size of the entities' assets, liabilities, revenues and expenses in relation to the total of all component units.

The State's eight discretely presented major component units are:

- CompSource Oklahoma
- State and Education Employees Group Insurance Board
- Oklahoma Student Loan Authority
- Oklahoma Housing Finance Agency
- Oklahoma Transportation Authority
- Grand River Dam Authority
- Oklahoma Municipal Power
- Higher Education Component Unit

The State's eight other (or nonmajor) component units are combined into a single column for reporting in the fund financial statements. These nonmajor component units are:

- Oklahoma Educational Television Authority
- Oklahoma Industrial Finance Authority
- Health Insurance High Risk Pool
- Multiple Injury Trust Fund
- University Hospitals Authority
- Oklahoma Development Finance Authority

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the State's component units are presented in the notes to the financial statements.

The government-wide financial statements can be found immediately following this discussion and analysis.

***Fund Financial Statements and Major Component Unit Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government, reporting the State's operations in more detail than the government-wide statements. All of the funds of the State can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds are:

*Governmental Funds Financial Statements* – Most of the basic services provided by the State are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State has five governmental funds. There are four governmental funds that are considered major funds for financial reporting purposes. These four major funds are – the General Fund, the Commissioners of the Land Office Permanent Fund, the Department of Wildlife Conservation Permanent Fund, and the Tobacco Settlement Endowment Permanent Fund. The each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The State's fifth governmental fund is the Capital Projects Fund. While this fund is not a major fund for financial reporting purposes, it also is presented in a separate column since it is the only remaining governmental fund.

The basic governmental funds financial statements can be found immediately following the government-wide statements.

*Proprietary Funds Financial Statements* – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The State has two enterprise funds, with both being considered major proprietary funds for presentation purposes. As previously mentioned, they are the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma

Employment Security Commission) and the State's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board).

The basic proprietary funds financial statements can be found immediately following the governmental fund financial statements.

*Fiduciary Funds and Similar Component Units Financial Statements* – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the accrual basis of accounting.

The State's fiduciary funds are the Pension Trust Funds (seven separate retirement plans for employees), the Investment Trust Fund (which accounts for the transactions, assets, liabilities and fund equity of the external investment pool), and the Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals). Individual fund detail can be found in the combining financial statements described below.

The basic fiduciary funds and similar component units' financial statements can be found immediately following the proprietary fund financial statements.

*Component Units Financial Statements* – As mentioned above, these are operations for which the State has financial accountability but they have certain independent qualities as well, and they operate similar to private-sector businesses. The government-wide financial statements present information for the component units in a single column of the statement of net assets. Also, some information on the statement of changes in net assets is aggregated for component units. The combining statements of net assets, combining statement of changes in net assets, and the combining condensed statement of cash flows provides detail for each major component unit and the nonmajor component units in aggregate. Individual nonmajor component unit detail can be found in the combining financial statements described below.

The basic combining financial statements for major component units can be found immediately following the fiduciary fund and similar component unit's financial statements.

#### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following component units financial statements.

#### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the governmental fund financial statements.

#### **Other Supplementary Information**

##### ***Combining Financial Statements***

The combining financial statements referred to earlier in connection with fiduciary funds and nonmajor component units are presented following the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statement.

##### ***Budgetary Detail***

The Schedule of Expenditures and Intra-Agency Transfers – Detail Budget to Actual Comparison is presented in this section. It provides detail comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget, and actual.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (government and business-type activities) totaled \$9.28 billion at the end of 2002, compared to \$9.54 billion at the end of the previous year.

The largest portion of the State's net assets (60%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

State of Oklahoma's Net Assets-Primary Government						
(expressed in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2002	2001 (as restated)	2002	2001	2002	2001 (as restated)
Current Assets	\$ 3,871,378	\$ 4,782,989	\$ 604,412	\$ 624,145	\$ 4,475,790	\$ 5,407,134
Capital Assets	6,424,638	6,187,760	114	116	6,424,752	6,187,876
Other Assets	209,402	220,339	552,953	427,726	762,355	648,065
Total Assets	<u>10,505,418</u>	<u>11,191,088</u>	<u>1,157,479</u>	<u>1,051,987</u>	<u>11,662,897</u>	<u>12,243,075</u>
Noncurrent Liabilities	950,222	974,382	352,366	240,161	1,302,588	1,214,543
Other Liabilities	1,059,157	1,452,795	21,559	31,818	1,080,716	1,484,613
Total Liabilities	<u>2,009,379</u>	<u>2,427,177</u>	<u>373,925</u>	<u>271,979</u>	<u>2,383,304</u>	<u>2,699,156</u>
Invested in Capital Assets, Net of Related Debt	5,543,009	5,286,824	114	116	5,543,123	5,286,940
Restricted	1,673,732	1,282,421	574,812	586,717	2,248,544	1,869,138
Unrestricted	1,279,298	2,194,666	208,628	193,175	1,487,926	2,387,841
Total Net Assets	<u>\$ 8,496,039</u>	<u>\$ 8,763,911</u>	<u>\$ 783,554</u>	<u>\$ 780,008</u>	<u>\$ 9,279,593</u>	<u>\$ 9,543,919</u>

An additional portion of the State's net assets (24%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets.

At the end of the current fiscal year, the State is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## Changes in Net Assets

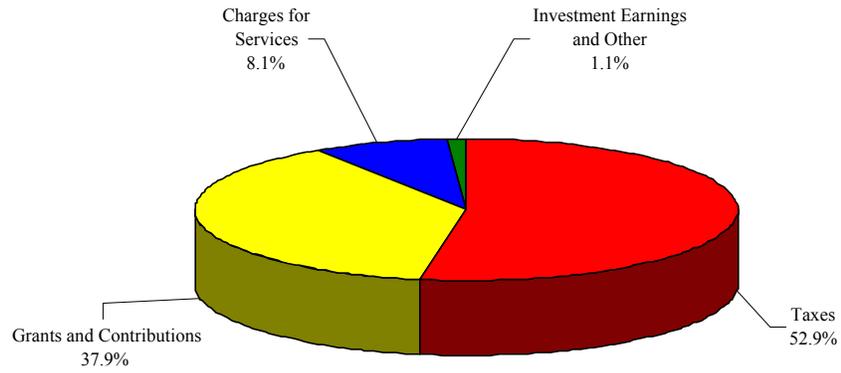
The State's net assets decreased by \$264.3 million or 2.8%. Approximately 53 percent of the State's total revenue came from taxes, while 38 percent resulted from grants and contributions (including federal aid). Charges for various goods and services provided 8 percent of the total revenues. The State's expenses cover a range of services. The largest expenses were for general (common public schools) and higher education, social services, and public safety. In 2002, governmental activity expenses exceeded program revenues, resulting in the use of \$5.46 billion in general revenues (mostly taxes). On the other hand, net revenues from business-type activities in 2002 exceeded expenses by \$4.2 million.

### State of Oklahoma's Changes in Net Assets-Primary Government

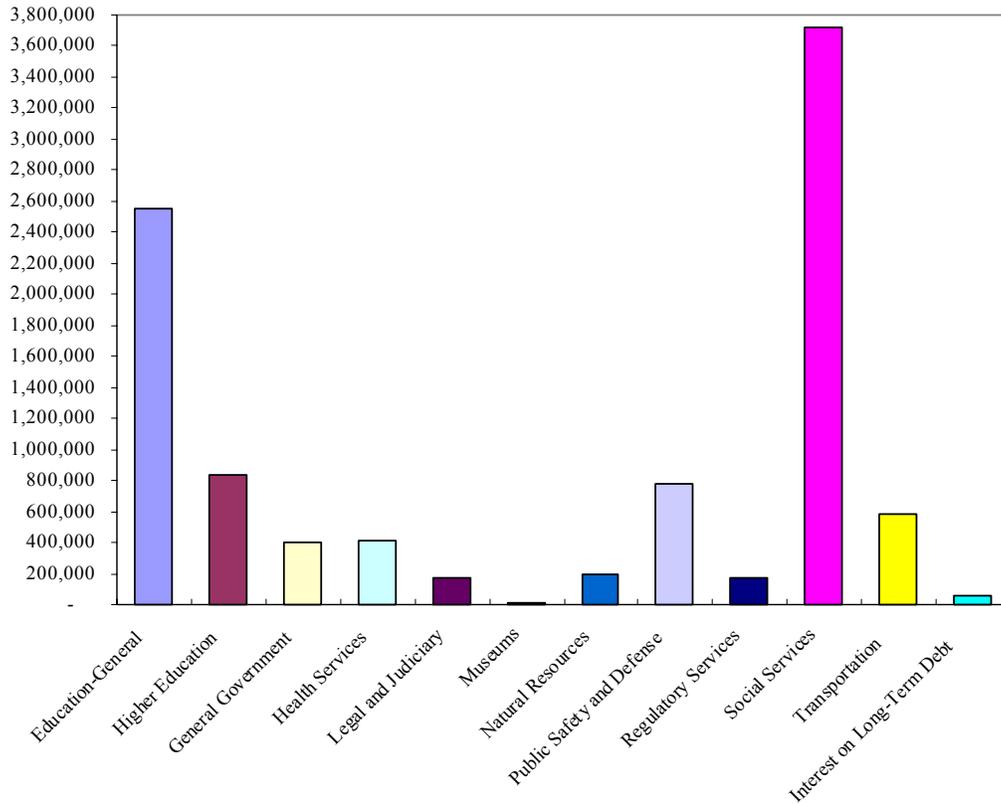
(expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 781,858	\$ 805,500	\$ 154,990	\$ 121,167	\$ 936,848	\$ 926,667
Operating Grants and Contributions	3,620,888	3,219,285	131,801	29,802	3,752,689	3,249,087
Capital Grants and Contributions	14,003	3,076	-	-	14,003	3,076
General Revenues:						
Income Taxes-Individual	2,193,040	2,213,910	-	-	2,193,040	2,213,910
Income Taxes-Corporate	205,759	169,343	-	-	205,759	169,343
Sales Taxes	1,478,325	1,475,338	-	-	1,478,325	1,475,338
Gross Production Taxes	226,094	561,713	-	-	226,094	561,713
Motor Vehicle Taxes	250,870	270,724	-	-	250,870	270,724
Fuel Taxes	274,476	263,128	-	-	274,476	263,128
Other Taxes	453,224	472,703	-	-	453,224	472,703
Investment Earnings	72,769	137,744	-	-	72,769	137,744
Other	36,415	9,518	-	-	36,415	9,518
Total Revenues	<u>9,607,721</u>	<u>9,601,982</u>	<u>286,791</u>	<u>150,969</u>	<u>9,894,512</u>	<u>9,752,951</u>
<b>Expenses:</b>						
Education-General	2,553,744	2,514,961	-	-	2,553,744	2,514,961
Education-Payments to Higher Education	831,855	835,371	-	-	831,855	835,371
General Government	405,243	521,153	-	-	405,243	521,153
Health Services	408,545	367,569	-	-	408,545	367,569
Legal and Judiciary	169,429	163,037	-	-	169,429	163,037
Museums	12,738	11,755	-	-	12,738	11,755
Natural Resources	195,205	192,980	-	-	195,205	192,980
Public Safety and Defense	776,385	702,059	-	-	776,385	702,059
Regulatory Services	169,529	170,691	-	-	169,529	170,691
Social Services	3,720,896	3,303,724	-	-	3,720,896	3,303,724
Transportation	579,246	599,698	-	-	579,246	599,698
Interest on Long-Term Debt	53,453	42,275	-	-	53,453	42,275
Unemployment Insurance Trust Fund	-	-	267,462	147,051	267,462	147,051
State Loan Program to Local Governments	-	-	15,108	16,230	15,108	16,230
Total Expenses	<u>9,876,268</u>	<u>9,425,273</u>	<u>282,570</u>	<u>163,281</u>	<u>10,158,838</u>	<u>9,588,554</u>
Increase (Decrease) in Net Assets Before	(268,547)	176,709	4,221	(12,312)	(264,326)	164,397
Transfers	675	(1,043)	(675)	1,043	-	-
Change in Net Assets	(267,872)	175,666	3,546	(11,269)	(264,326)	164,397
Net Assets, Beginning of Year (as restated)	8,763,911	8,588,245	780,008	791,277	9,543,919	9,379,522
Net Assets, End of Year	<u>\$ 8,496,039</u>	<u>\$ 8,763,911</u>	<u>\$ 783,554</u>	<u>\$ 780,008</u>	<u>\$ 9,279,593</u>	<u>\$ 9,543,919</u>

**Revenues - Governmental Activities  
Fiscal Year 2002**



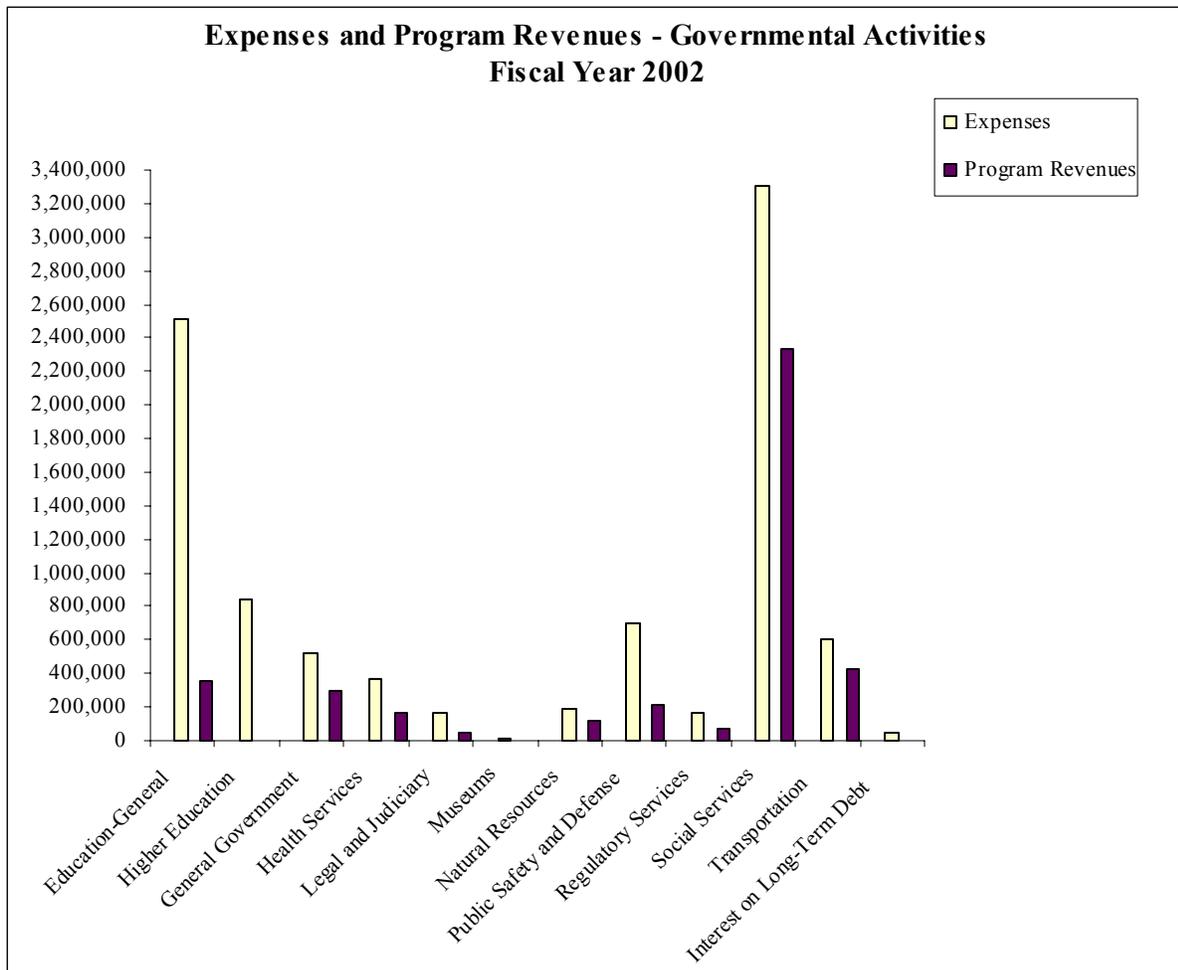
**Expenses - Governmental Activities  
Fiscal Year 2002**



**Governmental Activities**

Governmental activities decreased the State's net assets by \$267.9 million, thereby accounting for more than the State's net total reduction in net assets of \$264.3 million. The increase by the business-type activities is explained below. A comparison of the cost of services by function for the State's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities (expressed in thousands).

<b>Expenses Net of Program Revenues:</b>	<u>Governmental Activities</u>
Education-General	\$ (2,133,405)
Education-Payment to Higher Education	(831,855)
General Government	(172,503)
Health Services	(222,859)
Legal and Judiciary	(120,542)
Museums	(9,467)
Natural Resources	(70,939)
Public Safety and Defense	(523,621)
Regulatory Services	(95,882)
Social Services	(1,033,990)
Transportation	(191,003)
Interest on Long-Term Debt	<u>(53,453)</u>
Total Governmental Activities Expenses	(5,459,519)
<b>General Revenues:</b>	
Taxes	5,081,788
Investment Earnings	72,769
Contributions to Permanent Funds	37,906
Other	<u>(816)</u>
Increase in Governmental Activities Net Assets	<u>\$ (267,872)</u>



### **Business-Type Activities**

The business-type activities increased the State's net assets in business-type activities by \$3.5 million, a modest 0.5%, to \$783.6 million. While this is a nominal increase, it is an improvement over last year's 1.5% decrease from its preceding year. This resulted from the offset of a \$21.1 million decrease in net assets by the Oklahoma Unemployment Insurance Trust Fund (OUIF) and an increase in net assets of \$24.6 million by the Oklahoma Water Resources Board's (OWRB) program for making loans to local government units.

## **FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS**

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.97 billion, a decrease of \$524 million in comparison with the prior year. Less than one half (\$1.389 billion or 47%) of this total amount constitutes unreserved fund balance, which is available for spending in the coming year. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior fiscal year (\$232 million), 2) to pay debt service (\$93 million), 3) to be held in permanent trust funds for education, wildlife and prevention of tobacco related health issues (\$1.145 billion) or 4) for a variety of other restricted purposes (\$114 million).

The general fund is the chief operating fund of the State. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1.38 billion, while the total fund balance decreased \$483 million to \$1.82 billion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14% of total general fund expenditures (down from 20% a year ago), while total fund balance represents 18% of that same amount (down from 24%).

Overall the fund balance of the State's general fund decreased by \$483 million during the current fiscal year. This is a 20% decrease from the prior year. That year actually produced a \$162 million increase.

The Commissioners of the Land Office Permanent Fund, which 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, suffered a noticeable decrease in fund balance. Because of market conditions, this fund reported a \$27.2 million loss in net investment revenues. Last year an even larger loss in net investment revenue of \$45.8 million was reported. This \$73 million loss in net investment revenue over the past two years is unusual as the fund normally reports positive net investment revenues. Overall, the current year activity resulted in a decrease in the fund balance of just over \$82 million for the year. This is a decrease of about 7.6% from the previous year fund balance. The prior year decrease was 8.5% from its previous fund balance. Expenditures from the fund to benefit educational systems in Oklahoma increased only slightly to about \$63 million.

The Tobacco Settlement Endowment Permanent Fund holds certain moneys were received in settlement of claims by the state against tobacco manufacturers. Earnings from these moneys are to be utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. This fund reported a \$39.3 million increase in fund balance with most of the increase, \$37.9 million, coming from new moneys to the state.

### **Proprietary Funds**

The State's proprietary fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities. This information is presented on the same basis of accounting, but provides more detail.

As discussed in the business-type activities above, the State's net assets increased by \$3.5 million as a result of operations in the proprietary funds. This resulted from a \$21.1 million decrease in net assets by the Oklahoma Unemployment

Insurance Trust Fund (OUITF) and an increase in net assets of \$24.6 million by the Oklahoma Water Resources Board's (OWRB) program for making loans to local government units for drinking and waste water facilities.

The OUITF reduction in net assets was better than the prior year's reduction of \$40.1 million, a \$19 million difference. However, the decline in net assets continued as payments for unemployment benefits increased by \$120.4 million, or 82%, over a year ago. Revenues increased \$139.4 million, mostly from a \$106.1 million increase in federal grants with collections (sales and services) only posting a \$35 million, or 57%, increase. Other revenues accounted for \$2.7 million of the increase. Investment earnings were down by \$4.4 million, or 12%, offsetting the increase from the primary revenue sources.

The OWRB showed a smaller increase (\$4.2 million) in net assets this year than last year's increase in net assets of \$28.8 million. Interest earnings on loans were down due to lower interest rates on loans that contain variable rates. Also, federal grant revenues were down by some \$902,000.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The differences between the original budget and the final budget for the current fiscal year are mostly due to the \$412 million revenue shortfall. As a result of the revenue shortfall, state agency budgets were reduced proportionately. Also because of the budgetary estimates and expenditures exceeding revenues, a total of \$269 million of the state's Rainy Day Fund has been utilized.

Other significant differences are:

The Oklahoma Department of Corrections received \$30 million in supplemental appropriations to offset budget reductions and to assist with the increased costs of contract prison facilities.

The Oklahoma Health Care Authority received \$25.79 million in supplemental appropriations to offset the budget reductions and to assist with the increased cost of health care.

The Oklahoma State Department of Education received \$10.069 million in supplemental appropriations to cover the increased costs of flexible benefits and aid to the state's school districts.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2002, amounts to \$11.9 billion, net of accumulated depreciation of \$5.5 billion, leaving a net book value of \$6.4 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State's investment in capital assets for the current fiscal year was about 3.8% in terms of net book value. However, actual expenditures to purchase or construct capital assets were \$615 million for the year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled \$354 million. Additional information on the State's capital assets can be found in Note 5 of the notes to the financial statements of this report.

### **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 that created the bond oversight commissions also created the position of State Bond Advisor, who advises the commissions, and must 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 State of Oklahoma's total debt decreased by \$316 million during the current fiscal year; however, long-term debt increased by \$88 million, a 7.25% increase. No general obligation bonds were issued during the fiscal year. The key factor in this increase was the issuance of \$138.7 million of revenue bonds by the State's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Additional information on the State's long-term debt obligations can be found in Notes 9, 10, and 11 of the notes to the financial statements of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The seasonally adjusted unemployment rate for the State of Oklahoma was 4.2% in November 2002, a slight decrease from a rate of 4.4% a year ago. This continues to compare favorably to the nation's unemployment rate of 5.3% in November 2002.

Inflationary trends in the region compare favorably to national indices as well.

These factors are considered by legislative leaders and management in preparing the State's budget for future years. (See below.)

During fiscal year 2002, unreserved fund balance in the general fund decreased to \$1.384 billion, with \$449 million of this in the Cash Flow Reserve Fund and \$72 million in the State's Rainy Day Fund leaving \$863 million as undesignated. This \$863 million is roughly 8% of the total governmental fund expenditures for the year.

### **Budget and Revenue Collections**

The State Constitution requires adoption of a balanced budget. The revenue certification provided by the State Board of Equalization is the basis for development of the State's General Revenue Fund (GRF) budget. The GRF is a budgetary cash account included in the State's General Fund.

If new laws or changes in existing laws are passed that affect revenues, the Equalization Board meets to certify the effects of these changes on the official estimate. Appropriations in any fiscal year may not exceed 95% of the official revenue estimate (plus any cash funds on-hand and available for appropriation).

If collections to a certified cash account are insufficient to cover the appropriations from that account, the Constitution requires that appropriations be reduced proportionately to all agencies receiving an appropriation from that source. The Office of State Finance has the statutory duty to monitor revenue collections and, if warranted, to make reductions in appropriations to prevent deficit spending.

The Legislature may, in regular or special session, make selective reductions in spending or consider revenue increases. Like most other states, Oklahoma is facing challenges due to declining revenue. Revenue collections began slowly in fiscal year 2002 but significant problems were evident midway through the year. In December 2001, budget cuts were implemented due to extremely poor performance of the oil and gas gross production, or severance, taxes. Initially, most other GRF collections were performing well and mitigated some of the problems in gross production taxes. However, as the year progressed, performance of these revenues deteriorated and further budget cuts were required to prevent deficit spending. Final GRF budgetary cash account collections for fiscal year 2002 were \$415 million or 8.6% under the estimate. Since appropriations are capped at 95% of the official estimate, budget cuts from this account were \$174 million, or 3.8%. Although the two major sources of revenue, individual income tax and sales tax, were under the official estimate, the budget cuts were due solely to the decline in the gross production tax on natural gas.

Revenue shortfalls also occurred in six budgetary cash accounts: General Revenue Fund, 1017 Education Reform Fund, Common Education Technology Fund, Higher Education Capital Fund, Oklahoma Tuition Scholarship Fund and Mineral Leasing Fund. These budgetary cash accounts are included in the State's General Fund.

**Fiscal Year 2003**

As anticipated, revenue collections for the first quarter of the year were very weak. However, when August receipts were reported, it was apparent that collections could not improve enough by the end of the fiscal year to maintain current spending levels. Budget cuts of \$213 million, or 4.75% on an annual basis were implemented in early September and a total revenue shortfall of 9.6% was anticipated. An additional shortfall was expected in the 1017 Education Reform Fund of \$47 million or 10.1%. Two more months of collections data revealed further weakening in most revenue sources. In November budget cuts were increased to 6.5%, or \$290 million, on an annual basis, with the additional cuts implemented in December in order to give agencies time to plan and prepare for cutbacks. Monthly cuts translate to 9% on average. The shortfall in the 1017 Education Reform Fund increased to \$59 million or 12.9% on an annual basis. Information presented at the December 2002, Board of Equalization meeting indicates that these projections are on track.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the State of Oklahoma's finances for all of Oklahoma's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of Oklahoma, Office of State Finance, 2300 N. Lincoln, Suite 122, Oklahoma City, OK 73105-4801.

# BASIC FINANCIAL STATEMENTS

# Basic Financial Statements

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

# Government-Wide Financial Statements

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**Statement of Net Assets**  
**June 30, 2002**  
(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current Assets				
Cash/Cash Equivalents	\$ 1,873,667	\$ 556,127	\$ 2,429,794	\$ 543,270
Investments	1,083,623	2,722	1,086,345	1,216,182
Securities Lending Investments	201,450	0	201,450	141,063
Accounts Receivable	28,783	8,753	37,536	204,315
Interest and Investment Revenue Receivable	23,521	4,544	28,065	13,548
Federal Grants Receivable	334,349	711	335,060	4,292
Taxes Receivable	212,623	0	212,623	0
Leases Receivable	5,947	0	5,947	0
Leases Receivable - Component Units	2,620	0	2,620	0
Other Receivables	3,889	2,028	5,917	14,735
Notes Receivable	0	29,527	29,527	12,368
Due from Fiduciary Funds	71	0	71	8,601
Due from Component Units	3,115	0	3,115	1,167
Due from Primary Government	0	0	0	33,861
Inventory	42,762	0	42,762	50,895
Prepaid Items	45,747	0	45,747	3,508
Other Current Assets	9,211	0	9,211	912
<b>Total Current Assets</b>	<b>3,871,378</b>	<b>604,412</b>	<b>4,475,790</b>	<b>2,248,717</b>
Noncurrent Assets				
Cash/Cash Equivalents - Restricted	0	53,487	53,487	278,282
Short-Term Investments - Restricted	0	0	0	571,578
Long-Term Investments	0	74,285	74,285	163,811
Long-Term Investments - Restricted	0	37,408	37,408	631,967
Leases Receivable	27,404	0	27,404	1,203
Leases Receivable - Component Units	41,803	0	41,803	0
Long-Term Notes Receivable, Net	0	386,387	386,387	132,972
Long-Term Notes Receivable, Net - Restricted	0	0	0	489,008
Long-Term Due from Component Units	40,915	0	40,915	0
Capital Assets - Depreciable, Net	5,383,977	114	5,384,091	2,897,565
Capital Assets - Land	891,480	0	891,480	217,982
Capital Assets - Construction in Progress	149,181	0	149,181	467,886
Net Pension Asset	96,077	0	96,077	0
Other Noncurrent Assets	3,203	0	3,203	307,175
Other Noncurrent Assets - Restricted	0	1,386	1,386	32,823
<b>Total Noncurrent Assets</b>	<b>6,634,040</b>	<b>553,067</b>	<b>7,187,107</b>	<b>6,192,252</b>
<b>Total Assets</b>	<b>10,505,418</b>	<b>1,157,479</b>	<b>11,662,897</b>	<b>8,440,969</b>

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

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Liabilities	477,823	2,575	480,398	154,169
Payable Under Securities Lending Agreements	201,450	0	201,450	141,063
Claims and Judgments	28,572	0	28,572	206,906
Interest Payable	23,766	2,818	26,584	86,241
Tax Refunds Payable	172	0	172	0
Due to Fiduciary Funds	1,843	0	1,843	271
Due to Component Units	33,649	0	33,649	1,167
Due to Primary Government	0	0	0	3,115
Due to Others	85,269	0	85,269	0
Deferred Revenue	62,066	0	62,066	109,902
Pension Obligation	1,538	0	1,538	0
Capital Leases	1,748	0	1,748	8,760
Capital Leases - Primary Government	0	0	0	2,620
Compensated Absences	69,234	77	69,311	49,010
Notes Payable	283	3,300	3,583	3,335
General Obligation Bonds	10,495	0	10,495	6,220
Revenue Bonds	58,583	11,875	70,458	129,073
Certificates of Participation	832	0	832	0
Other Current Liabilities	1,834	914	2,748	136,650
<b>Total Current Liabilities</b>	<b>1,059,157</b>	<b>21,559</b>	<b>1,080,716</b>	<b>1,038,502</b>
<b>Noncurrent Liabilities</b>				
Claims and Judgments	0	0	0	585,031
Due to Primary Government	0	0	0	40,130
Capital Leases	3,136	0	3,136	33,945
Capital Leases - Primary Government	0	0	0	41,803
Compensated Absences	61,854	0	61,854	18,667
Notes Payable	35,390	2,482	37,872	165,299
General Obligation Bonds	269,975	0	269,975	68,488
Revenue Bonds	576,571	347,144	923,715	3,749,271
Certificates of Participation	1,430	0	1,430	0
Other Noncurrent Liabilities	1,866	2,740	4,606	126,640
<b>Total Noncurrent Liabilities</b>	<b>950,222</b>	<b>352,366</b>	<b>1,302,588</b>	<b>4,829,274</b>
<b>Total Liabilities</b>	<b>2,009,379</b>	<b>373,925</b>	<b>2,383,304</b>	<b>5,867,776</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	5,543,009	114	5,543,123	1,160,676
Restricted for:				
Capital Projects	6,337	0	6,337	0
Debt Service	92,816	52,837	145,653	194,129
Preservation of Wildlife	44,121	0	44,121	0
Educational Systems	1,008,483	0	1,008,483	0
Unemployment Benefits	521,975	521,975	1,043,950	0
Other Purposes				
Expendable	0	0	0	250,701
Nonexpendable	0	0	0	182,783
Unrestricted	1,279,298	208,628	1,487,926	784,904
<b>Total Net Assets</b>	<b>\$ 8,496,039</b>	<b>\$ 783,554</b>	<b>\$ 9,279,593</b>	<b>\$ 2,573,193</b>

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

**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2002**  
**(expressed in thousands)**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Education-General	\$ 2,553,744	\$ 23,669	\$ 396,670	\$ 0	\$ (2,133,405)		\$ (2,133,405)	
Education-Payment to Higher Education	831,855	0	0	0	(831,855)		(831,855)	
General Government	405,243	197,531	35,209	0	(172,503)		(172,503)	
Health Services	408,545	62,243	123,443	0	(222,859)		(222,859)	
Legal and Judiciary	169,429	32,040	16,847	0	(120,542)		(120,542)	
Museums	12,738	2,168	1,103	0	(9,467)		(9,467)	
Natural Resources	195,205	85,862	38,404	0	(70,939)		(70,939)	
Public Safety and Defense	776,385	75,626	177,138	0	(523,621)		(523,621)	
Regulatory Services	169,529	68,938	4,709	0	(95,882)		(95,882)	
Social Services	3,720,896	179,385	2,493,518	14,003	(1,033,990)		(1,033,990)	
Transportation	579,246	54,396	333,847	0	(191,003)		(191,003)	
Interest on Long-Term Debt	53,453	0	0	0	(53,453)		(53,453)	
Total Governmental Activities	9,876,268	781,858	3,620,888	14,003	(5,459,519)		(5,459,519)	
<b>Business-Type Activities:</b>								
Employment Security Commission	267,462	133,174	113,179	0		\$ (21,109)	(21,109)	
Water Resources Board	15,108	21,816	18,622	0		25,330	25,330	
Total Business-Type Activities	282,570	154,990	131,801	0		4,221	4,221	
Total Primary Government	\$ 10,158,838	\$ 936,848	\$ 3,752,689	\$ 14,003	(5,459,519)	4,221	(5,455,298)	
<b>Component Units:</b>								
CompSource Oklahoma State and Education Employees	\$ 172,059	\$ 164,767	\$ 0					\$ (7,292)
Group Insurance Board	219,477	214,752	0					(4,725)
Oklahoma Student Loan Authority	20,574	26,790	0					6,216
Oklahoma Housing Finance Agency	125,599	79,650	76,720					30,771
Oklahoma Transportation Authority	151,042	191,988	0					40,946
Grand River Dam Authority	197,963	203,860	0					5,897
Oklahoma Municipal Power Authority	116,185	118,382	0					2,197
Higher Education	2,474,216	1,653,095	29,662					(791,459)
Nonmajor Component Units	148,658	85,146	142					(63,370)
Total Component Units	\$ 3,625,773	\$ 2,738,430	\$ 106,524					(780,819)
<b>General Revenues</b>								
<b>Taxes:</b>								
Income Taxes-Individual					2,193,040	0	2,193,040	0
Income Taxes-Corporate					205,759	0	205,759	0
Sales Tax					1,478,325	0	1,478,325	0
Gross Production Taxes					226,094	0	226,094	0
Motor Vehicle Taxes					250,870	0	250,870	0
Fuel Taxes					274,476	0	274,476	0
Insurance Taxes					174,424	0	174,424	0
Beverage Taxes					55,637	0	55,637	0
Other Taxes					223,163	0	223,163	0
Payments from Primary Governments					0	0	0	894,034
Contributions to Permanent Funds					37,906	0	37,906	0
Investment Earnings					72,769	0	72,769	0
Loss on Sale of Assets					(1,491)	0	(1,491)	0
<b>Transfers</b>					675	(675)	0	0
Total General Revenues and Transfers					5,191,647	(675)	5,190,972	894,034
Change in Net Assets					(267,872)	3,546	(264,326)	113,215
<b>Net Assets - Beginning of Year (as restated)</b>					8,763,911	780,008	9,543,919	2,459,978
<b>Net Assets - End of Year</b>					\$ 8,496,039	\$ 783,554	\$ 9,279,593	\$ 2,573,193

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

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# FUND FINANCIAL STATEMENTS

# Fund Financial Statements

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Balance Sheet  
 Governmental Funds  
 June 30, 2002  
 (expressed in thousands)

	Permanent Funds				Nonmajor	Total Governmental Funds
	General	Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	Capital Projects	
<b>Assets</b>						
Assets						
Cash/Cash Equivalents	\$ 1,779,911	\$ 81,932	\$ 5,487	\$ 2	\$ 6,335	\$ 1,873,667
Investments	41,457	907,400	44,931	89,835	0	1,083,623
Securities Lending Investments	201,450	0	0	0	0	201,450
Accounts Receivable	28,783	0	0	0	0	28,783
Interest and Investment Revenue Receivable	14,075	9,317	0	127	2	23,521
Federal Grants Receivable	334,349	0	0	0	0	334,349
Taxes Receivable	212,623	0	0	0	0	212,623
Leases Receivable	33,351	0	0	0	0	33,351
Leases Receivable-Component Units	44,423	0	0	0	0	44,423
Other Receivables	5	3,884	0	0	0	3,889
Due from Other Funds	0	0	88	0	0	88
Due from Fiduciary Funds	71	0	0	0	0	71
Due from Component Units	3,115	0	0	0	0	3,115
Due from Component Units-Noncurrent	40,915	0	0	0	0	40,915
Inventory	42,762	0	0	0	0	42,762
Prepaid Items	45,747	0	0	0	0	45,747
Other Assets	3,254	5,950	7	0	0	9,211
<b>Total Assets</b>	<b>\$ 2,826,291</b>	<b>\$ 1,008,483</b>	<b>\$ 50,513</b>	<b>\$ 89,964</b>	<b>\$ 6,337</b>	<b>\$ 3,981,588</b>
<b>Liabilities and Fund Balance</b>						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 476,350	\$ 0	\$ 0	\$ 0	\$ 1,473	\$ 477,823
Payable Under Securities						
Lending Agreements	201,450	0	0	0	0	201,450
Claims and Judgments	28,572	0	0	0	0	28,572
Interest Payable	11,886	0	0	0	0	11,886
Tax Refunds Payable	172	0	0	0	0	172
Due to Other Funds	88	0	0	0	0	88
Due to Fiduciary Funds	1,843	0	0	0	0	1,843
Due to Component Units	33,649	0	0	0	0	33,649
Due to Others	85,269	0	0	0	0	85,269
Deferred Revenue	161,646	3,890	0	0	0	165,536
Other Liabilities	1,823	0	0	0	11	1,834
<b>Total Liabilities</b>	<b>1,002,748</b>	<b>3,890</b>	<b>0</b>	<b>0</b>	<b>1,484</b>	<b>1,008,122</b>
Fund Balances						
Reserved						
Encumbrances	231,912	0	0	0	461	232,373
Inventory/Prepaid Items	87,348	0	0	0	0	87,348
Debt Service	92,816	0	0	0	0	92,816
Preservation of Wildlife	0	0	44,121	0	0	44,121
Permanent Trust	0	989,981	0	89,964	0	1,079,945
Undistributed Revenue	0	14,612	6,392	0	0	21,004
Other Special Purposes	26,961	0	0	0	0	26,961
Unreserved, reported in						
General Fund						
Designated for Cash Flow Reserve Fund	448,902	0	0	0	0	448,902
Designated for Rainy Day Fund	72,399	0	0	0	0	72,399
Undesignated	863,205	0	0	0	4,392	867,597
<b>Total Fund Balances</b>	<b>1,823,543</b>	<b>1,004,593</b>	<b>50,513</b>	<b>89,964</b>	<b>4,853</b>	<b>2,973,466</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,826,291</b>	<b>\$ 1,008,483</b>	<b>\$ 50,513</b>	<b>\$ 89,964</b>	<b>\$ 6,337</b>	

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

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

**Total Fund Balance - Governmental Funds** \$ 2,973,466

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of :

Land	\$	891,480	
Buildings and Improvements		674,768	
Equipment		245,358	
Infrastructure		9,919,786	
Construction in Progress		149,181	
Accumulated Depreciation		(5,455,935)	
			6,424,638

Some of the State's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 103,470

The Uniform Retirement System for Judges and Justices and the Oklahoma Law Enforcement Retirement System have been funded in excess of Annual Required Contributions, creating a negative net pension obligation. This asset is not a current available financial resource and is not reported in the funds. 96,077

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets. 3,203

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes Payable		(35,673)	
General Obligation and Revenue Bonds		(915,624)	
Capital Leases and Certificates of Participation		(7,146)	
Net Pension Obligation (Wildlife)		(1,538)	
Bond Issue Premium		(1,866)	
Accrued Interest on Bonds		(11,880)	
Compensated Absences		(131,088)	
			(1,104,815)

**Net Assets of Governmental Activities** \$ 8,496,039

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

Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2002  
(expressed in thousands)

	Permanent				Nonmajor	Total Governmental Funds
	General	Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	Capital Projects	
<b>Revenues</b>						
Taxes						
Income Taxes-Individual	\$ 2,193,040	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,193,040
Income Taxes-Corporate	205,759	0	0	0	0	205,759
Sales Tax	1,478,325	0	0	0	0	1,478,325
Gross Production Taxes	226,094	0	0	0	0	226,094
Motor Vehicle Taxes	250,870	0	0	0	0	250,870
Fuel Taxes	274,476	0	0	0	0	274,476
Insurance Taxes	174,424	0	0	0	0	174,424
Beverage Taxes	55,637	0	0	0	0	55,637
Other Taxes	223,163	0	0	0	0	223,163
Licenses, Permits and Fees	243,821	0	0	0	0	243,821
Interest and Investment Revenue	96,796	(27,167)	1,505	1,443	72	72,649
Federal Grants	3,647,137	0	0	0	14,003	3,661,140
Sales and Services	136,043	10,184	3,010	0	0	149,237
Other	363,010	327	0	37,906	0	401,243
<b>Total Revenues</b>	<b>9,568,595</b>	<b>(16,656)</b>	<b>4,515</b>	<b>39,349</b>	<b>14,075</b>	<b>9,609,878</b>
<b>Expenditures</b>						
Current						
Education	3,323,695	63,332	0	0	0	3,387,027
General Government	385,283	0	0	37	0	385,320
Health Services	396,472	0	0	0	0	396,472
Legal and Judiciary	164,410	0	0	0	0	164,410
Museums	9,302	0	0	0	0	9,302
Natural Resources	182,524	0	0	0	0	182,524
Public Safety and Defense	737,410	0	0	0	0	737,410
Regulatory Services	167,360	0	0	0	0	167,360
Social Services	3,684,277	0	0	0	0	3,684,277
Transportation	233,439	0	0	0	0	233,439
Capital Outlay	706,508	0	0	0	14,499	721,007
Debt Service						0
Principal Retirement	63,850	0	0	0	0	63,850
Interest and Fiscal Charges	53,453	0	0	0	0	53,453
<b>Total Expenditures</b>	<b>10,107,983</b>	<b>63,332</b>	<b>0</b>	<b>37</b>	<b>14,499</b>	<b>10,185,851</b>
Revenues in Excess of (Less Than) Expenditures	(539,388)	(79,988)	4,515	39,312	(424)	(575,973)
<b>Other Financing Sources (Uses)</b>						
Transfers In	4,256	0	0	0	0	4,256
Transfers Out	(209)	(2,255)	(1,117)	0	0	(3,581)
Bond Proceeds	41,810	0	0	0	0	41,810
Proceeds of Refunding Bonds	3,135	0	0	0	0	3,135
Bond Issue Premiums	148	0	0	0	0	148
Bond Issue Discounts	(39)	0	0	0	0	(39)
Payment to Refunded Bond Escrow Agent	(3,135)	0	0	0	0	(3,135)
Capital Leases and Certificates of Participation	879	0	0	0	0	879
Sale of General Fixed Assets	9,049	0	0	0	0	9,049
<b>Total Other Financing Sources (Uses)</b>	<b>55,894</b>	<b>(2,255)</b>	<b>(1,117)</b>	<b>0</b>	<b>0</b>	<b>52,522</b>
<b>Net Change in Fund Balances</b>	<b>(483,494)</b>	<b>(82,243)</b>	<b>3,398</b>	<b>39,312</b>	<b>(424)</b>	<b>(523,451)</b>
<b>Fund Balances - Beginning of Year (as restated)</b>	<b>2,307,037</b>	<b>1,086,836</b>	<b>47,115</b>	<b>50,652</b>	<b>5,277</b>	<b>3,496,917</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,823,543</b>	<b>\$ 1,004,593</b>	<b>\$ 50,513</b>	<b>\$ 89,964</b>	<b>\$ 4,853</b>	<b>\$ 2,973,466</b>

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

## Reconciliation of the Governmental Funds Schedule of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

**Net Change in Fund Balances - Total Governmental Funds** \$ (523,451)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$603,010) exceeded depreciation (\$354,463) in the current period. 248,547

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (10,812)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (394)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$66,985) exceeded proceeds (\$44,945). 22,040

Bond issuance costs are expenditures to governmental funds, but are deferred assets in the statement of net assets. 425

Contribution to certain pension plans use current financial resources from governmental funds, but decrease the net pension obligation (\$148) or increase the net pension asset (\$640) in the statement of activities. 788

Some of the assets acquired this year were financed as capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are long-term liabilities in the statement of net assets. (867)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount by which the increase in compensated absences (\$10,145) combined with the amortization of bond issuance costs (\$251) exceeded the decrease in interest payable (\$6,064) combined with accretion of bond premiums (\$184). (4,148)

**Change in Net Assets of Governmental Activities** \$ (267,872)

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

Statement of Net Assets  
Proprietary Funds  
June 30, 2002  
(expressed in thousands)

	Business-Type Activities - Enterprise Funds		
	Employment Security Commission	Water Resources Board	Total
<b>Assets</b>			
Current Assets			
Cash/Cash Equivalents	\$ 511,446	\$ 44,681	\$ 556,127
Investments	0	2,722	2,722
Accounts Receivable	8,753	0	8,753
Interest and Investment Revenue Receivable	0	4,544	4,544
Federal Grants Receivable	0	711	711
Other Receivables	2,028	0	2,028
Notes Receivable	0	29,527	29,527
Total Current Assets	<u>522,227</u>	<u>82,185</u>	<u>604,412</u>
Noncurrent Assets			
Cash/Cash Equivalents - Restricted	0	53,487	53,487
Long-Term Investments	0	74,285	74,285
Long-Term Investments - Restricted	0	37,408	37,408
Long-Term Notes Receivable	0	386,387	386,387
Capital Assets, Net	0	114	114
Other Noncurrent Assets	0	1,386	1,386
Total Noncurrent Assets	<u>0</u>	<u>553,067</u>	<u>553,067</u>
Total Assets	<u>522,227</u>	<u>635,252</u>	<u>1,157,479</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable and Accrued Liabilities	252	2,323	2,575
Interest Payable	0	2,818	2,818
Deferred Revenue	0	0	0
Compensated Absences	0	77	77
Notes Payable	0	3,300	3,300
Revenue Bonds	0	11,875	11,875
Other Current Liabilities	0	914	914
Total Current Liabilities	<u>252</u>	<u>21,307</u>	<u>21,559</u>
Noncurrent Liabilities			
Notes Payable	0	2,482	2,482
Revenue Bonds	0	347,144	347,144
Other Noncurrent Liabilities	0	2,740	2,740
Total Noncurrent Liabilities	<u>0</u>	<u>352,366</u>	<u>352,366</u>
Total Liabilities	<u>252</u>	<u>373,673</u>	<u>373,925</u>
<b>Net Assets</b>			
Invested in Capital Assets, net of related debt	0	114	114
Restricted for:			
Debt Service	0	52,837	52,837
Unemployment Benefits	521,975	0	521,975
Unrestricted	0	208,628	208,628
Total Net Assets	<u>\$ 521,975</u>	<u>\$ 261,579</u>	<u>\$ 783,554</u>

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

Statement of Revenues, Expenses  
and Changes in Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2002  
(expressed in thousands)

	Business-Type Activities - Enterprise Funds		
	Employment Security Commission	Water Resources Board	Total
<b>Operating Revenues</b>			
Sales and Services	\$ 96,059	\$ 0	\$ 96,059
Interest and Investment	0	12,287	12,287
Federal Grants	0	16,504	16,504
Other	4,551	0	4,551
Total Operating Revenues	100,610	28,791	129,401
<b>Operating Expenses</b>			
Administrative and General	0	3,271	3,271
Interest	0	10,971	10,971
Depreciation	0	71	71
Benefit Payments and Refunds	267,462	0	267,462
Total Operating Expenses	267,462	14,313	281,775
Operating Income (Loss)	(166,852)	14,478	(152,374)
<b>Nonoperating Revenues (Expenses)</b>			
Interest and Investment Revenue	32,564	3,700	36,264
Nonoperating Federal Grants	113,179	5,312	118,491
Other Nonoperating Revenues	0	2,635	2,635
Interest Expense	0	(143)	(143)
Other Nonoperating Expenses	0	(652)	(652)
Total Nonoperating Revenues (Expenses)	145,743	10,852	156,595
Income (Loss) Before Transfers	(21,109)	25,330	4,221
Transfers In	0	209	209
Transfers Out	0	(884)	(884)
Change in Net Assets	(21,109)	24,655	3,546
<b>Total Net Assets - Beginning</b>	543,084	236,924	780,008
<b>Total Net Assets - Ending</b>	\$ 521,975	\$ 261,579	\$ 783,554

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

Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2002  
(expressed in thousands)

	Business-Type Activities - Enterprise Funds		
	Employment Security Commission	Water Resources Board	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 94,967	\$ 0	\$ 94,967
Receipts from Federal Grants	0	16,328	16,328
Receipts of Principal on Notes Receivable	0	45,007	45,007
Receipts of Interest on Notes Receivable	0	12,975	12,975
Payments to Issue Notes Receivable	0	(102,298)	(102,298)
Payments of Benefits	(267,257)	0	(267,257)
Payments to Suppliers	0	(2,002)	(2,002)
Payments to Employees	0	(788)	(788)
Payments of Operating Interest Expense	0	(11,543)	(11,543)
Net Cash Used by Operating Activities	(172,290)	(42,321)	(214,611)
<b>Cash Flows from Noncapital Financing Activities</b>			
Proceeds from Bonds and Notes Payable	0	138,671	138,671
Federal Grants and Other Contributions	111,322	5,523	116,845
Transfers In	0	209	209
Transfers Out	0	(884)	(884)
Principal Paid on Bonds and Notes Payable	0	(35,285)	(35,285)
Payments to Issue Notes Receivable	0	(735)	(735)
Payments for Note Issuance Costs	0	(542)	(542)
Net Cash Provided by Noncapital Financing Activities	111,322	106,957	218,279
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for Acquisition of Capital Assets	0	(69)	(69)
Net Cash Used by Investing Activities	0	(69)	(69)
<b>Cash Flows from Investing Activities</b>			
Interest and Investment Revenue	32,564	6,048	38,612
Proceeds from Bonds and Notes Payable	0	14,012	14,012
Proceeds from Sale and Maturity of Investments	0	16,777	16,777
Payments to Purchase Investments	0	(95,518)	(95,518)
Payments to Issue Notes Receivable (Nonoperating)	0	(11,991)	(11,991)
Net Cash Provided (Used) by Investing Activities	32,564	(70,672)	(38,108)
<b>Net Increase (Decrease) in Cash/Cash Equivalents</b>	(28,404)	(6,105)	(34,509)
<b>Cash/Cash Equivalents - Beginning of Year</b>	539,850	104,273	644,123
<b>Cash/Cash Equivalents - End of Year</b>	\$ 511,446	\$ 98,168	\$ 609,614
<b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities</b>			
Operating Income (Loss)	\$ (166,852)	\$ 14,478	\$ (152,374)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	0	71	71
Amortization (Accretion) and Other Noncash Expenses	0	137	137
Decrease (Increase) in Assets			
Accounts Receivable	(4,284)	0	(4,284)
Federal Receivable	0	(175)	(175)
Interest and Investment Revenue Receivable	0	689	689
Notes Receivable	0	(57,290)	(57,290)
Increase (Decrease) in Liabilities			
Accounts Payable and Accrued Liabilities	205	390	595
Interest Payable	0	(618)	(618)
Deferred Revenue	(1,359)	0	(1,359)
Compensated Absences	0	(3)	(3)
Net Cash Used by Operating Activities	\$ (172,290)	\$ (42,321)	\$ (214,611)

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

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Statement of Fiduciary Net Assets  
 Fiduciary Funds and Similar Component Units  
 June 30, 2002  
 (expressed in thousands)

	Pension Trust Fund	Investment Trust Fund	Agency Fund
<b>Assets</b>			
Cash/Cash Equivalents	\$ 584,209	\$ 7,449	\$ 149,909
Investments	12,739,724	0	0
Securities Lending Investments	1,597,971	0	0
Accounts Receivable	0	0	231
Interest and Investment Revenue Receivable	65,176	8	111
Employer Contributions Receivable	21,499	0	0
Employee Contributions Receivable	16,885	0	0
Other Contributions Receivable	15,426	0	0
Other Receivables	1,363	0	0
Due from Brokers	209,138	0	0
Due from Other Funds	1,106	0	737
Due from Component Units	0	0	271
Inventory	0	0	3,283
Capital Assets, Net	976	0	0
Other Assets	186	0	0
<b>Total Assets</b>	<b>15,253,659</b>	<b>7,457</b>	<b>\$ 154,542</b>
<b>Liabilities</b>			
Accounts Payable	2,747	0	\$ 1,382
Tax Refunds Payable	0	0	4,780
Securities Lending Payable	1,597,971	0	0
Due to Brokers	316,430	0	0
Due to Other Funds	26	0	45
Due to Component Units	7,672	0	929
Due to Others	0	0	147,406
Compensated Absences	346	0	0
Benefits in the Process of Payment	74,505	0	0
Other Liabilities	5,628	0	0
<b>Total Liabilities</b>	<b>2,005,325</b>	<b>0</b>	<b>\$ 154,542</b>
<b>Net Assets</b>			
Held in Trust for Pension Benefits and Pool Participants	<b>\$ 13,248,334</b>	<b>\$ 7,457</b>	

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

Statement of Changes in  
Fiduciary Net Assets  
Fiduciary Funds and Similar Component Units  
For the Fiscal Year Ended June 30, 2002  
(expressed in thousands)

	Pension Trust Fund	Investment Trust Fund
	<u>                    </u>	<u>                    </u>
<b>Additions</b>		
Contributions		
Employer Contributions	\$ 403,400	\$ 0
Employee Contributions	312,069	0
Other Contributions	236,075	7,501
Total Contributions	<u>951,544</u>	<u>7,501</u>
Investment Earnings		
Net (Decrease) in Fair Value of Investments	(1,117,382)	0
Interest and Investment Revenue	432,739	141
Total Investment Earnings	<u>(684,643)</u>	<u>141</u>
Less Investment Expenses	76,700	0
Net Investment Earnings	<u>(761,343)</u>	<u>141</u>
Total Additions	<u>190,201</u>	<u>7,642</u>
<b>Deductions</b>		
Administrative and General Expenses	11,052	0
Benefit Payments and Refunds	1,076,287	6,385
Total Deductions	<u>1,087,339</u>	<u>6,385</u>
<b>Change in Net Assets</b>	(897,138)	1,257
<b>Net Assets - Beginning of Year</b>	<u>14,145,472</u>	<u>6,200</u>
<b>Net Assets - End of Year</b>	<u>\$ 13,248,334</u>	<u>\$ 7,457</u>

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

## MAJOR COMPONENT UNITS

The State of Oklahoma has eight major component units which are described below:

### STATE INSURANCE FUND

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

The Fund provides a source of 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 Board provides varying coverage 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 Authority provides loans to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations.

### OKLAHOMA HOUSING FINANCE AGENCY

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

The 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.

### OKLAHOMA TRANSPORTATION AUTHORITY

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

The 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 Authority controls the waters of the Grand River system to 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 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.

### HIGHER EDUCATION

Higher Education 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 State University  
University of Science and Arts of Oklahoma

#### TWO YEAR COLLEGES

Carl Albert State 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 State College  
Tulsa Community College  
Western Oklahoma State College

Each institution which is a member of the Oklahoma State System of Higher Education (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 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:

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

**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.

**Ardmore 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.

Combining Statement of Net Assets  
Major Component Units  
June 30, 2002  
(expressed in thousands)

	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Transportation Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
<b>Assets</b>										
<b>Current Assets</b>										
Cash/Cash Equivalents										
Unrestricted	\$ 3,520	\$ 9,971	\$ 15	\$ 5,495	\$ 27,322	\$ 27,929	\$ 8,030	\$ 412,289	\$ 48,699	\$ 543,270
Investments	641,132	158,348	15,549	11,281	120,765	66,935	467	189,579	12,126	1,216,182
Securities Lending Investments	141,063	0	0	0	0	0	0	0	0	141,063
Accounts Receivable	19,847	11,691	0	463	3,735	16,390	8,547	136,557	7,085	204,315
Interest and Investment										
Revenue Receivable	6,249	1,200	194	98	1,463	1,282	0	2,267	795	13,548
Federal Grants Receivable	0	0	0	0	0	0	0	4,292	0	4,292
Other Receivables	10,759	588	0	0	0	0	0	3,388	0	14,735
Notes Receivable	567	0	0	0	0	0	0	5,807	5,994	12,368
Due from Fiduciary Funds	0	8,601	0	0	0	0	0	0	0	8,601
Due from Other Component Units	123	0	0	0	0	466	0	210	368	1,167
Due from Primary Government	1,209	27	0	0	21	70	0	30,098	2,436	33,861
Inventory	0	0	0	0	1,299	27,836	1,468	20,292	0	50,895
Prepaid Items	0	0	0	215	130	941	0	2,217	5	3,508
Other Current Assets	604	0	0	0	0	0	241	67	0	912
<b>Total Current Assets</b>	<b>825,073</b>	<b>190,426</b>	<b>15,758</b>	<b>17,552</b>	<b>154,735</b>	<b>141,849</b>	<b>18,753</b>	<b>807,063</b>	<b>77,508</b>	<b>2,248,717</b>
<b>Noncurrent Assets</b>										
Cash/Cash Equivalents -										
Restricted	0	0	784	20,370	67,580	0	16,345	167,162	6,041	278,282
Investments - Restricted	0	0	0	571,144	0	0	0	0	434	571,578
Long-Term Investments										
Unrestricted	0	0	0	3,088	0	0	31,743	92,004	36,976	163,811
Restricted	0	0	71,788	0	161,536	147,652	53,249	197,742	0	631,967
Leases Receivable	0	0	0	0	0	0	200	0	1,003	1,203
Long-Term Notes Receivable, Net										
Unrestricted	49,433	0	10,459	1,515	0	0	0	47,238	24,327	132,972
Restricted	0	0	464,982	24,026	0	0	0	0	0	489,008
Capital Assets, Net	5,516	1,791	1,489	3,869	1,213,146	469,666	201,712	1,578,475	107,769	3,583,433
Other Noncurrent Assets										
Unrestricted	0	0	186	3,609	11,341	91,439	147,842	21,643	31,115	307,175
Restricted	0	0	17,678	3,644	936	0	0	10,529	36	32,823
<b>Total Noncurrent Assets</b>	<b>54,949</b>	<b>1,791</b>	<b>567,366</b>	<b>631,265</b>	<b>1,454,539</b>	<b>708,757</b>	<b>451,091</b>	<b>2,114,793</b>	<b>207,701</b>	<b>6,192,252</b>
<b>Total Assets</b>	<b>\$ 880,022</b>	<b>\$ 192,217</b>	<b>\$ 583,124</b>	<b>\$ 648,817</b>	<b>\$ 1,609,274</b>	<b>\$ 850,606</b>	<b>\$ 469,844</b>	<b>\$ 2,921,856</b>	<b>\$ 285,209</b>	<b>\$ 8,440,969</b>
<b>Liabilities</b>										
<b>Current Liabilities</b>										
Accounts Payable and										
Accrued Liabilities	\$ 3,372	\$ 17,633	\$ 989	\$ 1,746	\$ 14,517	\$ 11,375	\$ 13,156	\$ 89,410	\$ 1,971	\$ 154,169
Payable Under Securities										
Lending Agreements	141,063	0	0	0	0	0	0	0	0	141,063
Claims and Judgments	91,608	65,421	0	0	0	0	0	33,014	16,863	206,906
Interest Payable	0	0	1,442	3,342	35,494	3,815	10,794	4,809	26,545	86,241
Due to Fiduciary Funds	0	0	0	0	0	271	0	0	0	271
Due to Other Component Units	210	2	0	0	26	37	466	368	58	1,167
Due to Primary Government	46	125	0	7	1,467	20	0	1,261	189	3,115
Deferred Revenue	35,557	0	0	2,940	12,495	0	0	58,750	160	109,902
Capital Leases	0	0	0	0	0	0	0	8,760	0	8,760
Capital Leases-Primary Govt.	0	0	0	0	0	0	0	2,437	183	2,620
Compensated Absences	1,137	683	86	541	1,310	2,514	141	41,333	1,265	49,010
Notes Payable	0	0	0	0	0	0	0	2,768	567	3,335
General Obligation Bonds	0	0	0	0	0	0	0	5,005	1,215	6,220
Revenue Bonds	0	0	2,930	39,831	15,620	50,120	8,885	11,687	0	129,073
Other Current Liabilities	24,303	28	0	0	8,155	5,832	0	98,332	0	136,650
<b>Total Current Liabilities</b>	<b>297,296</b>	<b>83,892</b>	<b>5,447</b>	<b>48,407</b>	<b>89,084</b>	<b>73,984</b>	<b>33,442</b>	<b>357,934</b>	<b>49,016</b>	<b>1,038,502</b>
<b>Noncurrent Liabilities</b>										
Claims and Judgments	410,677	4,143	0	0	0	0	0	2,454	167,757	585,031
Due to Primary Government	0	0	0	0	40,130	0	0	0	0	40,130
Capital Leases	0	0	0	0	0	0	0	33,945	0	33,945
Capital Leases-Primary Govt.	0	0	0	0	0	0	0	40,354	1,449	41,803
Compensated Absences	0	0	0	0	0	0	0	18,600	67	18,667
Notes Payable	0	0	80,000	0	0	0	0	35,866	49,433	165,299
General Obligation Bonds	0	0	0	0	0	0	0	5,865	62,623	68,488
Revenue Bonds	0	0	433,000	536,172	1,247,193	711,610	405,423	404,877	10,996	3,749,271
Other Noncurrent Liabilities	0	0	535	2,607	0	16,524	11,900	94,621	453	126,640
<b>Total Noncurrent Liabilities</b>	<b>410,677</b>	<b>4,143</b>	<b>513,535</b>	<b>538,779</b>	<b>1,287,323</b>	<b>728,134</b>	<b>417,323</b>	<b>636,582</b>	<b>292,778</b>	<b>4,829,274</b>
<b>Total Liabilities</b>	<b>707,973</b>	<b>88,035</b>	<b>518,982</b>	<b>587,186</b>	<b>1,376,407</b>	<b>802,118</b>	<b>450,765</b>	<b>994,516</b>	<b>341,794</b>	<b>5,867,776</b>
<b>Net Assets</b>										
Invested in Capital Assets, Net of Related Debt	5,516	1,791	1,489	3,869	(45,747)	(97,030)	4,839	1,167,570	118,379	1,160,676
Restricted for:										
Debt Service	0	0	34,074	30,334	79,227	0	14,240	36,042	212	194,129
Other Special Purpose										
Expendable	0	0	0	0	50,085	27,500	0	172,533	583	250,701
Nonexpendable	0	0	0	0	0	0	0	182,783	0	182,783
Unrestricted	166,533	102,391	28,579	27,428	149,302	118,018	0	368,412	(175,759)	784,904
<b>Total Net Assets</b>	<b>\$ 172,049</b>	<b>\$ 104,182</b>	<b>\$ 64,142</b>	<b>\$ 61,631</b>	<b>\$ 232,867</b>	<b>\$ 48,488</b>	<b>\$ 19,079</b>	<b>\$ 1,927,340</b>	<b>\$ (56,585)</b>	<b>\$ 2,573,193</b>

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

Combining Statement of Activities  
Major Component Units  
For the Fiscal Year Ended June 30, 2002  
(expressed in thousands)

	Expenses	Program Revenues			General Revenue		Net Assets Beginning of Year	Net Assets End of Year
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government	Change in Net Assets		
<b>Component Units:</b>								
State Insurance Fund	\$ 172,059	\$ 164,767	\$ -	\$ (7,292)	\$ -	\$ (7,292)	\$ 179,341	\$ 172,049
State and Education Employees								
Group Insurance Board	219,477	214,752	-	(4,725)	-	(4,725)	108,907	104,182
Oklahoma Student Loan Authority	20,574	26,790	-	6,216	-	6,216	57,926	64,142
Oklahoma Housing Finance Agency	125,599	79,650	76,720	30,771	-	30,771	30,860	61,631
Oklahoma Transportation Authority	151,042	191,988	-	40,946	-	40,946	191,921	232,867
Grand River Dam Authority	197,963	203,860	-	5,897	-	5,897	42,591	48,488
Oklahoma Municipal Power Authority	116,185	118,382	-	2,197	-	2,197	16,882	19,079
Higher Education Component Unit	2,474,216	1,653,095	29,662	(791,459)	831,855	40,396	1,886,944	1,927,340
Nonmajor Component Units Total	148,658	85,146	142	(63,370)	62,179	(1,191)	(55,394)	(56,585)
Total Component Units	\$ 3,625,773	\$ 2,738,430	\$ 106,524	\$ (780,819)	\$ 894,034	\$ 113,215	\$ 2,459,978	\$ 2,573,193

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

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## NOTES TO THE FINANCIAL STATEMENTS

# Notes to the Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS INDEX

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2002

### **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 (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement 35 *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The State was required to implement these standards for the fiscal year ending June 30, 2002. However, the State elected to follow GASB's recommendation and early implement these standards. The State adopted the provisions of GASB Statements 34 and 35 for its fiscal year ended June 30, 2001. With the implementation of GASB Statements 34 and 35, the state has prepared required supplementary information titled *Management's Discussion and Analysis* which precedes the basic financial statements.

Other GASB Statements were required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the State implemented the following GASB Statements for its fiscal year ended June 30, 2001: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*, Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement 38 – *Certain Financial Statement Note Disclosures*.

The accompanying financial statements present the financial position of the state and the various funds and fund types, the results of operations of the state and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2002, 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 (the State's support of the public education system is reported in the General Fund) and other local authorities of various kinds that may meet only one of the criteria for inclusion in this report have not been included.

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

#### **Discrete Component Units**

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. Separately issued independent audit reports may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105. The audit reports may also be obtained from the respective component units at the addresses presented on the description page of the Fund Financial Statements section for the Major Component Units, and the description page in the Combining Financial Statement section of this report for the NonMajor Component Units.

The Component Units columns of the government-wide financial statements include the financial data of the following entities:

### MAJOR COMPONENT UNITS

**CompSource Oklahoma** provides a source for workers' compensation insurance for all public and private employers within the state and operates similarly to an insurance company. CompSource 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, 2001, and their report, dated March 4, 2002, has been previously issued under separate cover.

**State and Education Employees Group Insurance Board** provides group health, life, dental, disability and other 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 six-month period ended December 31, 2001, and their report, dated July 2, 2002, 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 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, 2002, and their report, dated August 23, 2002, 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 citizens. 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 Agency 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, 2001, and their report, dated January 2, 2002, has been previously issued under separate cover.

**Oklahoma Transportation 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 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, 2001, and their report, dated March 22, 2002, 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, 2001, and their report, dated March 13, 2002, 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, 2001, and their report, dated February 20, 2002, has been previously issued under separate cover.

**Higher Education Component Unit** - This component unit is primarily comprised of the twenty-five colleges and universities that are members of the Oklahoma State System of Higher Education (the System). Separately issued independent audit reports for each college, university, or other included entity may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105. 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.

- **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.
- **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.
- **Ardmore 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.

#### NONMAJOR COMPONENT UNITS

**Oklahoma Educational Television Authority** was created to "make educational television services available to all Oklahoma citizens on a coordinated statewide basis." The Board of Directors is comprised of thirteen members, seven of which are appointed by the Governor, with the advice and consent of the Senate. 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, 2002, and their report, dated September 5, 2002, has been previously issued under separate cover.

**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, 2002, and their report, dated August 22, 2002, has been previously issued under separate cover.

**Health Insurance High Risk Pool (HIHRP)** provides health insurance to individuals who are unable to obtain coverage from independent insurers. HIHRP is financed by assessments levied on independent insurers. The Board consists of nine members appointed by the Insurance Commissioner. The State can impose its will on the Pool by its ability to modify the decisions of the Board. The Pool was audited by other independent auditors for the year ended June 30, 2002, and their report, dated October 17, 2002, has been previously issued under separate cover.

**Multiple Injury Trust Fund** provides additional compensation to a worker with a pre-existing injury who suffers a second injury. The State can impose its will on the Fund by its ability to remove management at will. The Fund was audited by other independent auditors for the period ended December 31, 2001, and their report, dated February 27, 2002, 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, 2002, and their report, dated September 6, 2002, 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, 2002, and their report, dated September 15, 2002, has been previously issued under separate cover.

**Oklahoma Capital Investment Board** assists the State with industrial development by mobilizing equity and near-equity capital for investment to potential creation of jobs and growth that will diversify and stabilize the economy. The Board of Directors is comprised of five 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, 2002, and their report, dated August 11, 2002, 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, 2002, and their report, dated October 29, 2002, has been previously issued under separate cover.

## **Fiduciary Component Units**

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. These component units, while meeting the definition of a component unit and are legally separate, are presented in the fund financial statements along with other primary government fiduciary funds of the State. They have been omitted from the government-wide financial statements.

Separately issued independent audit reports are available even though they are excluded from the government-wide financial statements. They may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105, or the respective fiduciary component units at the addresses presented on the description page of the combining financial statement section of this report.

**Oklahoma Firefighters Pension and Retirement System** provides retirement benefits for municipal firefighters. The System is administered by a board comprised of thirteen members: The President of the Professional Fire Fighters of Oklahoma, the President of the Oklahoma State Retired Fire Fighters Association, the State Insurance Commissioner, the Director of State Finance (or their designees), the five members of the Board of Trustees of the Oklahoma Firefighters Association, and appointees by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the President of the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2002, and their report, dated September 5, 2002, has been previously issued under separate cover.

**Oklahoma Law Enforcement Retirement System** provides retirement benefits for qualified law enforcement officers. The System is administered by a board comprised of thirteen members: The Assistant Commissioner of Public Safety, the Director of State Finance (or his designee), members of the Department of Public Safety, the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, and the Alcoholic Beverage Laws Enforcement Commission, and appointees by the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2002, and their report, dated September 19, 2002, has been previously issued under separate cover.

**Oklahoma Public Employees Retirement System** administers the Oklahoma Public Employee Retirement Plan which provides retirement benefits for state, county and local employees. The board is comprised of thirteen members: The Chairman of the Corporation Commission, the Administrator of the Office of Personnel Management, the State Insurance Commissioner, the Director of State Finance (or their designees), a member of the State Tax Commission, and appointees by the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2002, and their report, dated September 30, 2002, has been previously issued under separate cover.

**Uniform Retirement System for Justices and Judges** is administered by the Oklahoma Public Employee Retirement System and provides retirement benefits for justices and judges. The System was audited by other independent auditors for the year ended June 30, 2002, and their report, dated September 30, 2002, has been previously issued under separate cover.

**Oklahoma Police Pension and Retirement System** provides retirement benefits for police officers employed by participating municipalities. The System is administered by a board comprised of thirteen members: Seven members elected from the seven Districts, the Director of State Finance, the State Insurance Commissioner (or their designees) and appointees by the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the President of the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2002, and their report, dated September 3, 2002, has been previously issued under separate cover.

**Teachers' Retirement System of Oklahoma** provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions. The System is administered by a board consisting of the Superintendent of Public Instruction, the Director of the State Department of Vocational and Technical Education, the Director of State Finance (or their designees), and appointees by the

Governor, with the advice and consent of the Senate, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives. The System was audited by other independent auditors for the year ended June 30, 2002, and their report, dated August 16, 2002, has been previously issued under separate cover.

### **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 that 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, 2002, the foundation disbursed approximately \$3,700,000 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, 2002, these foundations expended, on-behalf of the State's colleges and universities, approximately \$82,535,000 for facilities and equipment, salary supplements, general educational assistance, faculty awards, and scholarships.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a give function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular functions, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The State does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the state's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

**Government-Wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are

recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Governmental Fund Financial Statements** – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the state considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that 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 principles (GAAP) since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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, 2002, has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a reservation of fund balance.
- Debt service expenditures and claims and judgments are recorded only when payment is due.

**Proprietary Funds, Fiduciary Funds and Similar Component Units, and Component Units Financial Statements** – The financial statements of the proprietary funds, fiduciary funds and similar component units, and component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

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's two enterprise funds have 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the state's enterprise funds are the moneys requisitioned for the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits and interest revenue charges for loans made to local entities by the Oklahoma Water Resources Board (OWRB). The OWRB reports federal grants as both operating and nonoperating, depending in the types of grants received.

#### **D. Fund Accounting**

The financial activities of the State are recorded in individual funds, 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.

The financial activities of the State that are reported in the accompanying financial statements have been classified into the following major governmental and proprietary funds. In addition, a description of the fiduciary and component units follows.

## 1. Governmental Funds

**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. These resources are derived from proceeds of the general obligation bonds issued on March 9, 1993, and July 21, 1993.

**Commissioners of the Land Office Permanent Fund** – This fund 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. This fund’s assets are held by the State and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact.

**Department of Wildlife Conservation Permanent Fund** – This fund accounts for moneys held in trust for the improvement and preservation of wildlife. The moneys have been accumulated from the sale of lifetime hunting and fishing licenses. This fund’s assets are held by the State and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact.

**Tobacco Settlement Endowment Permanent Fund** – This fund accounts for certain moneys transferred from the general fund, that were received in settlement of claims by the state against tobacco manufacturers. The earnings from these moneys are to be utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. The principal must be preserved intact.

## 2. Proprietary Funds

These funds account 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.

**Employment Security Commission Enterprise Fund** - This fund accounts for the deposit of moneys requisitioned for the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits.

**Oklahoma Water Resources Board Enterprise Fund** - This fund is comprised of Oklahoma Water Resources Board and the Department of Environmental Quality bond issues and revolving loan 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.

## 3. Fiduciary Funds and Similar Component Units

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, or other governmental units.

**Pension Trust Funds** - These Funds account for the transactions, assets, liabilities, and net assets of the Wildlife Conservation Retirement Plan in the primary government and the six Public Employee Retirement Systems (PERS) that meet the definition of a component unit of the state.

**Investment Trust Fund** – This Fund accounts for the transactions, assets, liabilities and fund equity of the external investment pool.

**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. Component Units**

These entities are legally separate from the State but are considered part of the reporting entity. These Funds meet the definition of both a component unit and that of an enterprise fund as previously described. The six Public Employee Retirement Systems (PERS) meet the definition of a component unit, but are presented with the other fiduciary funds of the state.

#### **5. Financial Statement Reporting Periods**

The accompanying financial statements of the State are presented as of June 30, 2002, and for the year then ended, except for the following funds and entities which were audited by other independent auditors. The State and Education Employees Group Insurance Board has changed its fiscal year end to December 31 effective this reporting period. All amounts for this component unit are for the six-month period ending December 31, 2001.

CompSource Oklahoma	12-31-01
Multiple Injury Trust Fund	12-31-01
State and Education Employees Group Insurance Board	12-31-01
Oklahoma Transportation Authority	12-31-01
Grand River Dam Authority	12-31-01
Oklahoma Municipal Power Authority	12-31-01
Oklahoma Housing Finance Agency	09-30-01

#### **E. 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 Required Supplementary Information – Budgetary Schedules 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, 2002 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 the Notes to Required Supplementary Information.

The Governor prepares and submits to the Legislature at the beginning of each annual legislative 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, 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 of up to 25% between line items. The Contingency Review Board (a three-member board comprised of the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives) can approve transfers between line items of up to 40%. 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 agency managers 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 2002 \$71,729,000 was approved by the Legislature for supplemental appropriation. All fiscal year 2002 appropriated line items were within their authorized spending level.

#### **F. 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 with a maturity of three months or less that are readily convertible to cash.

#### **G. 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.

Investments are generally stated at fair value in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

#### **H. 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. 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 consists 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 enterprise funds represents 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.

#### **I. Inter/Intrafund Transactions**

Interfund Transactions - The State has two 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 transfers in the funds involved.

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 Required Supplementary Information – Budgetary Schedules includes these transactions. However, as a general rule recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis government wide financial statements. A portion of motor fuel excise taxes collected on fuels consumed on the State's turnpikes is made available to the Oklahoma Transportation 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 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.

**J. Inventories**

Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Generally, inventories are valued at cost and predominantly on either the first-in first-out or weighted average basis. Inventories of federal surplus properties are valued at a percentage of federal acquisition cost. 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 \$120,000 in food stamps and \$1,041,000 in food commodities which is recorded as inventory and deferred revenue. Upon distribution, the food stamps and food commodities are recognized as revenues and expenditures of the general fund.

The value of the inventory of food commodities in the general 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.

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

**K. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (which is normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the state as assets which have a cost of \$25,000 or more at the date of acquisition and have an expected useful life of five or more years. Purchased and constructed capital 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.

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. Infrastructure constructed prior to July 1, 2000 has been recorded at estimated historical cost. The estimated historical cost for years 1916-2000 was based on capital outlay expenditures reported by the Oklahoma Department of Transportation and the Federal Highway Administration, less an amount estimated for the historical cost of the acquisition of land for right-of-way. 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. Interest incurred during construction of capital facilities is not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component units financial statements.

Capital assets of the primary government and the component units are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

Machinery and Equipment	3 - 20 years
Buildings and Other Improvements	7 - 60 years
Infrastructure	30 years

Collections and works of art are not included in capital assets of the primary government on the Statement of Net Assets. GASB Statement No. 34 does not require capitalization of collections if they meet all of the following criteria: held for public exhibition, education, or research in furtherance of service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State elected not to capitalize collections and works of art since they meet all of the above conditions.

#### **L. Other Assets**

Included in other assets (noncurrent for 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.

#### **M. Deferred Revenue**

Deferred revenues at the fund level arise when 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 within 60 days 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. Deferred revenues at the government-wide level arise only when the State receives resources before it has a legal claim to them. Also included in deferred revenue at both levels is the undistributed food stamp and food commodity inventories.

#### **N. Compensated Absences**

Employees 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, 13.33 hours per month for service of 10 to 20 years, and 16.67 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 governmental fund financial statements record expenditures when employees are paid for leave. The government-wide financial statements present the cost of accumulated vacation leave as a liability. The liability is valued based on current rate of pay. There is no liability for unpaid accumulated sick leave since the state does not have a policy to pay this amount when employees separate from service.

#### **O. 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.

**P. Federal Grants**

In addition to monetary transactions, Federal grants also include non-monetary transactions for surplus inventory, food stamps, food, and other commodities. Surplus inventory is valued at a percentage of government acquisition cost. Food stamps are valued at coupon value. Commodities are valued at their federally reported value in the General Fund.

**Q. Long-Term Obligations**

**Premiums, Discounts and Issuance Costs** – In the government-wide financial statements long-term debt and other long-term obligations are presented in the columns for governmental and business-type activities. The same is presented in the proprietary fund financial statements. Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges in other assets and are amortized over the term of the related debt.

In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Arbitrage Rebate Liability** – The capital project fund, enterprise funds and component units account for arbitrage rebate payable as a liability of the fund. The increase in the obligation has been recorded as a reduction of current year interest revenue.

**R. Governmental Fund – Fund Balance Reserves and Designations**

The governmental fund financial statements present fund balance reserves for those portions of fund balance (1) not available for appropriation for expenditure or (2) legally segregated for a specific future use. The 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 governmental funds' designation of fund balance reflects tentative plans for future use of financial resources.

As further explained in item J above, the general fund inventory includes \$120,000 in food stamps and \$1,041,000 in food commodities which is also included in deferred revenue. Therefore, the reservation of fund balance for inventory/prepaid on the balance sheet is \$1,161,000 less than the total of inventory and prepaid items.

**S. Deficit Charges for Services and Interest and Investment and Revenue –Commissioners of the Land Office**

The Charges for Services for the Education – The Interest and Investment Revenue for Commissioners of the Land Office Permanent Fund on the Statement of Changes in Revenues, Expenditures and Changes in Fund Balances for governmental funds presents a negative amount. This is the result of a \$27,167,000 negative in net Interest and Investment Revenue for the year due to poor market conditions.

**T. Deficit Fund Balance – Multiple Injury Trust Fund**

The Multiple Injury Trust Fund (MITF), a component unit, continues to operate in a deficit situation. MITF had total net liabilities (negative net assets) of \$256,486,000 at December 31, 2001. Legislation was passed in May 2000 providing new funding for MITF through an assessment on gross premiums on workers compensation policies written by insurance carriers and an assessment on disability awards paid by self-insured employers, and further prohibits future awards against MITF. Funding is to continue until the Board of Managers of the State Insurance Fund, pursuant to an independent actuarial audit, has certified that there are sufficient funds to satisfy all outstanding obligations of MITF.

## Note 2. 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 statutes, 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, 2002, 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. The Pension Trust Funds, fiduciary component units of the State, held deposits of \$584,209,000 of which \$416,334,000 were insured or collateralized with securities held by the fiduciary component unit or by its agent in each funds respective name. This is considered category 1 credit risk. The Pension Trust Funds held \$167,875,000 as category 3 credit risk deposits which are uncollateralized or collateralized and the related securities are held by the pledging institution or by its agent not in the funds name. In addition to these deposits, the State has approximately \$519,000,000 on deposit with the U.S. Government. These funds represent unemployment insurance taxes collected from Oklahoma employers that are held by the U.S. Treasury. The book value of deposits does not materially differ from the bank balance.

### 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, 2002, by investment type, are listed below (expressed in thousands).

Primary Government	Risk Categories			Fair Value
	1	2	3	
U.S. Government Securities	\$ 662,327	\$ -	\$ -	\$ 662,327
Repurchase Agreements	1,160,347	-	2,080	1,162,427
State Bond Issues	103,209	-	-	103,209
Debt Securities	281,844	-	-	281,844
Equity Securities	370,647	-	7,199	377,846
Investments Held Under Securities Loans for Non-Cash Collateral:				
U.S. Government Securities	501,534	-	-	501,534
	<u>\$ 3,079,908</u>	<u>\$ -</u>	<u>\$ 9,279</u>	<u>3,089,187</u>
Investments Not Subject to Categorization:				
Guaranteed Investment Contracts				109,613
Mutual Funds				30,685
Money Market Mutual Funds				199,805
Investments Held Under Securities Loans for Cash Collateral:				
U.S. Government Securities				172,171
Less: Component Units' Investment in State Treasurer's Cash Management Program*				(257,140)
Total Investments				<u>\$ 3,344,321</u>

\* Includes presentation and timing differences of \$195,204 attributable to component units.



## **Securities Lending Transactions – Primary Government**

State statute Title 62, Section 90 authorizes the State Treasurer's Office to participate in securities lending transactions. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. All securities held by Northern Trust Company, as trustee or custodian, may be lent in the securities lending program unless specifically excluded by the State Treasurer's Office.

During the fiscal year ended June 30, 2002, securities lending agents lent primarily U.S. Government securities. Cash and U.S. Government securities were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 100% of the fair value of the securities loaned. At June 30, 2002, the carrying amount and fair value of the securities on loan was approximately \$673,705,000. The underlying collateral for these securities had a market value of approximately \$702,984,000. Collateral of U.S. Government securities represented approximately \$501,534,000 of the total collateral. Because these securities cannot be sold or pledged unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in U.S. Government securities and is included as an asset on the balance sheet with an offsetting liability for the return of collateral.

At June 30, 2002, there was no credit risk exposure to borrowers because the amounts the Primary Government owes the borrowers exceed the amounts the borrowers owe the Primary Government. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with cash collateral.

## **Securities Lending Transactions – Fiduciary Funds and Similar Component Units**

The six Public Employees Retirement Systems (PERS) participate in securities lending transactions as provided by their respective investment policies. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. There are no restrictions regarding the amount of securities that may be lent.

During the fiscal year ended June 30, 2002, securities lending agents lent primarily U.S. Government securities, equity securities and debt securities. Cash, U.S. Government securities and letters of credit were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 102% of the fair value of the securities loaned. However, in certain instances collateral must be provided in the amount of 105% when the principal trading market for the loaned securities is outside the United States. At June 30, 2002, the carrying amount and fair value of securities on loan was approximately \$1,769,812,000. The underlying collateral for these securities had a market value of approximately \$1,919,821,000. Collateral of securities and letters of credit represented approximately \$321,850,000 of total collateral. Because these securities and letters of credit cannot be sold or pledged unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investments pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At June 30, 2002, there was no credit risk exposure to borrowers because the amounts the Fiduciary Funds owe the borrowers exceed the amounts the borrowers owe the Fiduciary Funds. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Investment policies do not require the maturities of investments made with cash collateral to match the maturities of securities lent; however, investment policies may establish minimum levels of liquidity to minimize the interest rate risk associated with not matching the maturity of the investments with the loans.

## Securities Lending Transactions – Component Units

CompSource Oklahoma participates in securities lending transactions as provided by its investment policies. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. There are no restrictions regarding the amount of securities that may be lent. The changes for the year in the securities lending asset and liability are presented at net in the Combined and Combining Statement of Cash Flows since the maturity dates differ by less than three months.

During the fiscal year, securities lending agents lent primarily U.S. Government securities, equity securities and debt securities. Cash, U.S. Government securities and letters of credit were provided as collateral for the securities lent. Collateral must be provided in the amount of 102% of the fair value of the securities loaned. At fiscal year end, the carrying amount and market value of securities on loan was approximately \$146,318,000. The underlying collateral for these securities had a market value of approximately \$150,219,000. Collateral of securities represented approximately \$9,156,000 of total collateral. Because these securities and letters of credit cannot be pledged or sold unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investments pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At fiscal year end, there was no credit risk exposure to borrowers because the amounts CompSource owes the borrowers exceed the amounts the borrowers owe CompSource. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions or recoveries from prior period losses resulting from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with the cash collateral.

## External Investment Pool – Primary Government

The State sponsors an investment pool that includes internal and external pool participants. The portion of the pool attributable to external pool participants is included in the primary government as an Investment Trust Fund and does not have separate financial reports. The pool is not registered with the SEC and is reviewed by an Executive Review Committee of the State’s Cash Management and Investment Oversight Commission. Assets of the pool are invested pursuant to an overnight repurchase agreement and are collateralized by U.S. Government obligations held by an independent third party custodian. Fair value of the investments is determined on a daily basis. Par value of participants’ investments is based on the amount invested and accrued interest. Due to the daily nature of the pool, the third party custodian guarantees the value of the participants’ investments. The pool does not include any involuntary participants.

Condensed financial statement information for the internal and external portions of the investment pool follows (expressed in thousands).

	Internal Investment Pool	External Investment Pool	Total Pool
Assets	\$ 752,384	\$ 7,457	\$ 759,841
Liabilities	-	-	-
Net Assets	<u>\$ 752,384</u>	<u>\$ 7,457</u>	<u>\$ 759,841</u>
Additions			
Contributions	\$ 3,645,688	\$ 7,501	\$ 3,653,189
Investment Revenue	13,364	141	13,505
Total Additions	<u>3,659,052</u>	<u>7,642</u>	<u>3,666,694</u>
Deductions			
Distributions to Pool Participants	<u>3,597,575</u>	<u>6,385</u>	<u>3,603,960</u>
Net Increase	61,477	1,257	62,734
Net Assets, Beginning of Year	<u>690,907</u>	<u>6,200</u>	<u>697,107</u>
Net Assets, End of Year	<u>\$ 752,384</u>	<u>\$ 7,457</u>	<u>\$ 759,841</u>



A reconciliation of interfund receivables and interfund payables at June 30, 2002 follows. Timing differences occur between agencies with a June 30 year end and the component units with December 31 year ends.

Due From Other Funds		Due To Other Funds	
Wildlife Lifetime Licenses	\$ 88	General Fund	\$ 71
Fiduciary Funds	1,843	Wildlife Lifetime Licenses	88
Due From Fiduciary Funds	71	Fiduciary Funds	1,843
Due From Component Units		Due To Component Units	
General Fund	44,030	General Fund	33,649
Fiduciary Funds	271	Fiduciary Funds	8,601
Due From Primary Government		Due To Primary Government - General Fund	43,245
General Fund	33,861	Due To Fiduciary Funds	271
Due From Fiduciary Funds	8,601	Due To Other Component Units	1,167
Due From Other Component Units	<u>1,167</u>	Total Interfund Payables per Financial Statements	<u>88,935</u>
Total Interfund Receivables		Timing Differences, Fiscal Year Ending	
Per Financial Statements	<u>\$ 89,932</u>	December 31, 2001: Component Units	997
		Total Interfund Payables	<u>\$ 89,932</u>

The general fund Due From Other Funds includes \$40,915,000 from Oklahoma Transportation Authority (OTA) (\$40,130,000 at December 21, 2001 on OTA) for a portion of motor fuel excise taxes collected on fuels consumed on turnpikes. The balance accumulates and is payable when certain OTA revenue bonds payable have been paid in full. Also, the general fund is due \$45,000 from the Funds Held in Escrow agency fund for legislative mandated transfer of earnings on certain funds. The Wildlife Lifetime Licenses permanent fund is due \$88,000 from the general fund for legislative mandated transfer of earnings on certain funds.

The fiduciary funds Due From Other Funds includes \$710,000 for Firefighters Pension and Retirement System, \$104,000 for Oklahoma Law Enforcement Retirement System, and \$292,000 for Oklahoma Police Pension and Retirement System. These amounts are due from the general fund for legislative mandated allocation of taxes on insurance premiums.

The component units Due From Primary Government includes \$6,526,000 for Higher Education and \$1,916,000 for University Hospitals Authority. These amounts are due from the general fund for draw downs of principal from Oklahoma Capital Improvement Authority capital lease agreements.

Remaining interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

## B. Notes Payable and Capital Leases

The Multiple Injury Trust Fund (MITF) component unit reports a note payable to CompSource Oklahoma component unit of \$50,000,000, as permitted by statute. Included in this note payable is a \$6,000,000 advance on a line of credit not to exceed \$11,300,000. The remaining \$5,300,000 has not been advanced. The note and line of credit bear interest at a 7% rate and are payable over 30 years in quarterly installments subsequent to December 31, 2001, prior to which only quarterly interest payments were due. The note and line of credit are collateralized by MITF revenues and any equity or other interests available to MITF.

The Higher Education (HE) and University Hospitals Authority (UHA) component units have entered into capital lease agreements with the general fund's Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. The capital lease outstanding balances are \$42,791,000 for HE and \$1,632,000 for UHA.

## C. Interfund Transfers

A summary of interfund transfers for the fiscal year ended June 30, 2002, follows (expressed in thousands).

<u>Transfers From (Out)</u>	<u>Transfers To (In)</u>	<u>For (Purpose)</u>	<u>Amount</u>
<b>Governmental Funds:</b>			
General Fund	Proprietary Fund: Oklahoma Water Resources Board	Program subsidy	\$ 209
Permanent Funds:			
Commissioners of Land Office	General Fund	Transfer of expendable earnings	2,255
Department of Wildlife Conservation	General Fund	Transfer of expendable earnings	1,117
<b>Proprietary Funds:</b>			
Oklahoma Water Resources Board	General Fund	Administrative expenditures	141
Oklahoma Water Resources Board	General Fund	Restricted investment revenue	743
Total Transfers			<u>\$ 4,465</u>

## Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2002, was as follows (expressed in thousands).

### Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 847,537	\$ 43,950	\$ (7)	\$ 891,480
Construction in progress	88,695	71,961	(11,475)	149,181
Total capital assets, not being depreciated	<u>936,232</u>	<u>115,911</u>	<u>(11,482)</u>	<u>1,040,661</u>
Capital assets, being depreciated:				
Buildings and improvements	654,434	26,226	(5,892)	674,768
Equipment	238,469	17,937	(11,048)	245,358
Infrastructure	9,473,570	454,411	(8,195)	9,919,786
Total capital assets, being depreciated	<u>10,366,473</u>	<u>498,574</u>	<u>(25,135)</u>	<u>10,839,912</u>
Less accumulated depreciation for:				
Buildings and improvements	(283,429)	(13,790)	1,504	(295,715)
Equipment	(138,006)	(17,966)	8,281	(147,691)
Infrastructure	(4,693,510)	(322,707)	3,688	(5,012,529)
Total accumulated depreciation	<u>(5,114,945)</u>	<u>(354,463)</u>	<u>13,473</u>	<u>(5,455,935)</u>
Total capital assets, being depreciated, net	<u>5,251,528</u>	<u>144,111</u>	<u>(11,662)</u>	<u>5,383,977</u>
Governmental activities capital assets, net	<u>\$ 6,187,760</u>	<u>\$ 260,022</u>	<u>\$ (23,144)</u>	<u>\$ 6,424,638</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 276	\$ 69	\$ -	\$ 345
Total capital assets, being depreciated	<u>276</u>	<u>69</u>	<u>-</u>	<u>345</u>
Less accumulated depreciation for:				
Equipment	(160)	(71)	-	(231)
Total accumulated depreciation	<u>(160)</u>	<u>(71)</u>	<u>-</u>	<u>(231)</u>
Business-type activities capital assets, net	<u>\$ 116</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 114</u>

Current period depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Education	\$ 823
General government	8,322
Health services	2,396
Legal and judiciary	212
Museums	130
Natural resources	3,380
Public safety and defense	8,378
Regulatory services	334
Social services	4,016
Transportation	326,472
Total depreciation expense - governmental activities	<u>\$ 354,463</u>
Business-type activities:	
Natural resources	\$ 71
Total depreciation expense - business-type activities	<u>\$ 71</u>

## Component Units

Capital asset activity for the year ended June 30, 2002, (December 31, 2001, or September 30, 2001, for those entities identified in Item D of Note 1) was as follows (expressed in thousands).

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 211,263	\$ 7,604	\$ (885)	\$ 217,982
Construction in progress	616,341	350,363	(498,818)	467,886
Total capital assets, not being depreciated	827,604	357,967	(499,703)	685,868
Capital assets, being depreciated:				
Buildings and improvements	3,013,618	270,985	(5,989)	3,278,614
Equipment	1,079,590	136,521	(43,960)	1,172,151
Infrastructure	1,115,691	312,754	(1,758)	1,426,687
Total capital assets, being depreciated	5,208,899	720,260	(51,707)	5,877,452
Less accumulated depreciation for:				
Buildings and improvements	(1,430,899)	(82,396)	10,903	(1,502,392)
Equipment	(750,442)	(87,306)	40,114	(797,634)
Infrastructure	(637,857)	(43,681)	1,677	(679,861)
Total accumulated depreciation	(2,819,198)	(213,383)	52,694	(2,979,887)
Total capital assets, being depreciated, net	2,389,701	506,877	987	2,897,565
Capital assets, net	\$ 3,217,305	\$ 864,844	\$ (498,716)	\$ 3,583,433

## Note 6. 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 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. CompSource Oklahoma (CSO) provides workers' compensation coverage for the State's employees (and private and local government employees).

CSO 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 revenue and were approximately \$4,292,000 in 2001. The liability for claims in excess of the self-insured entities' respective retention limits included in unpaid losses and loss adjustment expenses was approximately \$37,538,000 at December 31, 2001.

CSO 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 \$63,000 in 2001. No losses have been ceded under these agreements. Reinsurance receivables with a single reinsurer of \$546,000 at December 31, 2001, 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 CSO from its obligation to policyholders. Failure of reinsurers to honor their obligations could result in losses to CSO. 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 a discretely presented component unit. The Multiple Injury Trust Fund (MITF) was created to encourage the hiring of individuals with a pre-existing disability and to protect those employers from liability for the pre-existing disability. MITF 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, 2001, have been charged to operations for the year ended

December 31, 2001. At year end, the MITF loss liability exceeded net assets. MITF was indebted to claimants for court awarded judgments. Only those judgments currently payable in arrears bear interest. The rate, set by statute, is the treasury bill rate plus 4% to be updated annually. Legislation was enacted to terminate future awards against MITF for actions and to increase its funding sources.

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 MITF, 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 following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 2002, (December 31, 2001, for CompSource Oklahoma, State and Education Employees Group Insurance Board, and Multiple Injury Trust 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
<b>Current Fiscal Year</b>						
General Fund* - Risk Management Division	\$ 18,041	\$ 4,466	\$ (2,762)	\$ 19,745	\$ -	\$ 19,745
Component Units:						
CompSource Oklahoma State and Education Employees Group Insurance Board	\$ 472,371	\$ 141,964	\$ (112,050)	\$ 502,285	\$ 410,677	\$ 91,608
Multiple Injury Trust Fund	65,864	205,745	(202,045)	69,564	4,143	65,421
	179,434	22,330	(17,144)	184,620	167,757	16,863
Total Component Units**	\$ 717,669	\$ 370,039	\$ (331,239)	\$ 756,469	\$ 582,577	\$ 173,892

\* As discussed in the Litigation and Contingencies note, general fund claims and judgments includes \$8,827 accrued for the payment of litigation losses.

\*\* The Higher Education Component Unit's claims and judgments (\$33,014 – current and \$2,454 – noncurrent) are for accrued liabilities not related to risk management.

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
<b>Prior Fiscal Year</b>						
General Fund - Risk Management Division	\$ 13,337	\$ 7,765	\$ (3,061)	\$ 18,041	\$ -	\$ 18,041
Component Units:						
CompSource Oklahoma State and Education Employees Group Insurance Board	\$ 483,832	\$ 92,497	\$ (103,958)	\$ 472,371	\$ 375,398	\$ 96,973
Multiple Injury Trust Fund	62,806	375,044	(371,986)	65,864	4,790	61,074
	198,469	638	(19,673)	179,434	163,518	15,916
Total Proprietary Units	\$ 745,107	\$ 468,179	\$ (495,617)	\$ 717,669	\$ 543,706	\$ 173,963

### 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. Legislation was passed during the 2002 legislative session that changed the fiscal year end for financial reporting

purposes of the Plan from June 30th to December 31st. All amounts included in this report for the Plan are for the six-month period ending December 31, 2001.

**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 192,000 primary participants and dependents, approximately 26,000 primary participants and 19,000 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 (249 local governments actually participate). Any education entity or local government which elects to withdraw from the Plan may do so with 30 days written notice, and must withdraw both its active and inactive participants.

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	X		
Disability	X	X					
Medicare Supplement				X	X	X	X
Health Care Participants:							
Primary	19,000	7,000	38,000	----- 36,000 -----			
Dependents	----- 47,000 -----						

**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 reporting periods for the three types of coverages: health and dental, life, and disability (expressed in thousands).

	Health and Dental		Life		Disability	
	Six-month Period Ending 12/31/2001	Twelve-month Period Ending 6/30/2001	Six-month Period Ending 12/31/2001	Twelve-month Period Ending 6/30/2001	Six-month Period Ending 12/31/2001	Twelve-month Period Ending 6/30/2001
Reserves at beginning of period	\$ 54,722	\$ 51,218	\$ 2,218	\$ 2,819	\$ 5,756	\$ 6,401
Incurred claims:						
Provision for insured events of current period	209,788	374,132	5,256	11,123	1,417	2,094
Changes in provisions for insured events of prior periods	(8,989)	(11,758)	(759)	(206)	132	(1,141)
	<u>200,799</u>	<u>362,374</u>	<u>4,497</u>	<u>10,917</u>	<u>1,549</u>	<u>953</u>
Payments:						
Claims attributable to insured events of current period	154,488	319,701	3,405	8,930	67	299
Claims attributable to insured events of prior periods	41,927	39,169	1,263	2,588	895	1,299
	<u>196,415</u>	<u>358,870</u>	<u>4,668</u>	<u>11,518</u>	<u>962</u>	<u>1,598</u>
Reserves at end of period	<u>\$ 59,106</u>	<u>\$ 54,722</u>	<u>\$ 2,047</u>	<u>\$ 2,218</u>	<u>\$ 6,343</u>	<u>\$ 5,756</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 7. 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, 2002 are as follows (expressed in thousands).

	General Fund	Fiduciary Funds	Component Units
2003	\$ 281	\$ 74	\$ 2,780
2004	184	46	2,751
2005	158	30	2,377
2006	100	-	548
2007	-	-	433
2008-2012	-	-	1,563
2013-2017	-	-	1,619
2018-2022	-	-	1,088
2023-2027	-	-	632
Total Future Minimum Lease Payments	<u>\$ 723</u>	<u>\$ 150</u>	<u>\$ 13,791</u>
Operating lease commitments for building rental for year ended June 30, 2003	\$ 16,765	\$ 305	\$ 1,935
Rent expenditures/expenses for operating leases for year ended June 30, 2002	\$ 17,534	\$ 338	\$ 14,422

## Note 8. Lessor Agreements

### Direct Financing Leases

At June 30, 2002 (December 31, 2001 for Oklahoma Municipal Power Authority), minimum lease payments receivable for the State as a whole for each of the five succeeding fiscal years follows (expressed in thousands).

	2003	2004	2005	2006	2007
Primary Government	\$ 5,764	\$ 5,242	\$ 4,474	\$ 3,763	\$ 3,145
Component Units:					
Oklahoma Municipal Power Authority	\$ 122	\$ 76	\$ 11	\$ 4	\$ 1
Environmental Finance Authority	59	59	59	59	59
Total	\$ 181	\$ 135	\$ 70	\$ 63	\$ 60

### Primary Government

The **Department of Transportation** maintains leases classified as direct financing leases. The State leases heavy equipment and machinery to counties within the state. The lease terms are determined by the depreciation schedules published by the American Association of State Highway Transportation Officials. All new county equipment leases were charged an interest amount equivalent to 3% of the equipment cost. 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, 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 approximately \$33,341,000, which is also the net investment in direct financing leases at June 30, 2002.

### Component Units

The **Oklahoma Environmental Finance Authority** leases facilities necessary for the abatement, control and reduction of pollution to industrial and commercial entities and the **Oklahoma Municipal Power Authority (OMPA)** leases two electrical substations to two of its member municipalities. These leases are accounted for as direct financing leases. The following schedule lists the net investment in direct financing leases as of June 30, 2002 (December 31, 2001 for OMPA) (expressed in thousands).

Total minimum lease payments to be received	
- Gross investment in financing leases	\$ 1,538
Less: Cost of investments and unearned income	336
Net investment in direct financing leases	<u>\$ 1,202</u>

### Operating Leases

#### Primary Government

The State has operating leases maintained by various state agencies consisting 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).

2003	2004	2005	2006	2007	Total
\$ 304	\$ 78	\$ 70	\$ 66	\$ 168	<u>\$ 686</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).

2003	2004	2005	2006	2007	Total
\$ 7,998	\$ 7,210	\$ 5,600	\$ 3,995	\$ 2,494	<u>\$ 27,297</u>

## Component Units

The **Oklahoma Transportation Authority** has various noncancelable contracts with concessionaires to provide patron services on the State's turnpike system. The contracts are generally for five year terms, with two five-year renewal options. The Authority receives concession revenue that includes minimum rentals plus contingent rentals based on sales volume. The Authority also leases antenna space under noncancelable contracts with a 20 year term. The following schedule presents minimum future rentals receivable from these contracts (expressed in thousands).

2003	2004	2005	2006	2007	Total
\$ 199	\$ 191	\$ 191	\$ 183	\$ 180	\$ 944

## Note 9. Long-Term Obligations As Related to Governmental Activities

Long-term obligations at June 30, 2002, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds Payable from Tax Revenue:								
Institutional Bldg 1992A	1993	4.25-5.20%	2019	\$ 216,850	\$ -	\$ 5,650	\$ 211,200	\$ 5,940
Institutional Bldg 1992B	1994	4.15-6.60%	2014	73,650	-	4,380	69,270	4,555
Total				<u>290,500</u>	<u>-</u>	<u>10,030</u>	<u>280,470</u>	<u>10,495</u>
Revenue Bonds Payable from Lease Rentals:								
OCIA Series A of 1986	1987	6.50%	2007	2,254		340	1,914	363
OCIA Series A of 1994	1994	3.00-4.65%	2003	2,085		1,020	1,065	1,065
OCIA Series B of 1994	1995	4.85-7.15%	2010	12,340		1,045	11,295	1,115
OCIA Series B of 1995	1996	3.60-5.50%	2016	25,205		1,470	23,735	1,540
OCIA Series B of 1996	1997	3.75-5.50%	2022	3,040		85	2,955	90
OCIA Series 1998, Corrections	1998	3.90-5.00%	2018	17,950		725	17,225	755
OCIA Series 1998, Highway	1998	3.90-5.00%	2008	231,815		28,620	203,195	30,000
OCIA Series 1999A	2000	4.10-5.50%	2020	144,735		6,945	137,790	7,190
OCIA Series 1999B	2000	6.20-7.625%	2020	5,200		795	4,405	850
OCIA Series 1999C	2000	4.10-5.50%	2020	5,105		260	4,845	270
OCIA Series 1999D	2000	3.85-5.70%	2025	13,685		415	13,270	435
OCIA Series 2000, Highway	2000	4.30-5.00%	2012	153,840		6,195	147,645	11,760
Tourism 1994	1994	5.30-7.20%	2012	4,390		4,390	-	-
Tourism 2002	2002	2.10-4.25%	2012	-	3,135		3,135	-
Boll Weevil Series 1999	1999	5.15-6.25%	2008	4,090		490	3,600	520
Boll Weevil Series 2000A	2001	7.75-9.10%	2008	3,175		350	2,825	380
DHS-Pittsburg Co. 1998 (ODFA)	1998	4.25-5.30%	2012	1,295		70	1,225	80
DHS-Canad/Linc Co. 2000 (ODFA)	2000	4.30-5.60%	2015	3,540		180	3,360	190
DHS-8 County (ODFA)	2002	2.10-5.25%	2017	-	15,370		15,370	795
Veterans Series 2000 (ODFA)	2000	4.2-5.625%	2015	10,395		535	9,860	555
Law Enforcement Education/Training (ODFA)	2002	3.00-5.50%	2027	-	26,440		26,440	630
Total				<u>644,139</u>	<u>44,945</u>	<u>53,930</u>	<u>635,154</u>	<u>58,583</u>
Note Payable - Sardis Reservoir				35,946		273	35,673	283
Certificates of Participation				3,036		774	2,262	832
Capital Leases				6,852	867	2,835	4,884	1,748
Compensated Absences				120,943	79,379	69,234	131,088	69,234
Pension Obligation				1,686		148	1,538	-
Total Long-Term Obligations				<u>\$ 1,103,102</u>	<u>\$ 125,191</u>	<u>\$ 137,224</u>	<u>\$ 1,091,069</u>	<u>\$ 141,175</u>

Reduction of debt includes deletions of Capital Leases (\$857) and decreases in Compensated Absences and Pension Obligation which are not included as expenditures in the operating statement. Reduction of debt also includes an advanced refunding of \$3,135 as an other financing use to defease the OTRD 1994 Revenue Bonds.

### 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.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. The State's cumulative arbitrage rebate liability on general obligation bonds for the year ended June 30, 2002, is approximately \$10,500.

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2002, which have scheduled debt service amounts (expressed in thousands).

	2003	2004	2005	2006	2007	2008-2012	2013-2017	2018-2022	2023-2027	Total
<b>General Obligation Bonds:</b>										
Institutional Bldg 1992A	\$ 16,460	\$ 16,508	\$ 16,557	\$ 16,603	\$ 16,653	\$ 84,149	\$ 110,899	\$ 52,033	\$ -	\$ 329,862
Institutional Bldg 1992B	7,871	7,835	7,800	7,772	7,738	38,060	14,842	-	-	91,918
	24,331	24,343	24,357	24,375	24,391	122,209	125,741	52,033	-	421,780
Less: Interest	13,836	13,358	12,847	12,300	11,711	48,209	26,441	2,608	-	141,310
Total Principal	10,495	10,985	11,510	12,075	12,680	74,000	99,300	49,425	-	280,470
<b>Revenue Bonds:</b>										
OCIA Series A of 1986	477	477	476	476	318	-	-	-	-	2,224
OCIA Series A of 1994	1,114	-	-	-	-	-	-	-	-	1,114
OCIA Series B of 1994	1,851	1,846	1,845	1,843	1,838	5,482	-	-	-	14,705
OCIA Series B of 1995	2,715	2,712	2,706	2,692	2,696	12,340	6,158	-	-	32,019
OCIA Series B of 1996	245	245	241	241	242	1,209	1,209	1,200	-	4,832
OCIA Series 1998, Corrections	1,579	1,578	1,578	1,578	1,575	7,884	7,888	1,575	-	25,235
OCIA Series 1998, Highway	39,416	39,407	39,414	39,412	39,408	39,411	-	-	-	236,468
OCIA Series 1999A	14,037	14,042	14,046	11,603	11,596	56,457	54,152	32,317	-	208,250
OCIA Series 1999B	1,132	1,128	1,128	346	343	1,129	256	151	-	5,613
OCIA Series 1999C	512	515	512	391	391	1,945	1,931	1,155	-	7,352
OCIA Series 1999D	1,114	1,114	1,115	1,113	1,114	5,534	5,508	3,872	881	21,365
OCIA Series 2000, Highway	18,903	18,905	18,907	18,907	18,904	94,522	-	-	-	189,048
Tourism 2002	73	401	414	415	415	2,062	-	-	-	3,780
Boll Weevil Series 1999	727	723	726	726	723	722	-	-	-	4,347
Boll Weevil Series 2000A	619	618	618	618	619	614	-	-	-	3,706
DHS-Pittsburg Co. 1998 (ODFA)	140	136	137	133	134	675	282	-	-	1,637
DHS-Canad/Linc Co. 2000 (ODFA)	366	367	362	367	366	1,826	1,091	-	-	4,745
DHS-8 County 2002 (ODFA)	1,430	1,434	1,429	1,429	1,431	7,154	7,159	-	-	21,466
Veterans Series 2000 (ODFA)	1,069	1,073	1,070	1,071	1,074	5,352	3,213	-	-	13,922
Law Enforcement Education/Training (ODFA)	1,956	1,855	1,856	1,856	1,854	9,272	9,274	9,271	9,276	46,470
	89,475	88,576	88,580	85,217	85,041	253,590	98,121	49,541	10,157	848,298
Less: Interest	30,892	28,014	25,047	22,011	18,846	56,250	24,286	6,461	1,337	213,144
Total Principal	58,583	60,562	63,533	63,206	66,195	197,340	73,835	43,080	8,820	635,154
<b>Certificates of Participation</b>										
	964	940	521	58	-	-	-	-	-	2,483
Less: Interest	132	69	18	2	-	-	-	-	-	221
Total Principal	832	871	503	56	-	-	-	-	-	2,262
<b>Capital Leases</b>										
	2,623	2,106	1,445	456	133	221	12	-	-	6,996
Less: Interest	312	183	81	28	11	27	-	-	-	642
Less: Executive Cost	563	459	278	128	42	-	-	-	-	1,470
Total Principal	1,748	1,464	1,086	300	80	194	12	-	-	4,884
Total	\$ 71,658	\$ 73,882	\$ 76,632	\$ 75,637	\$ 78,955	\$ 271,534	\$ 173,147	\$ 92,505	\$ 8,820	\$ 922,770
<b>Long-Term Debt without scheduled debt service:</b>										
Note Payable- Sardis Reservoir										35,673
Compensated Absences										131,088
Pension Obligation										1,538
Total Long-Term Obligations										\$ 1,091,069

## B. Revenue Bonds

The **Oklahoma Capitol Improvement Authority (OCIA)** has ten outstanding series of building bonds to construct and equip state office buildings and prisons. Principal and interest payments on these bond issues are paid from rents collected from the various state and federal agencies that occupy the buildings constructed with the bond proceeds. OCIA also issued two series of revenue bonds to construct and improve the highway system. Principal and interest payments on these bonds are paid from rents collected from the Oklahoma Department of Transportation (DOT).

The **Oklahoma Tourism and Recreation Department (OTRD)** issued \$3,135,000 of revenue bonds for an advanced refunding of the OTRD 1994 Revenue Bonds in the amount of \$4,105,000. The bond proceeds were placed in an escrow

account for the July 1, 2002 payout to bond holders. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The net carrying amount of the old debt exceeded the refunded debt by \$970,000. This amount will be retired with funds held in a trustee account for bond payments. This advanced refunding reduced future debt service payments over the next 10 years by \$1,055,000 and resulted in an economic gain of \$776,000. Revenue generated by fees from the Parks Division is used to meet the bond obligations. Additional security is provided by a special "Bond Reserve Account", which has a current balance of \$314,000.

The **Boll Weevil Eradication Organization** issued revenue bonds for the purpose of eradicating boll weevils in the state. Principal and interest payments on this bond issue will be paid from assessments charged to cotton growers.

The **Oklahoma Development Finance Authority** (ODFA) has issued three series of lease revenue bonds to provide lease financing for the Department of Human Services. ODFA has also issued lease revenue bonds to provide lease financing for the Department of Veterans Affairs and the Council on Law Enforcement Education/Training. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

### C. Notes Payable

The **Oklahoma Water Resources Board** has a contractual agreement 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 over a period of 50 years are to be made for the reservoir construction, operation and maintenance allocated to the present use water supply storage. The water storage facility was completed in 1982 and annual payments began in 1983. There are no scheduled future debt service requirements beyond one year. For further discussion of this note payable, refer to the Litigation and Contingencies note.

### D. 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.

Leased equipment financed by certificates of participation in capital assets at June 30, 2002, includes the following (expressed in thousands).

	<u>Equipment</u>
Cost	\$ 7,200
Less: Accumulated depreciation	(1,891)
Total	<u>\$ 5,309</u>

### E. 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 where the fair market value of the leased asset at inception of the lease is \$25,000 or more.

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2002, include the following (expressed in thousands).

	Land	Buildings	Equipment	Total
Cost	\$ 59	\$ 531	\$ 11,754	\$ 12,344
Less: Accumulated depreciation	-	(199)	(7,740)	(7,939)
Total	<u>\$ 59</u>	<u>\$ 332</u>	<u>\$ 4,014</u>	<u>\$ 4,405</u>

## F. Other Liabilities

Compensated absences are liquidated by the general fund and do not have scheduled future debt service requirements beyond one year. The pension obligation is for the Oklahoma Department of Wildlife Conservation defined benefit pension plan. The plan is a single-employer plan that provides retirement, disability, and death benefits to the plan members and their beneficiaries. The pension obligation does not have scheduled future debt service requirements. This will be liquidated by the general fund.

## G. Authorized Unissued Bonds

The State has authorized the Department of Corrections to issue bonds in the amount of \$1,500,000 for construction and \$4,000,000 for renovations and acquisition of property. The Oklahoma Capital Improvement Authority has been authorized to issue bonds in the amounts of \$157,500,000, \$12,930,000, and \$22,000,000 for construction and acquisition of property. The Department of Transportation has been authorized to issue Grant Anticipation Revenue Bonds in the amount of \$100,000,000 for construction and improvement of the highway system. The Oklahoma Tourism and Recreation Department has been authorized to issue bonds in the amount of \$12,685,000 to remove/mitigate environmental issues.

## Note 10. Long-Term Obligations As Related to Business-Type Activities

The **Oklahoma Water Resources Board** (Board) along with the **Department of Environmental Quality** have issued nine series of revenue bonds and three series of notes payable. These bonds and notes payable provide resources to implement 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.

Long-term obligations at June 30, 2002, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds Payable from User Fees:								
1989-2001 Issues	1989-2001	1.40-6.70%	2034	\$ 254,045	\$ 138,735	\$ 32,830	\$ 359,950	\$ 11,875
Less: Bond Discounts				(766)	(216)	(51)	(931)	
Revenue Bonds Payable Net of Discounts				<u>253,279</u>	<u>138,519</u>	<u>32,779</u>	<u>359,019</u>	<u>11,875</u>
Notes Payable:								
Loan Programs	2001	3.15-4.00%	2005	8,825	-	3,035	5,790	3,300
Less: Note Discounts				(5)	-	3	(8)	
Notes Payable Net of Discounts				<u>8,820</u>	<u>-</u>	<u>3,038</u>	<u>5,782</u>	<u>3,300</u>
Other Noncurrent Liabilities				<u>3,017</u>	<u>637</u>	<u>-</u>	<u>3,654</u>	<u>914</u>
Total Long-Term Obligations				<u>\$ 265,116</u>	<u>\$ 139,156</u>	<u>\$ 35,817</u>	<u>\$ 368,455</u>	<u>\$ 16,089</u>

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2002, which have scheduled debt service amounts (expressed in thousands).

	2003	2004	2005	2006	2007	2008-2012	2013-2017	2018-2022	2023-2027	2028-2032	2033-2037	Total
Revenue Bonds:												
1989-2001 Issues	\$ 20,995	\$ 20,919	\$ 22,431	\$ 23,002	\$ 38,000	\$ 117,772	\$ 72,246	\$ 42,373	\$ 41,942	\$ 43,611	\$ 19,559	\$ 462,850
Less: Interest	9,120	8,799	8,436	8,027	7,511	26,171	15,201	9,463	6,517	3,221	434	102,900
Principal	<u>11,875</u>	<u>12,120</u>	<u>13,995</u>	<u>14,975</u>	<u>30,489</u>	<u>91,601</u>	<u>57,045</u>	<u>32,910</u>	<u>35,425</u>	<u>40,390</u>	<u>19,125</u>	<u>359,950</u>
Notes Payable:												
Loan Programs	3,463	1,438	1,153	-	-	-	-	-	-	-	-	6,054
Less: Interest	163	73	28	-	-	-	-	-	-	-	-	264
Principal	<u>3,300</u>	<u>1,365</u>	<u>1,125</u>	<u>-</u>	<u>5,790</u>							
Total	<u>\$ 15,175</u>	<u>\$ 13,485</u>	<u>\$ 15,120</u>	<u>\$ 14,975</u>	<u>\$ 30,489</u>	<u>\$ 91,601</u>	<u>\$ 57,045</u>	<u>\$ 32,910</u>	<u>\$ 35,425</u>	<u>\$ 40,390</u>	<u>\$ 19,125</u>	<u>\$ 365,740</u>
Less: Net Discounts and Deferred Debits on Refundings												(939)
Long-Term Obligations without scheduled debt service:												
Other Noncurrent Liabilities												3,654
Total Long-Term Obligations												<u>\$ 368,455</u>

Certain of the bonds bear interest at variable rates, initially set at 2.30% to 3.80% and periodically adjusted pursuant to the provisions of the bond indentures, to a maximum rate of 12% to 14% per year. Variable rates are reset semiannually by the remarketing agent. The interest rate on the bonds ranged from 1.40% to 1.83% at June 30, 2002. At the option of the Board and subject to applicable provisions of the bond indenture, which require, among other things, that all bonds be successfully remarketed, the variable interest rate may be converted to a term rate that would stay fixed until maturity. These converted rate bonds bear interest at fixed rates ranging from 3.50% to 6.50%.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. The arbitrage rebate liability is recorded as other liabilities (\$914,000 current and \$2,740,000 noncurrent). This amount will be liquidated by the reporting enterprise fund. There are no scheduled future debt service requirements beyond one year.

## Note 11. Long-Term Obligations As Related to Component Units

Long-term obligations at June 30, 2002 (September 30, 2001, for Oklahoma Housing Finance Agency and December 31, 2001, for Oklahoma Transportation Authority, Grand River Dam Authority and Municipal Power Authority), and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds Payable from User Fees:								
Industrial Finance Authority	1987-2001	1.91-10.00%	2022	\$ 65,233	\$ 40,000	\$ 41,121	\$ 64,112	\$ 1,215
Higher Education	1996-1999	4.00-6.70%	2006	15,875	-	5,005	10,870	5,005
Total Before Discounts/Deferrals				81,108	40,000	46,126	74,982	
Less: Bond Discounts				29	-	7	22	
Net Deferred Debits on Refundings				-	(296)	-	(296)	
Total Revenue Bonds Payable Net of Discounts/Deferrals				81,137	39,704	46,133	74,708	6,220
Revenue Bonds Payable from User Fees:								
Student Loan Authority	1992-2002	1.30-6.70%	2031	323,650	115,625	3,345	435,930	2,930
Development Finance Auth.	1996	1.91%	2006	9,999	-	-	9,999	-
Environmental Finance Auth.	1977	5.90%	2007	1,000	-	-	1,000	-
Housing Finance Agency	1987-2001	4.30-8.92%	2031	572,928	95,070	91,995	576,003	39,831
Transportation Authority	1989-1998	3.15-7.88%	2028	1,301,700	-	14,418	1,287,282	15,620
Grand River Dam Authority	1987-1995	4.00-8.00%	2013	868,415	-	47,360	821,055	50,120
Municipal Power Authority	1990-2001	1.45-6.75%	2028	362,875	70,575	8,445	425,005	8,885
Higher Education	1964-2002	1.27-12.00%	2033	293,465	136,717	13,696	416,486	11,687
Total Before Discounts/Deferrals				3,734,032	417,987	179,259	3,972,760	
Less: Bond Discounts				(39,763)	-	(3,483)	(36,280)	
Net Deferred Debits on Refundings				(69,225)	-	(11,089)	(58,136)	
Total Revenue Bonds Payable Net of Discounts/Deferrals				3,625,044	417,987	164,687	3,878,344	129,073
Notes Payable:								
Multiple Injury Trust Fund	2000-2001	7.00%	2030	38,800	11,200	-	50,000	567
Student Loan Authority	1993-2001	1.45-2.71%	2025	99,435	50,000	69,435	80,000	-
Higher Education	1994-2002	4.00-7.89%	2028	27,633	13,452	2,451	38,634	2,768
Total				165,868	74,652	71,886	168,634	3,335
Capital Leases:								
University Hospitals Authority				1,804	-	172	1,632	183
Higher Education				66,608	27,683	8,795	85,496	11,197
Total				68,412	27,683	8,967	87,128	11,380
Claims and Judgments				748,864	403,187	360,114	791,937	206,906
Due to Primary Government				47,961	-	7,831	40,130	-
Compensated Absences				63,717	50,025	46,065	67,677	49,010
Other Noncurrent Liabilities				122,311	15,398	5,403	132,306	5,666
Total Long-Term Obligations				\$ 4,923,314	\$ 1,028,636	\$ 711,086	\$ 5,240,864	\$ 411,590

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2002 (September 30, 2001, for Oklahoma Housing Finance Agency and December 31, 2001, for Oklahoma Transportation Authority, Grand River Dam Authority and Municipal Power Authority), which have scheduled debt service amounts (expressed in thousands).

	2003	2004	2005	2006	2007	2008-2012	2013-2017	2018-2022	2023-2027	2028-2032	2033-2037	Total
<b>General Obligation Bonds:</b>												
Industrial Finance Authority	\$ 3,398	\$ 3,389	\$ 3,404	\$ 3,403	\$ 3,343	\$ 20,626	\$ 6,421	\$ 44,372		\$ -	\$ -	\$ 88,356
Higher Education	5,448	5,246	469	449	-	-	-	-	-	-	-	11,612
	8,846	8,635	3,873	3,852	3,343	20,626	6,421	44,372	-	-	-	99,968
Less: Interest	2,626	2,352	2,071	1,961	1,846	7,290	4,868	1,972	-	-	-	24,986
Total Principal	6,220	6,283	1,802	1,891	1,497	13,336	1,553	42,400	-	-	-	74,982
<b>Revenue Bonds:</b>												
Student Loan Authority	11,677	10,832	16,075	10,609	7,979	46,439	44,474	61,597	103,678	330,855	-	644,215
Development Finance Auth.	191	191	191	10,143	-	-	-	-	-	-	-	10,716
Environmental Finance Auth.	59	59	59	59	59	1,030	-	-	-	-	-	1,325
Housing Finance Agency	73,811	49,434	50,060	49,018	38,904	173,701	184,732	180,424	178,579	247,753	-	1,226,416
Transportation Authority	86,608	90,132	93,018	92,998	92,522	509,009	508,997	511,794	301,032	101,272	-	2,387,382
Grand River Dam Authority	94,229	94,124	93,966	93,846	93,713	466,909	187,563	-	-	-	-	1,124,350
Municipal Power Authority	29,800	33,108	33,107	33,106	33,113	165,557	158,019	147,332	95,975	12,124	-	741,241
Higher Education	33,175	35,254	35,077	34,628	34,745	163,158	150,652	115,355	80,673	34,701	1,374	718,792
	329,550	313,134	321,553	324,407	301,035	1,525,803	1,234,437	1,016,502	759,937	726,705	1,374	6,854,437
Less: Interest	200,477	193,670	188,948	182,157	174,112	750,642	537,138	368,209	209,391	76,899	34	2,881,677
Total Principal	129,073	119,464	132,605	142,250	126,923	775,161	697,299	648,293	550,546	649,806	1,340	3,972,760
<b>Notes Payable:</b>												
Multiple Injury Trust Fund	4,052	4,052	4,052	4,052	4,052	20,260	20,260	20,260	20,260	15,133	-	116,433
Student Loan Authority	1,404	2,782	1,366	1,366	1,367	56,299	2,231	2,231	30,016	-	-	99,062
Higher Education	4,695	4,420	4,199	2,863	2,999	15,113	15,579	6,954	1,413	284	-	58,519
	10,151	11,254	9,617	8,281	8,418	91,672	38,070	29,445	51,689	15,417	-	274,014
Less: Interest	6,816	6,648	6,454	6,139	6,191	28,327	19,686	14,336	8,826	1,957	-	105,380
Total Principal	3,335	4,606	3,163	2,142	2,227	63,345	18,384	15,109	42,863	13,460	-	168,634
<b>Capital Leases:</b>												
University Hospitals Authority	301	303	300	299	302	649	-	-	-	-	-	2,154
Higher Education	15,392	14,047	12,103	9,958	8,599	28,668	20,405	7,386	-	-	-	116,558
	15,693	14,350	12,403	10,257	8,901	29,317	20,405	7,386	-	-	-	118,712
Less: Interest	4,313	3,735	3,311	2,945	2,602	9,516	4,510	652	-	-	-	31,584
Total Principal	11,380	10,615	9,092	7,312	6,299	19,801	15,895	6,734	-	-	-	87,128
Total	\$ 150,008	\$ 140,968	\$ 146,662	\$ 153,595	\$ 136,946	\$ 871,643	\$ 733,131	\$ 712,536	\$ 593,409	\$ 663,266	\$ 1,340	\$ 4,303,504
Less: Net Discounts and Deferred Debits on Refundings												(94,690)
<b>Long-Term Obligations without scheduled debt service:</b>												
Claims and Judgments												791,937
Due to Primary Government												40,130
Compensated Absences												67,677
Other Noncurrent Liabilities												132,306
Total Long-Term Obligations												\$ 5,240,864

## A. General Obligation Bonds

**Oklahoma Industrial Finance Authority (OIFA)** has issued ten 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.

On November 1, 2001, OIFA issued \$40,000,000 in State of Oklahoma Taxable General Obligation Industrial Refunding Bonds Series 2001N, 2001P, 2001Q and 2001R (\$10,000,000 each). The issue was a private placement with the treasurer's office of the State purchasing the entire \$40,000,000 issue. The bonds bear interest at a variable rate. The initial interest rate at the time of issue was 2.23%. The current refunding allows OIFA to realize annual savings by eliminating a letter of credit, remarketing and trustee fees associated with the old debt. Based on the effect of the difference in the initial variable interest rate of 2.23% of the new debt compared to an estimated future variable rate of 2.60% on the old debt at the time of issue of the new debt, OIFA estimates that it has reduced its total debt service payments over the next 20 years by \$2,700,000 and has obtained an estimated economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,700,000. The difference between reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The total amount deferred as a result of the refunding was \$313,000. The carrying amount at June 30, 2002, was \$296,000, net of current year amortization of \$17,000.

Rose State College Technical Area Education District and Tulsa Community College Area School District #18 have authorized and issued two series of general obligation bonds with an original issue amount of \$22,175,000. These bonds

were issued for the financing of buildings, equipment, and related capital improvements. Ad valorem taxes levied upon taxable property within their respective districts have been pledged to retire these general obligation bonds.

**B. Revenue Bonds**

The **Oklahoma Student Loan Authority (SLA)** has issued fifteen 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. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in bond indentures. At June 30, 2002, the variable interest rates ranged from 1.45% to 1.84%.

The **Oklahoma Development Finance Authority (ODFA)** has issued a revenue bond to fund loans to various investment enterprises in connection with the Quality Jobs Investment Program. The bond is payable solely from and secured by the revenues and funds in the Quality Jobs Investment Program and a Credit Enhancement Reserve Fund guarantee insurance policy. The interest rate is variable and is equal to the Oklahoma Industrial Finance Authority's cost of funds on its outstanding variable rate bond issues. The interest rate at June 30, 2002 was 1.91%.

The **Oklahoma Housing Finance Agency (OHFA)** has issued 28 series of revenue bonds. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multi family construction projects, and establish debt service reserves as required by the various trust indentures.

The **Oklahoma Transportation Authority (OTA)** has issued seven series of revenue bonds with an original issue amount of \$1,904,534,000. 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, 2001, is approximately \$8,156,000 and is recorded as other liabilities.

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 seven 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. Certain of the bonds have a variable interest rate which is established either by auction each 7-day period or a weekly index. The maximum rate is 10%.

Nineteen of the State's colleges and universities have authorized and issued 55 series of revenue bonds with an original issue amount of \$389,852,000. These bonds were issued for the construction of student housing and other facilities. Student fees, revenues produced by the constructed facilities, and other revenues collateralize the revenue bonds.

**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, 2002 (December 31, 2001 for OTA, GRDA, and OMPA) (expressed in thousands).

Revenue Bonds			
OTA	GRDA	OMPA	Higher Education
\$ 77,505	\$ 74,327	\$ 50,485	\$ 13,494

## D. Notes Payable

The **Multiple Injury Trust Fund** (MITF) component unit reports a note payable to **CompSource Oklahoma** component unit of \$50,000,000, as permitted by statute. Included in this note payable is a \$6,000,000 advance on a line of credit not to exceed \$11,300,000. The remaining \$5,300,000 has not been advanced. The note and line of credit bear interest at a 7% rate and are payable over 30 years in quarterly installments subsequent to December 31, 2001, prior to which only quarterly interest payments were due. The note and line of credit are collateralized by MITF revenues and any equity or other interests available to MITF.

Notes of the **Oklahoma Student Loan Authority** (OSLA) 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. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in lending agreements. At June 30, 2002, the variable interest rates ranged from 1.45% to 2.71%.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. OSLA's cumulative arbitrage rebate liability for the year ended June 30, 2002, is approximately \$535,000 and is recorded as other liabilities.

Oklahoma State University and Carl Albert State College each entered into a note payable to fund the construction of facilities. Lease payments, a pledge of "Section Thirteen Fund State Educational Institutions" moneys, and the facilities constructed secure the notes. Oklahoma State University also entered into note payables for the purchase of equipment and facilities. The equipment and facilities purchased are pledged as collateral on the note. Oklahoma Panhandle State University entered into a note payable for the purchase of accounting software and computer equipment. University of Oklahoma issued a mortgage payable to secure the financing of two buildings used by the University. The University of Central Oklahoma entered into notes payable for the purchase of an integrated information system and equipment.

## E. Capital Leases

The Higher Education Component Unit has entered into agreements with unrelated parties as well as agreements with the Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. During prior fiscal years, the capital lease agreements the Higher Education Component Unit entered into with OCIA totaled \$49,178,000. Such agreements are included with capital lease obligations.

Leased equipment under capital leases in capital assets at June 30, 2002, included the following (expressed in thousands).

	Land	Construction In Progress	Buildings	Equipment	Total
Cost	\$ 470	\$ 15,159	\$ 30,022	\$ 29,673	\$ 75,324
Less: Accumulated depreciation	-	-	(2,048)	(8,986)	(11,034)
Total	\$ 470	\$ 15,159	\$ 27,974	\$ 20,687	\$ 64,290

## F. Other Liabilities

Claims and judgments, due to primary government, compensated absences, and other noncurrent liabilities of each component unit, as presented in the financial statements, will be liquidated by the reporting component unit. Other noncurrent liabilities include deferred revenue and other miscellaneous liability amounts. These liabilities do not have scheduled future debt service requirements beyond one year.

## G. Authorized Unissued Bonds

By statute, **Oklahoma Industrial Finance Authority** (OIFA) has authority to issue general obligation bonds not to exceed \$90,000,000 plus the any balance in its bond redemption account. This results in \$26,312,000 of authorized but unissued general obligation bonds. Certain institutions within the Higher Education component unit have been

authorized to issue revenue bonds in the amount of \$286,140,000 for various construction, renovation and acquisition of property.

## **Note 12. Beginning Fund Balance/Net Assets Adjustments**

Beginning net assets related to Governmental Activities on the Statement of Net Assets have been restated to correct net capital assets for capital assets not previously reported and accumulated depreciation on assets not previously depreciable. The effect of the restatement reduced net assets by \$718,358,000 as of July 1, 2001. In addition, there was an additional decrease in net assets of \$32,000 for a previously unrecorded capital lease liability. The remaining change in net assets is due to the increase explained below.

Beginning fund balance related to the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds has been restated to reclassify funds. The effect of the restatement increased fund balance by \$3,282,000.

Beginning net assets for Component Units have been restated to correct errors relating to capital assets and federal loan contributions refundable made in prior years and to reclassify funds. The effect of the restatement reduced net assets by \$52,973,000 as of July 1, 2001.

## **Note 13. Nonrecourse Debt and Debt Guarantees**

### **Nonrecourse (Conduit) Debt, Notes Receivable and Funds in Trust**

Financing agreements of Oklahoma Development Finance Authority (ODFA) and Oklahoma Housing Finance Agency (OHFA) 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. ODFA and OHFA do not hold notes receivable and trust investments in amounts equal to the long-term financings. As of June 30, 2002, ODFA had 190 series of debt outstanding for non-state entities with an aggregate principal amount payable of approximately \$849,000,000 and original issuance amount of approximately \$933,000,000. As of September 30, 2001, OHFA had 7 series of multi family bonds outstanding with an aggregate principal amount payable of approximately \$34,477,000. These financings are not the general obligations of the State or state agencies, and it is the opinion of agency management and its legal counsel that, in the event of default by a borrower, the State has no responsibility for repayment of such financings. Accordingly, the nonrecourse debt and the related notes receivable and trust investments of ODFA and OHFA's multi family bond programs have been excluded from the financial statements. The debt and other obligations and the related notes receivable and other assets of OHFA's single family bonds are presented in the financial statements, since any assets remaining when the single family bond programs are liquidated are transferred to OHFA.

### **Credit Enhancement Reserve Fund**

Under the Constitution of the State of Oklahoma, ODFA may issue bonds of the State, 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. The Fund is managed, administered, and utilized by ODFA solely to secure the payment of interest insurance on the revenue bonds and other financial obligations issued by the Authority for the specific purpose of enhancing and supporting the credit of such obligations. As of June 30, 2002, there were approximately \$34,000,000 of outstanding financial obligations insured by ODFA. At year end, the Fund has accrued a reserve for losses of approximately \$51,000, to cover potential losses from outstanding financial obligations insured by the Fund. Through June 30, 2002, there have been no Oklahoma Credit Enhancement Reserve Fund General Obligation Bonds issued since it is the intention of ODFA to utilize existing assets to meet obligations arising from losses reserved and accrued payments in lieu of interest by the Fund.

## **Note 14. Retirement and Pension Systems**

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). These plans are all fiduciary component units of the State. The Department of Wildlife Conservation administers the Wildlife Conservation Retirement Plan (WCRP) which is part of the primary government. The Oklahoma Housing Finance Authority has a defined contribution plan that is privately administered.

**A. Primary Government**

**1. General Description of the Retirement System**

The Wildlife Conservation Retirement Plan (WCRP) is a single-employer defined benefit retirement system administered by the Wildlife Conservation Commission for employees of the Department of Wildlife Conservation. The WCRP provides retirement, disability and death benefits to plan members and their beneficiaries. The WCRP was established by statute, however, benefit provisions are established and amended by the Wildlife Conservation Commission. Cost-of-living adjustments are provided to members at the discretion of the Wildlife Conservation Commission.

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, 1801 N. Lincoln, Oklahoma City, OK 73105.

**2. Funding Policy**

The Wildlife Conservation Retirement Plan required contribution is determined by the Wildlife Conservation Commission and is based on actuarial calculations.

The 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. For fiscal year 2002, the employee contribution rate was 3%. The Department of Wildlife Conservation is required to contribute at an actuarially determined rate. The required contribution for the year ended June 30, 2002 was \$913,000.

**3. Annual Pension Cost and Net Pension Obligation**

The current year annual pension cost and net pension obligation for the Wildlife Conservation Retirement Plan was as follows (expressed in thousands):

	WCRP
Annual required contribution	\$ 913
Interest on net pension obligation	135
Adjustment to annual required contribution	(282)
Annual pension cost	766
Contributions made	914
Increase (decrease) in net pension obligation	(148)
Net pension obligation-beginning of year	1,686
Net pension obligation-end of year	\$ 1,538
Actuarial Assumptions:	
Investment rate of return	8.0%
Annual salary increase	5.0%
COLA increase	2.0%
Inflation rate	3.0%
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	8 years

The annual required contribution for the WCRP for the current year was determined as part of the July 1, 2001 actuarial valuation. Actual contributions equaled 100% of required contributions for fiscal year 2002. The actuarial value of assets is set equal to the market value of assets.

**Three-Year Trend Information**  
**Wildlife Conservation Retirement Plan**  
(expressed in thousands)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2002	\$ 766	119%	\$ 1,538
6/30/2001	698	119%	1,686
6/30/2000	1,035	116%	1,818

The following Required Supplementary Information for the Wildlife Conservation Retirement Plan was determined as part of the actuarial valuations at the dates indicated.

**Schedule of Funding Progress**  
**Wildlife Conservation Retirement Plan**  
(unaudited)  
(expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2002	\$ 55,368	\$ 58,676	\$ 3,308	94.4%	\$ 12,058	27.4%
7/1/2001	53,717	53,459	(258)	100.5%	11,721	(2.2%)
7/1/2000	49,309	48,602	(707)	101.5%	11,508	(6.1%)

**B. Component Units**

**1. General Description of the Retirement Systems**

The Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Public Employees Retirement System (OPERS), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS) are all cost-sharing multi-employer defined benefit retirement systems. The Uniform Retirement System for Justices and Judges (URSJJ) and the Oklahoma Law Enforcement Retirement System (OLERS) are single-employer defined benefit retirement systems. Pension benefit provisions for all plans were established by statute and benefit provisions are amended by the State Legislature. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided to plan members at the discretion of the State Legislature.

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 4545 N. Lincoln Blvd., Suite 257 Oklahoma City, OK 73105-3414	Police Pension and Retirement 1001 N.W. 63rd St., Suite 305 Oklahoma City, OK 73116-7339
Public Employees Retirement 6601 N. Broadway Ext., Suite 129 Oklahoma City, OK 73152-3007	Uniform Retirement System for Justices and Judges 6601 N. Broadway Ext., Suite 129 Oklahoma City, OK 73152-3007	Teachers' Retirement System 2500 N. Lincoln Blvd., 5 <sup>TH</sup> Floor Oklahoma City, OK 73105-4209

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

OFPRS	OPERS	OPPRS	TRS
517	138	117	630

During fiscal year 2002, the Teachers' Retirement System's unfunded liability increased from \$5,632,000,000 to \$5,965,000,000. This increase was primarily the result of an automatic 1.0% cost of living increase assumption. Despite the systems results this year, it should be noted that unfunded liabilities are expected to increase until the year 2024, due to negative amortization created by the current funding schedule.

## **2. Funding Policy**

The contribution requirements for the six PERS are an established rate determined by the State Legislature each year and are not based on actuarial calculations. The Uniform Retirement System for Judges and Justices Board has the ability to adjust contribution rates to prevent a funded ratio of less than 100%.

Oklahoma Firefighters Pension and Retirement System (OFPRS) receives contributions from participating full-time firefighters equal to 8% of applicable earnings, while member cities contribute 13% of the member's applicable earnings. 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 as required by statute. Insurance premium contributions to the plan for the years ended June 30, 2002, 2001, and 2000 totaled \$47,350,000, \$45,364,000, and \$42,118,000, 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, 2002, 2001, and 2000 were \$6,455,000, \$5,188,000, and \$4,878,000, 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 after approximately the first 5%, and 5% of the insurance premium taxes collected by the insurance commissioner as required by statute. The state contributions to the plan for years ended June 30, 2002, 2001, and 2000 totaled \$14,226,000, \$14,368,000, and \$14,967,000, respectively.

Oklahoma Public Employees Retirement System (OPERS) receives contributions from each member based on their gross salary earned, excluding overtime. There is no cap on qualifying gross salary earned, subject to Internal Revenue Service limitations on compensation.

State, County, and Local Agency Employees - The following contribution rates were in effect during fiscal year 2002:

State employees and agencies – State employees contribute 3.0% on the first \$25,000 of salary and 3.5% on salary above \$25,000. State agency employers contribute 10% of total salary.

Participating county and local agencies – Employees contribute a minimum of 3.5% up to a maximum of 8.5% of salary. Employers contribute a minimum of 5% up to a maximum of 10%. Combined employee and employer contributions equal 13.5% of total salary.

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 8% of total salary. Employers contribute 10% of total salary.

State agency employer contributions to OPERS for the years ended June 30, 2002, 2001, and 2000 were \$118,787,000, \$112,629,000, and \$107,996,000, respectively. These contributions represent 100% of the contribution required.

Uniform Retirement System for Justices and Judges (URSJJ) member contributions for fiscal year 2002 are 5% of members' monthly salary. Each married member in the plan must provide for spouse survivor benefits at the contributory rate of 8% unless the member's spouse waives this benefit. State statutes require participating court employers to contribute monthly a percentage of the gross salaries of active members. The percentage established for the year ended June 30, 2002 was 2%. For the year ended June 30, 2001 the percentage was 15.27% for the first 6 months and 2% for the remainder of the year.

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 continued until July 1, 1996, when the contribution level reached 13%, where it remains. Each participant of OPPER contributes 8% of actual paid base salary. In addition, the State allocates a portion 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, 2002, 2001, and 2000 totaled \$19,811,000, \$18,638,000, and \$17,342,000, respectively.

Teachers' Retirement System (TRS) receives contributions from participating members and employers. All active members contribute to the system; however, the employer may elect to make all or part of the contribution for its employees. All members must contribute 7% of regular annual compensation, not to exceed the members maximum compensation. For members other than those employed by a comprehensive university on or before June 30, 1995, the maximum compensation level will be the member's regular annual compensation. For those members employed by a comprehensive university, the following table summarizes the maximum compensation level.

Fiscal Year	For Members Who Elected the \$25,000 Limit Prior to June, 30 1995	For All Other Members
2000	42,500	59,000
2001	47,500	64,000
2002	52,500	69,000

Maximum compensation levels will increase by \$5,000 each year through June 30, 2007, after which the full amount of regular annual compensation will be considered.

Employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 6.8% for fiscal year 2002 is applied to annual compensation up to defined caps depending upon the member's elections as previously described. The rate will increase to 7.05% beginning July 1, 2002 and remain there for subsequent years. In addition, Oklahoma statutes require the state to contribute 3.54% of the State's sales, income and use tax. Amended statutes increase this contribution rate to 5% by July 1, 2007. TRS received contributions of approximately \$141,058,000 from this source for fiscal year 2002. State contributions on behalf of employees totaled approximately \$34,692,000 for fiscal year 2002. Federal contributions to TRS for fiscal year 2002 totaled approximately \$13,138,000. State employer contributions to TRS for the year ended June 30, 2002, 2001, and 2000 were \$3,981,000, \$3,607,000, and \$2,814,000, respectively. These contributions represent 100% of the contributions required.

### 3. Annual Pension Cost and Net Pension Obligation

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

	OLERS	URSJJ
Annual required contribution	\$ 10,659	\$ 978
Interest on net pension obligation	(5,912)	(1,245)
Adjustment to annual required contribution	14,346	1,418
Annual pension cost	19,093	1,151
Contributions made	20,392	492
Increase (decrease) in net pension obligation	(1,299)	659
Net pension obligation-beginning of year	(78,836)	(16,601)
Net pension obligation-end of year	\$ (80,135)	\$ (15,942)
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Annual salary increase	5.9 - 8.8%	5.5%
COLA increase	3.0%	2.0%
Inflation rate	3.0%	3.0%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	7 years	25 years

The annual required contribution for URSJJ for the current year was determined as part of the July 1, 2001 actuarial valuation. For the period July 1, 1994, through July 1, 1999, the aggregate actuarial cost method was used to determine

cost. Effective July 1, 2000, URSJJ adopted the entry age normal method for determining cost. Contributions equaled 50.3% of the annual required contribution for the current year. This contribution was less than 100% primarily due to the change in employer contribution rates from 15.27% to 2%.

The annual required contribution for OLERS for the current year was determined as part of the July 1, 2001 actuarial valuation. Costs were prepared using the entry age normal method for all valuation dates except July 1, 1997, when the unfunded actuarial liability was negative and the actuarial cost method was changed to the aggregate cost method. The entry age normal method was used for all valuations subsequent to the 1997 valuation, including the current year. Contributions exceeded required contributions for the current year.

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 for URSJJ and 7.5% rate of return for OLERS. 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.

**Three-Year Trend Information**

(expressed in thousands)

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
Oklahoma Law Enforcement Retirement System	6/30/2002	\$ 19,093	107%	\$ (80,135)
	6/30/2001	10,570	184%	(78,836)
	6/30/2000	11,131	177%	(69,985)
Uniform Retirement System for Justices and Judges	6/30/2002	1,151	43%	(15,942)
	6/30/2001	1,259	150%	(16,601)
	6/30/2000	895	358%	(15,974)

The following Required Supplementary Information for OLERS and URSJJ was determined as part of the actuarial valuations at the dates indicated.

**Schedules of Funding Progress**

**Oklahoma Law Enforcement Retirement System**

(unaudited)

(expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2002	\$ 570,337	\$ 632,402	\$ 62,065	90.2%	\$ 49,264	126.0%
7/1/2001	538,328	508,443	(29,885)	105.9%	50,756	(58.9%)
7/1/2000	495,093	457,404	(37,689)	108.2%	47,638	(79.1%)

**Uniform Retirement System for Judges and Justices**

(unaudited)

(expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2002	\$ 193,011	\$ 130,227	\$ (62,784)	148.2%	\$ 25,744	(243.9%)
7/1/2001	184,909	139,157	(45,752)	132.9%	23,808	(192.2%)
7/1/2000	169,693	128,020	(41,673)	132.6%	22,295	(186.9%)

#### 4. 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. Under its provisions, no new employees are allowed to join the plan after June 30, 1997. OHFA's contribution amount is at the discretion of the Board of Trustees and does not have any limitations. The current contribution rate is 10% of eligible employees' compensation. Employees begin vesting after two years of service and become fully vested after six years of service. Plan provisions were established and may be amended by the Board of Trustees.

In addition to the TRS, various institutions in the Higher Education Component Unit participate in other pension plans, primarily the Teachers Insurance and Annuity Association. These plans are defined contribution plans. Contributions made by participating institutions are based on a percentage of payroll for qualified employees as determined by each institution's contract. For those institutions providing these plans, the total covered payroll was \$665,474,000. The institution contributions were \$52,206,000 or 7.8% of covered payroll. Employees are not required to contribute to the plans.

Several institutions in the Higher Education Component Unit also sponsor supplemental retirement annuities to guarantee eligible retirees a minimum level of benefits from other retirement sources. New employees are not eligible to participate in these plans. These annuities operate as defined benefit plans. Funding varies among institutions, with some funding based on actuarial calculations and others on a pay-as-you-go basis. Employees are not required to contribute to these plans.

### Note 15. Other Postemployment Benefits

#### Primary Government

In addition to the pension benefits described in the Retirement and Pension Systems note, the State provides post-retirement health care benefits (OPEB). The Department of Wildlife Conservation pays the Medicare supplement insurance premium or \$75 per month, whichever is less, for all retirees of the Wildlife Conservation Retirement Plan who elect coverage at the time of retirement through the Oklahoma State and Education Employees Group Insurance Board.

	<u>Current Year Expenditures</u>	<u>Eligible Participants</u>	<u>Enabling Legislation</u>
Department of Wildlife Conservation	\$ 73,000	81	Title 29, 3-306

The Department of Wildlife Conservation funds postemployment health care benefits on a pay-as-you-go basis as part of the overall retirement benefit. No separation of pension obligation and health insurance obligation is made and assets are not allocated between obligations.

#### Component Units

Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), and Uniform Retirement System for Judges and Justices (URSJJ) pay the Medicare supplement insurance premium or \$105 per month, whichever is less, for all retirees who elect coverage at time of retirement through the Oklahoma State and Education Employees Group Insurance Board. Teachers' Retirement System of Oklahoma (TRS) pays between \$100 and \$105 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	\$ 523,000	482	Title 74, 1316.2
OPERS	16,824,000	13,266	Title 74, 1316.2
URSJJ	109,000	85	Title 74, 1316.2
TRS	29,227,000	24,944	Title 74, 1316.2

OLERS, OPERS, URSJJ, and TRS fund postemployment health care benefits on a pay-as-you-go basis as part of the overall retirement benefit. No separation of pension obligation and health insurance obligation is made and assets are not

allocated between obligations. The Retirement and Pension Systems note includes additional basic disclosures related to OPEB.

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

Seventeen of the institutions 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 higher education institution. Current year benefit expenditures, funded on a pay-as-you-go basis, totaled approximately \$5,047,000 for the estimated 2,033 eligible participants.

## **Note 16. On-Behalf Payments**

In 1999, legislation was passed to modify the funding source for on-behalf payments to the Teachers' Retirement System (TRS). Prior to July 1, 1999, the State's on-behalf contributions to TRS came from a portion of the dedicated natural and casinghead gas tax. Effective July 1, 1999, the State's on-behalf contributions to TRS are 3.54% of the revenue generated by the State's sales, use and income taxes. Total on-behalf contributions made to TRS were \$141,058,000 for the year ended June 30, 2002.

## **Note 17. Commitments**

### **Primary Government**

The **Department of Transportation** had contractual commitments at June 30, 2002, of approximately \$578,267,000 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 \$31,186,000 for the General Fund.

### **Component Units**

The **Oklahoma Industrial Finance Authority** (OIFA) had outstanding loan commitments at June 30, 2002, approved by its Board of Directors totaling \$3,528,000. These loan agreements include a "pending clause" which states that money would be disbursed upon availability of funds.

The **Oklahoma Student Loan Authority** (OSLA) has entered into various forward purchase and sale commitment agreements with certain Oklahoma financial institutions for which it performs interim status loan servicing. Under these forward purchase and sale commitments, OSLA is required to purchase Federal Family Education Loans (FFEL) under certain terms and conditions. As of June 30, 2002, OSLA was committed to purchase approximately \$71,064,000 of FFEL.

On June 27, 2002, the **University Hospitals Authority** was authorized to prepare proposals and obtain approvals from the State Bond Advisor to issue debt in the range of \$45,000,000 to \$55,000,000 to construct a childrens ambulatory care facility and a cancer and genetic research facility.

The **Oklahoma Transportation Authority** (OTA) had commitments outstanding at December 31, 2001, relating to equipment orders and supplies of approximately \$11,509,000. At December 31, 2001, OTA had commitments outstanding relating to construction and maintenance contracts of approximately \$37,000,000.

The **Oklahoma Municipal Power Authority** (OMPA) purchased approximately \$12,900,000 of power pursuant to several long-term purchase agreements during 2001. OMPA is obligated to purchase, at a minimum, approximately \$14,300,000 of power in 2002.

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.

## **Note 18. 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, 2002. Including the \$7,427,000 claim incurred by the Component Units discussed below, the State has accrued a liability of \$8,827,000 for the payment of such claims. This amount is reported in the General Fund.

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 disallowance as a result of these audits could become a liability of the State. As of June 30, 2002, 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, 85% of the amount held in suspense will be reimbursed. At June 30, 2002, DOT had project expenditures totaling \$4,597,000 of which an estimated \$3,907,000 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. Total unaudited construction costs of the Sardis Reservoir allocated to water supply storage are approximately \$38,400,000. Payments on the reservoir began in 1983 and are to continue for 50 years. As of June 30, 2002, the State has made payments of approximately \$4,416,000; however, the Board did not receive legislative authorization to pay the annual payments due in the fiscal years 1989 through 1995. No payments have been made since 1997. The amount in arrears, including interest and penalty is approximately \$10,432,000. The Army Corps of Engineers has indicated that the obligation may be declared in default and remedies sought.

### **Component Units**

The State Legislature enacted legislation that transferred \$31,500,000 of state employee insurance premiums during fiscal year 1997 to the **Oklahoma State Regents for Higher Education** to help fund higher education in the state. These premiums were originally designated to be paid to the **Oklahoma State and Education Employees Group Insurance Board** to provide health insurance coverage for participating employees. In August 1998 the Federal Department of Health and Human Services Departmental Appeals Board sided with the federal government and ordered the State to pay \$7,427,000 which represents the amount included in grant costs charged to the federal government. This balance accrues simple interest at a rate of 13.75%, and \$4,913,000 in interest has accrued through June 30, 2002. A liability for principal and interest is recorded in the General Fund. The State is continuing to pursue alternatives for resolution of this claim.

The **Oklahoma Capital Investment Board** (OCIB), as a public trust of the State of Oklahoma, has authority to transfer tax credits to public entities. Tax credits can be transferred by OCIB in conjunction with a legitimate call on an OICB guarantee. OCIB has guaranteed a \$30,000,000 line of credit for a third-party corporation in order to mobilize investment in business ventures by use of qualified risk capital pools. As of June 30, 2002, the outstanding debt in connection with the line of credit was approximately \$18,797,000. Another \$1,200,000 of tax credit purchase commitments secures short term financing for third-party operations related this financing system.

The credits and OCIB's right to transfer the credits expire if not utilized by July 1, 2015. As of June 30, 2002, no credits had been transferred. However, four entities have signed agreements to purchase up to an aggregate of \$8,000,000 per year, at the sole discretion of OCIB. OCIB has authority to issue up to \$20,000,000 of tax credits per year with an overall maximum of \$100,000,000.

## **Note 19. Subsequent Events**

### **Primary Government**

In October 2002, the **Oklahoma Capital Improvement Authority (OCIA)** closed the transactions for the issuance of bonds in the amount of \$12,930,000 for construction and acquisition of property.

### **Higher Ed Component Unit**

In August 2002, **Langston University** Board of Regents approved the application and financing of a revenue bond issue in the amount of \$7,000,000 for the renovation of athletic facilities.

In December 2002, the **University of Oklahoma** issued bonds in the amount of \$8,000,000 for construction of property.

In December 2002, **Oklahoma State University** closed the transaction for the issuance of bonds in the amount of \$2,400,000 for construction of the Atherton Hotel in the student union.

In December 2002, **Oklahoma State University** sold bonds in the amount of \$21,900,000 for renovations/improvements of the Tulsa Campus. The transactions are expected to close by the end of December.

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## REQUIRED SUPPLEMENTARY INFORMATION

# Required Supplementary Information

**Budgetary Comparison Schedule**  
**Budget to Actual (Non-GAAP Budgetary Basis)**  
**General Fund**  
For the Fiscal Year Ended June 30, 2002  
(expressed in thousands)

Budgetary General Fund					
	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>					
Taxes	\$ 4,839,686	\$ 0	\$ 4,839,686	\$ 4,466,087	\$ (373,599)
Licenses, Permits and Fees	44,943	0	44,943	43,924	(1,019)
Interest and Investment Revenue	117,459	0	117,459	87,893	(29,566)
Local Receipts and Reimbursements	31,167	0	31,167	32,172	1,005
Other	29,263	0	29,263	20,504	(8,759)
<b>Total Revenues</b>	<b>5,062,518</b>	<b>0</b>	<b>5,062,518</b>	<b>4,650,580</b>	<b>(411,938)</b>
<b>Expenditures</b>					
Education	154,735	(6,504)	148,231	140,979	7,252
General Government	140,152	(6,302)	133,850	128,936	4,914
Health Services	199,151	(7,922)	191,229	189,637	1,592
Legal and Judiciary	119,033	(3,670)	115,363	112,551	2,812
Museums	12,451	(505)	11,946	11,901	45
Natural Resources	80,045	(2,903)	77,142	76,507	635
Public Safety and Defense	508,472	10,113	518,585	515,374	3,211
Regulatory Services	26,497	(665)	25,832	25,234	598
Social Services	140,444	(1,693)	138,751	137,987	764
<b>Total Expenditures</b>	<b>1,380,980</b>	<b>(20,051)</b>	<b>1,360,929</b>	<b>1,339,106</b>	<b>21,823</b>
Revenues in Excess of Expenditures	3,681,538	20,051	3,701,589	3,311,474	(390,115)
<b>Other Financing Sources (Uses)</b>					
Transfers In	90,738	484,023	574,761	574,761	0
Transfers Out	(1,584,423)	0	(1,584,423)	(1,584,423)	0
Intra Agency Transfers to Continuing Funds	(2,799,635)	68,051	(2,731,584)	(2,731,584)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(4,293,320)</b>	<b>552,074</b>	<b>(3,741,246)</b>	<b>(3,741,246)</b>	<b>0</b>
Revenue and Other Sources in Excess of Expenditures and Other Uses	(611,782)	572,125	(39,657)	(429,772)	(390,115)
<b>Budgetary Fund Balance - Beginning of Year</b>	<b>955,948</b>	<b>0</b>	<b>955,948</b>	<b>955,948</b>	<b>0</b>
<b>Budgetary Fund Balance - End of Year</b>	<b>\$ 344,166</b>	<b>\$ 572,125</b>	<b>\$ 916,291</b>	<b>\$ 526,176</b>	<b>\$ (390,115)</b>

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

## Note to Required Supplementary Information - Budgetary Reporting FOR THE FISCAL YEAR ENDED JUNE 30, 2002

The Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final 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 Budgetary Comparison Schedule - 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 following the Notes in the Required Supplementary Information (expressed in thousands):

Education	\$	1,579,479
General Government		5,797
Health Services		22,763
Legal and Judiciary		3,036
Museums		720
Natural Resources		1,641
Public Safety and Defense		-
Regulatory Services		-
Social Services		824,759
Transportation		293,389
Total Transfers to Continuing Funds		2,731,584
Total Expenditures per Budgetary Comparison Schedule		
- Budget to Actual (Non-GAAP Budgetary Basis)		1,339,106
Total per Schedule of Expenditures and Intra-Agency Transfers as Presented in the Schedule of Expenditures and Intra-Agency Transfers-Detail Budget to Actual Comparison (Non-GAAP Budgetary Basis)	\$	4,070,690

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, 2002, is presented below (expressed in thousands) for the General Fund.

Budgetary Basis Fund Balance, June 30, 2001	\$	955,948
Excess of total sources over total uses of financial resources (Budgetary Basis)		(429,772)
Budgetary Basis Fund Balance, June 30, 2002		526,176
Entity and Perspective Differences:		
Non-budgeted Funds and Capital Funds		1,451,549
Encumbrances		48,347
Basis Differences:		
Add: Net accrued revenues, related receivables, and deferred revenues		550,064
Less: Net accrued expenditures and related liabilities		(752,593)
GAAP Basis Fund Balance, June 30, 2002	\$	1,823,543

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COMBINING FINANCIAL STATEMENTS

# Combining Financial Statements

## FIDUCIARY FUNDS AND SIMILAR COMPONENT UNITS

Fiduciary Funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental organizations, and/or other funds.

### PENSION TRUST FUNDS

The Pension Trust Funds account for the transactions, assets, liabilities, and net assets held in a trustee capacity for the benefit of the Plan members.

#### WILDLIFE CONSERVATION RETIREMENT PLAN

This Plan is part of the primary government. The Plan accounts for transactions, assets, liabilities, and net assets available for payment of plan benefits to employees of the Department of Wildlife Conservation.

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that meet the definition of a component unit, but are presented with the fiduciary funds of the State:

#### OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

4545 N. Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105  
The System provides retirement benefits for municipal firefighters in the State of Oklahoma.

#### OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM

4545 N. Lincoln Blvd., Suite 257, Oklahoma City, Oklahoma 73105  
The System provides retirement benefits for qualified law enforcement officers in the State of Oklahoma.

#### OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

6601 N. Broadway Ext., Suite 129, Oklahoma City, Oklahoma 73152  
The System administers the Oklahoma Public Employee Retirement Plan, which provides retirement benefits for state, county and local employees in the State of Oklahoma

#### UNIFORM RETIREMENT SYSTEM FOR JUSTICES AND JUDGES

6601 N. Broadway Ext., Suite 129, Oklahoma City, Oklahoma 73152  
The System provides retirement benefits for justices and judges in the State of Oklahoma.

#### OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM PROVIDES

1001 N.W. 63<sup>rd</sup> Street, Suite 305, Oklahoma City, Oklahoma 73116  
The System provides retirement benefits for police officers employed by participating municipalities in the State of Oklahoma.

#### TEACHER'S RETIREMENT SYSTEM OF OKLAHOMA

P.O. Box 53524, Oklahoma City, Oklahoma 73105  
The System provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions in the State of Oklahoma.

### AGENCY FUNDS

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

**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.

**Funds Held in Escrow** are moneys held in an account until certain conditions or requirements are met. These include: (1) Cash Performance Bonds maintained by the Department of Mines until mining is complete and reclamation meets specifications, (2) Unlocated Mineral Owner's Fund maintained by the Corporation Commission as an escrow account for royalties due unlocated owners, (3) 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, (4) 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, (5) Other moneys 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, (6) Money held in escrow by the Attorney General's Office for funds received as a result of litigation.

**Assets Held for Beneficiaries** are moneys maintained for: (1) clients in institutions under the jurisdiction of the Office of Juvenile Affairs (OJA), Department of Human Services (DHS), the Department of Corrections (DOC), the Department of Veterans Affairs, and the Department of Mental Health, (2) DHS custodial parents from the collection from absent parents, and (3) DHS clients placed in agency custody.

**Other** is moneys 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 Statement of Fiduciary Net Assets  
Pension Trust Funds (Including Similar Component Units)  
June 30, 2002  
(expressed in thousands)

	Primary Government	Fiduciary Component Units						Total
	Wildlife Conservation Retirement Plan	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System	Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	
<b>Assets</b>								
Cash/Cash Equivalents	\$ 0	\$ 51,096	\$ 14,760	\$ 150,629	\$ 7,966	\$ 62,063	\$ 297,695	\$ 584,209
Investments	46,110	1,144,778	496,138	4,332,220	163,585	1,107,025	5,449,868	12,739,724
Securities Lending Investments	0	87,946	81,109	573,935	26,724	59,920	768,337	1,597,971
Interest and Investment Revenue Receivable	0	3,555	2,939	22,687	1,017	4,724	30,254	65,176
Contributions Receivable:								
Employer	0	822	0	1,944	0	1,184	17,549	21,499
Employee	0	433	0	801	0	643	15,008	16,885
Other Contributions Receivable	0	0	1,324	0	0	273	13,829	15,426
Other Receivables	30	324	1,004	0	5	0	0	1,363
Due from Brokers	0	18,315	563	130,073	5,213	0	54,974	209,138
Due from Other Funds	0	710	104	0	0	292	0	1,106
Capital Assets, Net	0	81	98	392	0	0	405	976
Other Assets	0	0	0	186	0	0	0	186
<b>Total Assets</b>	<b>46,140</b>	<b>1,308,060</b>	<b>598,039</b>	<b>5,212,867</b>	<b>204,510</b>	<b>1,236,124</b>	<b>6,647,919</b>	<b>15,253,659</b>
<b>Liabilities</b>								
Accounts Payable	0	1,084	721	0	0	942	0	2,747
Securities Lending Payable	0	87,946	81,109	573,935	26,724	59,920	768,337	1,597,971
Due to Brokers	0	4,648	0	153,376	9,104	18,567	130,735	316,430
Due to Other Funds	0	1	2	10	0	6	7	26
Due to Component Units	0	0	0	0	0	0	7,672	7,672
Compensated Absences	0	73	0	0	0	53	220	346
Benefits in the Process of Payment	0	0	6,240	0	0	28,344	39,921	74,505
Other Liabilities	0	0	1,484	0	0	0	4,144	5,628
<b>Total Liabilities</b>	<b>0</b>	<b>93,752</b>	<b>89,556</b>	<b>727,321</b>	<b>35,828</b>	<b>107,832</b>	<b>951,036</b>	<b>2,005,325</b>
<b>Fund Balance Reserved for Employees' Pension Benefits</b>								
	<b>\$ 46,140</b>	<b>\$ 1,214,308</b>	<b>\$ 508,483</b>	<b>\$ 4,485,546</b>	<b>\$ 168,682</b>	<b>\$ 1,128,292</b>	<b>\$ 5,696,883</b>	<b>\$ 13,248,334</b>

Combining Statement of Changes in Fiduciary Net Assets  
Pension Trust Funds (Including Similar Component Units)  
For the Fiscal Year Ended June 30, 2002  
(expressed in thousands)

	Primary Government	Fiduciary Component Units						Total
	Wildlife Conservation Retirement Plan	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System	Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	
<b>Additions</b>								
Contributions								
Employer Contributions	\$ 914	\$ 23,175	\$ 6,455	\$ 139,615	\$ 0	\$ 22,411	\$ 210,830	\$ 403,400
Employee Contributions	351	11,686	3,843	50,751	1,810	12,367	231,261	312,069
Other Contributions	0	47,350	14,226	0	492	19,811	154,196	236,075
<b>Total Contributions</b>	<b>1,265</b>	<b>82,211</b>	<b>24,524</b>	<b>190,366</b>	<b>2,302</b>	<b>54,589</b>	<b>596,287</b>	<b>951,544</b>
Investment Income								
Net Appreciation in Fair Value of Investments	(3,709)	(113,301)	(28,327)	(374,465)	(11,594)	(86,883)	(499,103)	(1,117,382)
Interest and Investment Revenue	0	25,740	20,362	144,555	6,385	27,001	208,696	432,739
	(3,709)	(87,561)	(7,965)	(229,910)	(5,209)	(59,882)	(290,407)	(684,643)
Less Investment Expenses	0	7,101	3,421	20,923	953	8,975	35,327	76,700
<b>Net Investment Income</b>	<b>(3,709)</b>	<b>(94,662)</b>	<b>(11,386)</b>	<b>(250,833)</b>	<b>(6,162)</b>	<b>(68,857)</b>	<b>(325,734)</b>	<b>(761,343)</b>
<b>Total Additions</b>	<b>(2,444)</b>	<b>(12,451)</b>	<b>13,138</b>	<b>(60,467)</b>	<b>(3,860)</b>	<b>(14,268)</b>	<b>270,553</b>	<b>190,201</b>
<b>Deductions</b>								
Administrative and General Expenses								
	320	937	923	3,197	89	1,680	3,906	11,052
Benefit Payments and Refunds	1,468	90,382	27,505	266,087	5,321	65,806	619,718	1,076,287
<b>Total Deductions</b>	<b>1,788</b>	<b>91,319</b>	<b>28,428</b>	<b>269,284</b>	<b>5,410</b>	<b>67,486</b>	<b>623,624</b>	<b>1,087,339</b>
<b>Net Increase (Decrease)</b>	<b>(4,232)</b>	<b>(103,770)</b>	<b>(15,290)</b>	<b>(329,751)</b>	<b>(9,270)</b>	<b>(81,754)</b>	<b>(353,071)</b>	<b>(897,138)</b>
<b>Fund Balance Reserved for Employees' Pension Benefits</b>								
<b>Beginning of Year</b>	<b>50,372</b>	<b>1,318,078</b>	<b>523,773</b>	<b>4,815,297</b>	<b>177,952</b>	<b>1,210,046</b>	<b>6,049,954</b>	<b>14,145,472</b>
<b>End of Year</b>	<b>\$ 46,140</b>	<b>\$ 1,214,308</b>	<b>\$ 508,483</b>	<b>\$ 4,485,546</b>	<b>\$ 168,682</b>	<b>\$ 1,128,292</b>	<b>\$ 5,696,883</b>	<b>\$ 13,248,334</b>

Combining Statement of Assets and Liabilities  
 Agency Funds  
 June 30, 2002  
 (expressed in thousands)

	Taxes Held For Outside Entities	Funds Held In Escrow	Assets Held For Beneficiaries	Other	Total
<b>Assets</b>					
Cash/Cash Equivalents	\$ 115,352	\$ 8,462	\$ 21,066	\$ 5,029	\$ 149,909
Accounts Receivable	0	0	13	218	231
Interest Receivable	101	5	5	0	111
Taxes Receivable	0	0	0	0	0
Due from Other Funds	0	0	0	737	737
Due from Component Units	0	0	0	271	271
Inventory	0	0	0	3,283	3,283
Total Assets	<u>\$ 115,453</u>	<u>\$ 8,467</u>	<u>\$ 21,084</u>	<u>\$ 9,538</u>	<u>\$ 154,542</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 0	\$ 126	\$ 1,055	\$ 201	\$ 1,382
Tax Refunds Payable	4,780	0	0	0	4,780
Due to Other Funds	0	45	0	0	45
Due to Component Units	0	0	0	929	929
Due to Others	110,673	8,296	20,029	8,408	147,406
Total Liabilities	<u>\$ 115,453</u>	<u>\$ 8,467</u>	<u>\$ 21,084</u>	<u>\$ 9,538</u>	<u>\$ 154,542</u>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended June 30, 2002  
 (expressed in thousands)

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
<b>Taxes Held for Outside Entities</b>				
Assets				
Cash/Cash Equivalents	\$ 122,037	\$ 2,021,007	\$ 2,027,692	\$ 115,352
Accounts Receivable	1	0	1	0
Interest Receivable	359	101	359	101
Taxes Receivable	7	0	7	0
Total Assets	<u>\$ 122,404</u>	<u>\$ 2,021,108</u>	<u>\$ 2,028,059</u>	<u>\$ 115,453</u>
Liabilities				
Tax Refunds Payable	\$ 5,292	\$ 4,780	\$ 5,292	\$ 4,780
Due to Other Funds	3	0	3	0
Due to Others	117,109	2,016,328	2,022,764	110,673
Total Liabilities	<u>\$ 122,404</u>	<u>\$ 2,021,108</u>	<u>\$ 2,028,059</u>	<u>\$ 115,453</u>
<b>Funds Held in Escrow</b>				
Assets				
Cash/Cash Equivalents	\$ 6,898	\$ 4,866	\$ 3,302	\$ 8,462
Interest Receivable	11	5	11	5
Total Assets	<u>\$ 6,909</u>	<u>\$ 4,871</u>	<u>\$ 3,313</u>	<u>\$ 8,467</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 45	\$ 126	\$ 45	\$ 126
Due to Other Funds	100	0	55	45
Due to Others	6,764	4,745	3,213	8,296
Total Liabilities	<u>\$ 6,909</u>	<u>\$ 4,871</u>	<u>\$ 3,313</u>	<u>\$ 8,467</u>
<b>Assets Held for Beneficiaries</b>				
Assets				
Cash/Cash Equivalents	\$ 15,890	\$ 46,186	\$ 41,010	\$ 21,066
Accounts Receivable	12	13	12	13
Interest Receivable	16	5	16	5
Total Assets	<u>\$ 15,918</u>	<u>\$ 46,204</u>	<u>\$ 41,038</u>	<u>\$ 21,084</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 999	\$ 1,055	\$ 999	\$ 1,055
Due to Others	14,919	45,133	40,023	20,029
Total Liabilities	<u>\$ 15,918</u>	<u>\$ 46,188</u>	<u>\$ 41,022</u>	<u>\$ 21,084</u>
<b>Other</b>				
Assets				
Cash/Cash Equivalents	\$ 4,866	\$ 173,865	\$ 173,702	\$ 5,029
Accounts Receivable	289	218	289	218
Due from Other Funds	764	737	764	737
Due from Component Units	0	271	0	271
Inventory	3,797	4,319	4,833	3,283
Total Assets	<u>\$ 9,716</u>	<u>\$ 179,410</u>	<u>\$ 179,588</u>	<u>\$ 9,538</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 0	\$ 201	\$ 0	\$ 201
Due to Component Units	3,549	929	3,549	929
Due to Others	6,167	178,280	176,039	8,408
Total Liabilities	<u>\$ 9,716</u>	<u>\$ 179,410</u>	<u>\$ 179,588</u>	<u>\$ 9,538</u>
<b>Total - All Agency Funds</b>				
Assets				
Cash/Cash Equivalents	\$ 149,691	\$ 2,245,924	\$ 2,245,706	\$ 149,909
Accounts Receivable	302	231	302	231
Interest Receivable	386	111	386	111
Taxes Receivable	7	0	7	0
Due from Other Funds	764	737	764	737
Due from Component Units	0	271	0	271
Inventory	3,797	4,319	4,833	3,283
Total Assets	<u>\$ 154,947</u>	<u>\$ 2,251,593</u>	<u>\$ 2,251,998</u>	<u>\$ 154,542</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 1,044	\$ 1,382	\$ 1,044	\$ 1,382
Tax Refunds Payable	5,292	4,780	5,292	4,780
Due to Other Funds	103	0	58	45
Due to Component Units	3,549	929	3,549	929
Due to Others	144,959	2,244,486	2,242,039	147,406
Total Liabilities	<u>\$ 154,947</u>	<u>\$ 2,251,577</u>	<u>\$ 2,251,982</u>	<u>\$ 154,542</u>

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## NONMAJOR COMPONENT UNITS

The State of Oklahoma has eight nonmajor component units which are described below:

**OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY**  
P.O. Box 14190, Oklahoma City, Oklahoma 73113

The Authority provides educational television services to all Oklahoma citizens on a coordinated statewide basis.

**OKLAHOMA INDUSTRIAL FINANCE AUTHORITY**  
301 N.W. 63<sup>rd</sup> Street, Suite 225, Oklahoma City, Oklahoma 73116

The 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. The loans are financed by issuance of general obligation bonds.

**HEALTH INSURANCE HIGH RISK POOL**  
3814 N. Santa Fe, Oklahoma City, Oklahoma 73118

The Pool provides health insurance to individuals who are unable to obtain coverage from independent insurers. The Pool is financed by assessments levied on independent insurers.

**MULTIPLE INJURY TRUST FUND**  
P.O. Box 528801, Oklahoma City, Oklahoma 73152

The Fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury.

**UNIVERSITY HOSPITALS AUTHORITY**  
940 N.E. 13<sup>th</sup> Street, Oklahoma City, Oklahoma 73104

The 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. The University Hospital is financed primarily through patient service charges.

**OKLAHOMA DEVELOPMENT FINANCE AUTHORITY**  
301 N.W. 63<sup>rd</sup> Street, Suite 225, Oklahoma City, Oklahoma 73116

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

**OKLAHOMA CAPITAL INVESTMENT BOARD**  
301 N.W. 63<sup>rd</sup> Street, Suite 520, Oklahoma City, Oklahoma 73116

The Authority assists the State with industrial development by mobilizing equity and near-equity capital for investment to potential creation of jobs and growth that will diversify and stabilize the economy.

**OKLAHOMA ENVIRONMENTAL FINANCE AUTHORITY**  
2809 N.W. Expressway, Suite 485, Oklahoma City, Oklahoma 73112

The Authority provides financing necessary or useful to abate, control, and reduce air and water pollution. The Authority obtains funds through the issuance of bonds and notes.

Combining Statement of Net Assets  
NonMajor Component Units  
June 30, 2002  
(expressed in thousands)

	Oklahoma Educational Television Authority	Oklahoma Industrial Finance Authority	Health Insurance High Risk Pool	Multiple Injury Trust Fund	University Hospitals Authority	Oklahoma Development Finance Authority	Oklahoma Capital Investment Board	Oklahoma Environmental Finance Authority	Nonmajor Component Units Total
<b>Assets</b>									
Current Assets									
Cash/Cash Equivalents									
Unrestricted	\$ 406	\$ 48	\$ 2,607	\$ 3,830	\$ 39,376	\$ 2,411	\$ 17	\$ 4	\$ 48,699
Investments	0	4,256	0	0	38	7,786	0	46	12,126
Accounts Receivable	256	0	0	0	0	217	6,612	0	7,085
Interest and Investment									
Revenue Receivable	0	682	0	2	41	70	0	0	795
Notes Receivable	0	1,608	0	0	0	886	3,500	0	5,994
Due from Other Component Units	0	0	0	0	324	44	0	0	368
Due from Primary Government	0	0	0	232	2,182	22	0	0	2,436
Prepaid Items	0	0	0	0	5	0	0	0	5
Other Current Assets	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>662</b>	<b>6,594</b>	<b>2,607</b>	<b>4,064</b>	<b>41,966</b>	<b>11,436</b>	<b>10,129</b>	<b>50</b>	<b>77,508</b>
Noncurrent Assets									
Cash/Cash Equivalents -									
Restricted	5,715	84	0	0	242	0	0	0	6,041
Investments - Restricted	0	129	0	0	305	0	0	0	434
Long-Term Investments	0	36,976	0	0	0	0	0	0	36,976
Leases Receivable	0	0	0	0	0	0	0	1,003	1,003
Long-Term Notes Receivable, Net	0	22,478	0	0	0	1,849	0	0	24,327
Capital Assets, Net	4,502	1	0	0	102,570	696	0	0	107,769
Other Noncurrent Assets									
Unrestricted	11	261	0	0	30,678	165	0	0	31,115
Restricted	0	0	0	0	36	0	0	0	36
<b>Total Noncurrent Assets</b>	<b>10,228</b>	<b>59,929</b>	<b>0</b>	<b>0</b>	<b>133,831</b>	<b>2,710</b>	<b>0</b>	<b>1,003</b>	<b>207,701</b>
<b>Total Assets</b>	<b>\$ 10,890</b>	<b>\$ 66,523</b>	<b>\$ 2,607</b>	<b>\$ 4,064</b>	<b>\$ 175,797</b>	<b>\$ 14,146</b>	<b>\$ 10,129</b>	<b>\$ 1,053</b>	<b>\$ 285,209</b>
<b>Liabilities</b>									
Liabilities									
Current Liabilities									
Accounts Payable and									
Accrued Liabilities	\$ 34	\$ 2	\$ 0	\$ 57	\$ 1,700	\$ 171	\$ 5	\$ 2	\$ 1,971
Claims and Judgments	0	0	0	16,863	0	0	0	0	16,863
Interest Payable	0	725	0	25,815	0	0	0	5	26,545
Due to Other Component Units	0	0	0	58	0	0	0	0	58
Due to Primary Government	0	0	0	0	25	164	0	0	189
Deferred Revenue	0	111	0	0	9	40	0	0	160
Capital Leases-Primary Govt.	0	0	0	0	183	0	0	0	183
Compensated Absences	160	66	0	0	1,039	0	0	0	1,265
Notes Payable	0	0	0	567	0	0	0	0	567
General Obligation Bonds	0	1,215	0	0	0	0	0	0	1,215
<b>Total Current Liabilities</b>	<b>194</b>	<b>2,119</b>	<b>0</b>	<b>43,360</b>	<b>2,956</b>	<b>375</b>	<b>5</b>	<b>7</b>	<b>49,016</b>
Noncurrent Liabilities									
Claims and Judgments	0	0	0	167,757	0	0	0	0	167,757
Capital Leases-Primary Govt.	0	0	0	0	1,449	0	0	0	1,449
Compensated Absences	67	0	0	0	0	0	0	0	67
Notes Payable	0	0	0	49,433	0	0	0	0	49,433
General Obligation Bonds	0	62,623	0	0	0	0	0	0	62,623
Revenue Bonds	0	0	0	0	0	9,999	0	997	10,996
Other Noncurrent Liabilities	35	0	0	0	73	345	0	0	453
<b>Total Noncurrent Liabilities</b>	<b>102</b>	<b>62,623</b>	<b>0</b>	<b>217,190</b>	<b>1,522</b>	<b>10,344</b>	<b>0</b>	<b>997</b>	<b>292,778</b>
<b>Total Liabilities</b>	<b>296</b>	<b>64,742</b>	<b>0</b>	<b>260,550</b>	<b>4,478</b>	<b>10,719</b>	<b>5</b>	<b>1,004</b>	<b>341,794</b>
<b>Net Assets</b>									
Invested in Capital Assets,									
Net of Related Debt	4,502	1	0	0	113,180	696	0	0	118,379
Restricted for:									
Debt Service	0	212	0	0	0	0	0	0	212
Other Special Purpose									
Expendable	0	0	0	0	583	0	0	0	583
Unrestricted	6,092	1,568	2,607	(256,486)	57,556	2,731	10,124	49	(175,759)
<b>Total Net Assets</b>	<b>\$ 10,594</b>	<b>\$ 1,781</b>	<b>\$ 2,607</b>	<b>\$ (256,486)</b>	<b>\$ 171,319</b>	<b>\$ 3,427</b>	<b>\$ 10,124</b>	<b>\$ 49</b>	<b>\$ (56,585)</b>

Combining Statement of Activities  
 NonMajor Component Units  
 For the Fiscal Year Ended June 30, 2002  
 (expressed in thousands)

	Expenses	Program Revenues			General Revenue		Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government				
Nonmajor Component Units:									
Oklahoma Educational Television Authority	\$ 9,525	\$ 5,456	\$ 142	\$ (3,927)	\$ 9,785	\$ 5,858	\$ 4,736	\$ 10,594	
Oklahoma Industrial Finance Authority	3,112	3,262	0	150	0	150	1,631	1,781	
Health Insurance High Risk Pool	20,039	21,062	0	1,023	0	1,023	1,584	2,607	
Multiple Injury Trust Fund	27,820	2,311	0	(25,509)	11,141	(14,368)	(242,118)	(256,486)	
University Hospitals Authority	85,967	48,077	0	(37,890)	41,253	3,363	167,956	171,319	
Oklahoma Development Finance Authority	1,585	1,045	0	(540)	0	(540)	3,967	3,427	
Oklahoma Capital Investment Board	545	3,879	0	3,334	0	3,334	6,790	10,124	
Oklahoma Environmental Finance Authority	72	61	0	(11)	0	(11)	60	49	
Total Nonmajor Component Units	\$ 148,665	\$ 85,153	\$ 142	\$ (63,370)	\$ 62,179	\$ (1,191)	\$ (55,394)	\$ (56,585)	

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OTHER SUPPLEMENTARY INFORMATION-BUDGETARY DETAIL

## Other Supplementary Information – Budgetary Detail

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, 2002  
 (expressed in thousands)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
<b>EDUCATION</b>					
<b>State Arts Council</b>					
1 Duties	\$ 4,546	\$ (178)	\$ 4,368	\$ 4,215	\$ 153
11 FY'01 Carryover from Duties	157	0	157	133	24
Agency Total	<u>4,703</u>	<u>(178)</u>	<u>4,525</u>	<u>4,348</u>	<u>177</u>
<b>Department of Education</b>					
1 Fin. Support of Public School (1)	1,155,052	(39,279)	1,115,773	1,115,773	0
1 Fin. Support of Public School (1)	2,138	(697)	1,441	1,441	0
2 Fin. Support of Public School (1)	582	0	582	582	0
2 Fin. Support of Public School (1)	1,497	0	1,497	1,497	0
2 Psychometric Services (1)	887	(222)	665	665	0
Transfer to Teacher Prep Rev (1)	3,256	(120)	3,136	3,136	0
3 FY '01 Carryover from Off of Acct	9	0	9	9	0
3 Office of Accountability	273	(11)	262	256	6
3 Supl. Flexible Ben.-Cert. Personnel (1)	0	640	640	640	0
4 Staff Development-Ardmore (1)	93	0	93	93	0
4 Supl. Flex Ben.-Suppt. Personnel (1)	0	3,066	3,066	3,066	0
5 Staff Development-Bartlesville (1)	93	0	93	93	0
5 Supl. Cert. Pers. W/ Nat'l Bd Cert (1)	0	170	170	170	0
6 Staff Development-Lawton (1)	93	0	93	93	0
6 Supl. Fin. Support of Pub.School (1)	0	6,193	6,193	6,193	0
7 Staff Development-McAlester (1)	93	0	93	93	0
8 Staff Development-Norman (1)	93	0	93	93	0
9 Staff Development-Stillwater (1)	93	0	93	93	0
10 Textbooks (1)	13,797	0	13,797	13,797	0
10 Staff Development-Woodward (1)	93	0	93	93	0
11 Staff Development-Read Suff Act (1)	5,356	(1,339)	4,017	4,017	0
12 Staff Development-Great Expect.(1)	750	0	750	750	0
13 Staff Development-ADA (1)	5,316	(1,329)	3,987	3,987	0
14 FY '01 Carryover from Pub Sch AP	39	0	39	39	0
14 AP Administrative Cost	55	(7)	48	48	0
15 Advanced Placement Incent.(2)	4,146	(795)	3,351	3,351	0
15 FY '01 Carryover from Pub Sch AP	196	0	196	196	0
16 Teacher Consultant Stipends (1)	1,038	(258)	780	780	0
17 Teacher Retirement Credit	33,493	0	33,493	33,493	0
18 Certified Emp. Health Allow (1)	33,067	0	33,067	33,067	0
19 Support Personnel Health Allow (1)	51,224	0	51,224	51,224	0
20 School Lunch Matching (1)	3,637	0	3,637	3,637	0
21 School Lunch Programs (2)	3,192	(460)	2,732	2,732	0
21 FY '01 Carryover from Sch Lun	1	0	1	1	0
22 Homebound Children (1)	1,193	(1,193)	0	0	0
23 Alter Education Program Eval	940	(149)	791	789	2

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
23 FY '01 Carryover from Alt Ed	6	0	6	6	0
24 Alt. Ed. Arts Componentl (1)	200	(50)	150	150	0
25 FY '01 Carryover from Alt Adm	7	0	7	7	0
25 Alter Education Admin Costs	83	(3)	80	80	0
26 Alt. Ed. Competitive Grants (1)	2,265	(566)	1,699	1,699	0
27 Alt. & High Challenge Ed. (1)	17,869	(4,700)	13,169	13,169	0
28 FY '01 Carryover from Adlt Mat	35	0	35	35	0
28 Adult Ed. Matching (2)	2,313	(102)	2,211	2,211	0
29 Driver Ed. (1)	1,605	(488)	1,117	1,117	0
30 Early Intervention (1)	12,485	(1,288)	11,197	11,197	0
32 Community Ed. Grants (1)	400	(109)	291	291	0
33 FY '01 Carryover from Comm Ed	4	0	4	0	4
33 Community Education Consortium	50	(5)	45	45	0
34 Parent Training Program (1)	2,674	(675)	1,999	1,999	0
35 OPAT - Program Evaluation	19	(2)	17	17	0
36 OPAT - Public Housing Projects	150	0	150	150	0
37 OPAT - Technical Assistance	43	(21)	22	16	6
37 FY '01 Carryover from OPAT TA	30	0	30	30	0
38 FY '01 Carryover from OPAT Fld Ops	6	0	6	6	0
38 OPAT - Field Operations	75	(16)	59	54	5
39 Special Ed. Assist. (1)	1,184	(1,184)	0	0	0
40 School/Commun. Network/Arts'n Ed (1)	130	(31)	99	99	0
41 Education Leadership OK (1)	1,320	(20)	1,300	1,300	0
42 ICTE - Small School Coop. (1)	514	(128)	386	386	0
43 ICTE - Jane Brooks School Deaf (1)	56	0	56	56	0
44 ICTE - OK Science and Engin. Fair (1)	53	(13)	40	40	0
45 ICTE - Telecommunications Curr. (1)	406	(101)	305	305	0
46 ICTE - Small School Incent. (1)	300	(75)	225	225	0
47 Summer Arts Institute	475	(49)	426	426	0
48 AG in the classroom (1)	50	(13)	37	37	0
49 OK Ambassador of Teaching	38	(35)	3	3	0
49 FY '01 Carryover from Amb Ed	20	0	20	20	0
50 Teacher Pay Raises (1)	157,927	(2,068)	155,859	155,859	0
51 Fin. Support of Public School (1)	14,611	(486)	14,125	14,125	0
52 Staff Development Workshops	1,314	(136)	1,178	1,178	0
Transfer to Teacher Prep Rev (1)	361	(14)	347	347	0
53 Community Education (1)	50	(4)	46	46	0
54 Certified Employee Health Allow (1)	7,061	(9)	7,052	7,052	0
55 Support Personnel Health Allow (1)	7,169	(9)	7,160	7,160	0
56 School Lunch Matching (1)	72	0	72	72	0
57 Early Intervention (1)	39	(4)	35	35	0
58 Office of Accountability	501	(20)	481	275	206
59 ICTE Arts	40	0	40	40	0
59 FY '01 Carryover from Comm Ed	6	0	6	0	6
60 ICTE - Small School Coop. (1)	50	(13)	37	37	0
65 FY '01 Carryover from Off of Acct	12	0	12	12	0

GENERAL FUND

	BUDGET		FINAL	ACTUAL	VARIANCE
	ORIGINAL	Amendments			
66 VISION Project	500	(146)	354	89	265
66 FY '01 Carryover from VISION	323	0	323	323	0
67 VISION Project	641	(187)	454	0	454
70 FY '01 Carryover from DOE Adm Suppt	2,570	0	2,570	2,570	0
70 DOE Admin & Suppt Functions	20,074	(2,353)	17,721	17,243	478
71 DOE Admin & Suppt Functions	252	(252)	0	0	0
72 DOE Admin & Suppt Funct Testing	313	(3)	310	0	310
73 Admin & Support -Financial Acct.	203	(7)	196	196	0
73 FY '01 Carryover from Adm Supt Fin Ac	5	0	5	5	0
74 FY '01 Carryover from Adlt Lit Svy	200	0	200	200	0
75 Admin & Suppt NAEP	48	(17)	31	30	1
75 FY '01 Carryover from Adm Spt NAEP	2	0	2	2	0
76 DOE 8th Grade Test (1)	333	(333)	0	0	0
77 FY '01 Carryover from DOE Adm Suppt	262	0	262	262	0
78 DOE Admin & Suppt OKAGE	48	(26)	22	22	0
79 Education Leadership OK (1)	450	0	450	450	0
79 Reap/redes Acad Perf Index	181	0	181	181	0
80 FY '01 Carryover from Pub Sch Acts	1	0	1	1	0
81 FY '01 Carryover from Amb Ed	5	0	5	5	0
85 FY '01 Carryover from Tech Assist	7	0	7	7	0
86 FY '01 Carryover from Field Ops	13	0	13	13	0
87 Reap Alt High Chall	40	0	40	40	0
88 OK Alli Geo Educ	200	0	200	200	0
89 Reapp/redes Grt Expect Sch	125	0	125	125	0
90 Reapp/redes VISION	20	0	20	0	20
91 Reapp/redes VISION	803	0	803	775	28
92 FY '01 Carryover from 8th Grd Test	248	0	248	0	248
95 Textbooks (1)	19,203	0	19,203	19,203	0
Agency Total	<u>1,602,933</u>	<u>(51,551)</u>	<u>1,551,382</u>	<u>1,549,343</u>	<u>2,039</u>

**Oklahoma Commission for Teacher Preparation**

1 Duties	2,335	(91)	2,244	2,210	34
2 Duties	2	0	2	2	0
3 Reap/redes Ed Leader OK Prog	115	0	115	115	0
11 FY '01 Carryover from Duties	70	0	70	70	0
12 FY '01 Carryover from Duties	358	0	358	358	0
Agency Total	<u>2,880</u>	<u>(91)</u>	<u>2,789</u>	<u>2,755</u>	<u>34</u>

**Commission of the Land Office**

1 Duties	4,310	0	4,310	4,199	111
Agency Total	<u>4,310</u>	<u>0</u>	<u>4,310</u>	<u>4,199</u>	<u>111</u>

(continued)

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
<b>Department of Libraries</b>					
1 Duties	6,991	(273)	6,718	6,674	44
2 Duties	263	(10)	253	253	0
11 FY'01 Carryover from Duties	50	0	50	50	0
12 FY'01 Carryover from Duties	4	0	4	4	0
13 FY'01 Carryover from Duties	15	0	15	15	0
Agency Total	<u>7,323</u>	<u>(283)</u>	<u>7,040</u>	<u>6,996</u>	<u>44</u>
<b>Board of Private Vocational School</b>					
1 Duties	171	(7)	164	152	12
2 Duties	4	0	4	4	0
11 FY'01 Carryover from Duties	9	0	9	9	0
Agency Total	<u>184</u>	<u>(7)</u>	<u>177</u>	<u>165</u>	<u>12</u>
<b>Physician Manpower Training Commission</b>					
1 Duties	5,053	(204)	4,849	4,819	30
2 Duties	449	(11)	438	438	0
2 Reap/redes Med Osteo Res Prog	295	0	295	295	0
3 Duties	400	0	400	400	0
Agency Total	<u>6,197</u>	<u>(215)</u>	<u>5,982</u>	<u>5,952</u>	<u>30</u>
<b>Center for Advancement of Science and Technology</b>					
1 Admin	540	(21)	519	492	27
2 Admin/Res. Suppt. Rev. (1)	11,628	(454)	11,174	11,174	0
3 For Research Suppt. Rev. (1)	913	(36)	877	877	0
4 OK Institute of Tech	1,000	(39)	961	0	961
4 Reapprop/Redesign from 265 (1)	24	0	24	24	0
5 Biomedical Research	206	(8)	198	198	0
5 Reapprop/Redesign from 265 (1)	4	0	4	4	0
6 Reapprop/Redesign from 265 (1)	2	0	2	2	0
11 FY'01 Carryover from Duties	58	0	58	58	0
Agency Total	<u>14,375</u>	<u>(558)</u>	<u>13,817</u>	<u>12,829</u>	<u>988</u>
<b>Oklahoma School of Science and Mathematics</b>					
1 Duties	5,549	(217)	5,332	4,766	566
2 Duties	623	(24)	599	579	20
3 Reap/redes Reg Outrch Sci Math	42	0	42	42	0
4 Reap/redes Reg Outrch Sci Math	88	0	88	88	0
11 FY'01 Carryover from Duties	456	0	456	453	3
11 FY'01 Carryover from Suppl	140	0	140	140	0

GENERAL FUND

	BUDGET		FINAL	ACTUAL	VARIANCE
	ORIGINAL	Amendments			
12 FY'01 Carryover from Duties	78	0	78	78	0
Agency Total	<u>6,976</u>	<u>(241)</u>	<u>6,735</u>	<u>6,146</u>	<u>589</u>

**Department of Career and Technology Education**

8 Duties (2)	126,329	(4,936)	121,393	118,165	3,228
9 Duties (1)	4,959	(194)	4,765	4,765	0
10 Cert. Emp Hlth Ben. Allow. (1)	285	(11)	274	274	0
11 Suppt. Pers. Hlth Ben. Allow. (1)	273	(11)	262	262	0
15 FY'01 Carryover from TIP	1,343	0	1,343	1,343	0
18 FY'01 Carryover from Duties	2,916	0	2,916	2,916	0
Agency Total	<u>136,105</u>	<u>(5,152)</u>	<u>130,953</u>	<u>127,725</u>	<u>3,228</u>

<b>Education Total</b>	<u>1,785,986</u>	<u>(58,276)</u>	<u>1,727,710</u>	<u>1,720,458</u>	<u>7,252</u>
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**GENERAL GOVERNMENT**

**Office of State Finance**

1 Duties	9,381	(367)	9,014	8,902	112
2 Duties (1)	726	(28)	698	0	698
11 FY'01 Carryover from Duties	27	0	27	25	2
Agency Total	<u>10,134</u>	<u>(395)</u>	<u>9,739</u>	<u>8,927</u>	<u>812</u>

**Department of Commerce**

1 Duties (2)	30,075	(1,175)	28,900	27,766	1,134
2 Transfer to Native Amer. Fd. (1)	500	(20)	480	480	0
3 COEDD	120	(1)	119	119	0
4 Rural Enterprises Inc	20	0	20	20	0
5 Econ and Community Dev	35	(6)	29	29	0
6 SODA	100	(3)	97	97	0
14 International Division	25	0	25	25	0
15 COEDD	100	0	100	100	0
16 EODD	150	0	150	150	0
17 KEDD	50	0	50	50	0
20 FY'01 Carryover from Duties	394	0	394	394	0
21 FY'01. Carryover from ASCOG	478	0	478	478	0
22 FY'01 Carryover from Duties	418	0	418	418	0
Agency Total	<u>32,465</u>	<u>(1,205)</u>	<u>31,260</u>	<u>30,126</u>	<u>1,134</u>

**State Election Board**

1 Duties (2)	7,608	(1,308)	6,300	5,486	814
11 FY'01 Carryover from Duties	822	0	822	822	0

(continued)

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
13 FY'01 Carryover from Elections	593	0	593	593	0
Agency Total	9,023	(1,308)	7,715	6,901	814
<b>Ethics Commission</b>					
1 Duties	462	(18)	444	444	0
1 FY'02 Supplemental	0	52	52	42	10
2 Duties	5	0	5	5	0
12 FY'01 Carryover from Duties	50	0	50	0	50
Agency Total	517	34	551	491	60
<b>Merit Protection Commission</b>					
1 Duties	605	(24)	581	576	5
11 FY'01 Carryover from Duties	2	0	2	2	0
Agency Total	607	(24)	583	578	5
<b>State Auditor and Inspector</b>					
1 Duties	5,685	(222)	5,463	5,463	0
2 County Govt Personnel Ed Trning	547	(21)	526	526	0
3 County Govt Computer Systems	45	(2)	43	43	0
5 Duties from Tourism Quartz	24	0	24	24	0
Agency Total	6,301	(245)	6,056	6,056	0
<b>Governor</b>					
1 Duties	2,477	(97)	2,380	2,174	206
2 Secretary of Educ. and Expenses	200	(8)	192	136	56
3 Secretary of Veterans Affairs	75	(3)	72	72	0
4 Mansion Expenses	58	(2)	56	56	0
5 Duties	250	(10)	240	75	165
11 FY'01 Carryover from Duties	208	0	208	208	0
12 FY'01 Carryover from Sec. Of Ed.	69	0	69	69	0
13 FY'01 Carryover from Vet. Aff.	3	0	3	3	0
Agency Total	3,340	(120)	3,220	2,793	427
<b>Native American Cultural Center</b>					
1 Duties	393	(15)	378	378	0
Agency Total	393	(15)	378	378	0
<b>Lieutenant Governor</b>					
1 Duties	577	(112)	465	438	27
11 FY'01 Carryover from Duties	95	0	95	95	0
Agency Total	672	(112)	560	533	27

GENERAL FUND					
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
<b>Office of Personnel Management</b>					
1 Duties	5,690	(223)	5,467	5,025	442
11 FY'01 Carryover from Duties	491	0	491	491	0
Agency Total	<u>6,181</u>	<u>(223)</u>	<u>5,958</u>	<u>5,516</u>	<u>442</u>
<b>Department of Central Services</b>					
1 Duties	9,796	(383)	9,413	8,943	470
1 Manville & Asbestos Abatement	1,389	0	1,389	883	506
2 To Bldg and Facility Rev. (1)	3,830	(150)	3,680	3,680	0
3 Veterans Memorial	5	0	5	5	0
4 Hissom Memorial Center Maintenance	192	(7)	185	160	25
5 From Tourism for State Cap Park	734	(29)	705	702	3
11 FY'01 Carryover from Manville	180	0	180	180	0
11 FY'01 Carryover from Duties	1,895	0	1,895	1,895	0
13 FY'01 Carryover from Vet. Mem.	2	0	2	2	0
14 FY'01 Carryover from Hissom Ctr.	49	0	49	49	0
15 FY'01 Carryover from Duties	10	0	10	10	0
16 FY'01 Carryover from OASIS	20	0	20	20	0
17 FY'01 Carryover from Duties	34	0	34	34	0
Agency Total	<u>18,136</u>	<u>(569)</u>	<u>17,567</u>	<u>16,563</u>	<u>1,004</u>
<b>Secretary of State</b>					
1 Duties	545	(21)	524	524	0
Agency Total	<u>545</u>	<u>(21)</u>	<u>524</u>	<u>524</u>	<u>0</u>
<b>Council on Judicial Complaints</b>					
1 Duties	302	(12)	290	277	13
11 FY'01 Carryover from Duties	24	0	24	24	0
12 FY'01 Carryover from Duties	3	0	3	3	0
Agency Total	<u>329</u>	<u>(12)</u>	<u>317</u>	<u>304</u>	<u>13</u>
<b>Oklahoma Tax Commission</b>					
30 Duties	51,604	(2,016)	49,588	49,522	66
31 Fed Refund Offset Prog	75	(3)	72	72	0
32 Fed Refund Offset Prog	69	(3)	66	66	0
Agency Total	<u>51,748</u>	<u>(2,022)</u>	<u>49,726</u>	<u>49,660</u>	<u>66</u>
<b>State Treasurer</b>					
1 Duties	5,547	(304)	5,243	5,134	109

(continued)

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
11 FY'01 Carryover from Duties	94	0	94	94	0
12 FY'01 Carryover from Bank Svc. Chg.	19	0	19	19	0
13 FY'01 Carryover from Duties	30	0	30	30	0
14 FY'01 Carryover from Unc Prop Mgt	0	0	0	0	0
15 FY'01 Carryover from Unc Prop Mgt	95	0	95	94	1
16 FY'01 Carryover from Unc Prop Mgt	12	0	12	12	0
Agency Total	<u>5,797</u>	<u>(304)</u>	<u>5,493</u>	<u>5,383</u>	<u>110</u>
<b>General Government Total</b>	<u>146,188</u>	<u>(6,541)</u>	<u>139,647</u>	<u>134,733</u>	<u>4,914</u>
<b>HEALTH SERVICES</b>					
<b>Department of Health</b>					
1 Duties	38,590	(1,508)	37,082	36,666	416
2 Transfer to Eldercare Rev. (1)	6,478	(253)	6,225	6,225	0
3 Duties	1,366	(53)	1,313	1,301	12
4 Margaret Hudson Program	43	(2)	41	41	0
5 Community Health Centers Inc.	198	(8)	190	190	0
6 Southeast Area Health Center	198	(8)	190	190	0
7 Morton Comp Health Services	387	(15)	372	372	0
8 Sickle Cell Research Found.	172	(7)	165	165	0
9 Emerson Teen Parent Program	135	(5)	130	129	1
10 Alzheimer's Research Council	55	(2)	53	53	0
11 Tolliver Alternative Care Center	47	(2)	45	45	0
11 FY'01 Carryover from Duties	51	0	51	42	9
12 To Child Abuse Revolving (1)	2,981	(116)	2,865	2,865	0
14 FY'01 Carryover from Hlth Fac Sur	155	0	155	155	0
14 Central OK (Konawa) Med Center	225	(9)	216	213	3
15 Dental Progs Disabled/Elderly	150	(6)	144	144	0
17 Add'l Breast/Cerv Canc Screen	500	(20)	480	478	2
18 Add'l Teen Abstinence Educ	50	(2)	48	33	15
19 High Risk Perinatal Direct Svc	2,501	(98)	2,403	2,395	8
20 Perinatal Continuing Education	230	(9)	221	221	0
21 Perinatal Demo Project	64	(2)	62	56	6
23 To Kidney Health Revolving (1)	125	(5)	120	120	0
25 Oklahoma City Indian Clinic	75	(3)	72	72	0
27 To Children First Fund (1)	13,855	(541)	13,314	13,314	0
32 Sickle Cell Research Found.	25	(1)	24	24	0
39 Morton Comp Health Services	75	(3)	72	0	72
42 Greenwood Educ. & Cultural Ctr	125	(5)	120	120	0
43 College of Osteopath Med Area	460	(18)	442	442	0
44 Metro Tulsa Urban League	45	(2)	43	43	0
45 North Tulsa Heritage Found	45	(2)	43	43	0
46 Dunjee All-School Assoc.	100	(4)	96	96	0

GENERAL FUND

	BUDGET		FINAL	ACTUAL	VARIANCE
	ORIGINAL	<i>Amendments</i>			
47 OUHSC Pediatric Endro Dept.	117	(4)	113	113	0
48 Alzheimer's Assoc. OK Chapter	10	0	10	10	0
49 Indian Health Care Res Center	10	0	10	10	0
51 Greenwood Educ. & Cultural Ctr	25	(1)	24	24	0
51 FY'01 Carryover from Duties	57	0	57	57	0
52 To Tobacco Cess. & Prevention Fd (1)	250	(10)	240	240	0
Agency Total	<u>69,975</u>	<u>(2,724)</u>	<u>67,251</u>	<u>66,707</u>	<u>544</u>
<b>Mental Health and Substance Abuse</b>					
1 Duties	135,975	(5,413)	130,562	130,035	527
2 PACT	10,689	(703)	9,986	9,466	520
3 Duties	179	(7)	172	172	0
4 Duties	1,200	0	1,200	1,200	0
5 Duties	40	(1)	39	39	0
11 FY'01 Carryover from Duties	4,029	0	4,029	4,028	1
12 FY'01 Carryover from Duties	140	0	140	140	0
13 FY'01 Carryover from East St PACT	285	0	285	285	0
14 FY'01 Carryover from Duties	102	0	102	102	0
15 FY'01 Carryover from Duties	225	0	225	225	0
Agency Total	<u>152,864</u>	<u>(6,124)</u>	<u>146,740</u>	<u>145,692</u>	<u>1,048</u>
<b>Health Services Total</b>	<u>222,839</u>	<u>(8,848)</u>	<u>213,991</u>	<u>212,399</u>	<u>1,592</u>
<b>LEGAL AND JUDICIARY</b>					
<b>Indigent Defense System</b>					
1 Duties (2)	14,711	(680)	14,031	13,890	141
2 Duties	481	(19)	462	462	0
3 Forensic Testing of Evidence (1)	650	(25)	625	625	0
4 Staff Attys Salary Increases	200	(8)	192	192	0
11 FY'01 Carryover from Duties	1,516	0	1,516	1,516	0
12 FY'01 Carryover from Duties	219	0	219	219	0
Agency Total	<u>17,777</u>	<u>(732)</u>	<u>17,045</u>	<u>16,904</u>	<u>141</u>
<b>Attorney General</b>					
1 Duties	6,576	(257)	6,319	6,319	0
2 Duties	390	(15)	375	375	0
5 AG's Evidence Fund (1)	150	0	150	150	0
Agency Total	<u>7,116</u>	<u>(272)</u>	<u>6,844</u>	<u>6,844</u>	<u>0</u>
<b>Court of Criminal Appeals</b>					
1 Duties	2,736	(107)	2,629	2,593	36

(continued)

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
2 Duties	126	(5)	121	121	0
11 FY'01 Carryover from Duties	101	0	101	101	0
<b>Agency Total</b>	<b>2,963</b>	<b>(112)</b>	<b>2,851</b>	<b>2,815</b>	<b>36</b>
<b>District Courts</b>					
1 Duties	22,324	0	22,324	22,087	237
1 Duties	17,909	(700)	17,209	16,749	460
2 Duties	447	0	447	447	0
2 Duties	291	(11)	280	0	280
11 FY'01 Carryover from Duties	491	0	491	491	0
11 FY'01 Carryover from Duties	173	0	173	162	11
12 FY'01 Carryover from Duties	173	0	173	173	0
<b>Agency Total</b>	<b>41,808</b>	<b>(711)</b>	<b>41,097</b>	<b>40,109</b>	<b>988</b>
<b>District Attorneys Council</b>					
1 Duties	31,002	(1,211)	29,791	29,167	624
2 Witness Fees	100	(4)	96	49	47
3 Duties	346	(14)	332	332	0
5 Witness Fees	380	0	380	380	0
6 DAC's Evidence Fund (1)	75	0	75	75	0
11 FY'01 Carryover from Duties	1,146	0	1,146	1,146	0
12 FY'01 Carryover from Duties	146	0	146	146	0
13 FY'01 Carryover from Duties	60	0	60	60	0
<b>Agency Total</b>	<b>33,255</b>	<b>(1,229)</b>	<b>32,026</b>	<b>31,355</b>	<b>671</b>
<b>Workers Compensation Court</b>					
1 Duties	4,273	(167)	4,106	4,106	0
4 Duties	100	0	100	100	0
<b>Agency Total</b>	<b>4,373</b>	<b>(167)</b>	<b>4,206</b>	<b>4,206</b>	<b>0</b>
<b>Supreme Court</b>					
1 Duties	12,093	(472)	11,621	10,646	975
2 To Supreme Ct Legal Svc Rev. (1)	830	(33)	797	797	0
3 To Supreme Ct Rev. Fd (1)	900	0	900	900	0
11 FY'01 Carryover from Duties	88	0	88	88	0
11 FY'01 Carryover from Duties	910	0	910	910	0
14 FY'01 Carryover from Duties	14	0	14	14	0
<b>Agency Total</b>	<b>14,835</b>	<b>(505)</b>	<b>14,330</b>	<b>13,355</b>	<b>975</b>
<b>Legal and Judiciary Total</b>	<b>122,127</b>	<b>(3,728)</b>	<b>118,399</b>	<b>115,588</b>	<b>2,811</b>

GENERAL FUND					
	BUDGET		FINAL	ACTUAL	VARIANCE
	ORIGINAL	<i>Amendments</i>			
<b>MUSEUMS</b>					
<b>Oklahoma Capitol Complex &amp; Centennial</b>					
1 Duties	591	(23)	568	568	0
11 FY'01 Carryover from duties	4	0	4	0	4
Agency Total	<u>595</u>	<u>(23)</u>	<u>572</u>	<u>568</u>	<u>4</u>
<b>J.M. Davis Memorial Commission</b>					
1 Duties	397	(16)	381	381	0
2 Duties	2	0	2	2	0
3 Duties	50	(31)	19	19	0
Agency Total	<u>449</u>	<u>(47)</u>	<u>402</u>	<u>402</u>	<u>0</u>
<b>Historical Society</b>					
1 Duties	10,097	(395)	9,702	9,702	0
2 Tulsa Race Riot Rev. Fd (1)	750	(29)	721	721	0
11 FY'01 Carryover from Duties	85	0	85	85	0
12 FY'01 Carryover from Duties	103	0	103	103	0
18 FY'01 Carryover from Duties	5	0	5	5	0
19 FY'01 Carryover from Duties	66	0	66	66	0
Agency Total	<u>11,106</u>	<u>(424)</u>	<u>10,682</u>	<u>10,682</u>	<u>0</u>
<b>Will Rogers Memorial Commission</b>					
1 Duties	911	(36)	875	875	0
2 Duties	4	0	4	4	0
3 Duties	137	(5)	132	91	41
Agency Total	<u>1,052</u>	<u>(41)</u>	<u>1,011</u>	<u>970</u>	<u>41</u>
<b>Museums Total</b>	<u>13,202</u>	<u>(535)</u>	<u>12,667</u>	<u>12,622</u>	<u>45</u>
<b>NATURAL RESOURCES</b>					
<b>Department of Agriculture</b>					
1 Duties (2)	24,022	(939)	23,083	22,830	253
2 Poultry Waste Mgt Plans	55	(2)	53	53	0
18 Duties	5,000	0	5,000	4,996	4
Agency Total	<u>29,077</u>	<u>(941)</u>	<u>28,136</u>	<u>27,879</u>	<u>257</u>
<b>Department of Environmental Quality</b>					
1 Duties	7,906	(309)	7,597	7,569	28

(continued)

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
2 Duties	651	(25)	626	625	1
11 FY'01 Carryover from Duties	78	0	78	78	0
Agency Total	<u>8,635</u>	<u>(334)</u>	<u>8,301</u>	<u>8,272</u>	<u>29</u>
<b>Department of Tourism and Recreation</b>					
1 Duties (2)	30,645	(1,197)	29,448	29,119	329
2 To Tourism Equipment Rev. (1)	1,000	(39)	961	961	0
11 FY'01 Carryover from Duties	482	0	482	482	0
12 FY'01 Carryover from Duties	113	0	113	111	2
Agency Total	<u>32,240</u>	<u>(1,236)</u>	<u>31,004</u>	<u>30,673</u>	<u>331</u>
<b>Conservation Commission</b>					
1 Duties	7,764	(303)	7,461	7,461	0
Agency Total	<u>7,764</u>	<u>(303)</u>	<u>7,461</u>	<u>7,461</u>	<u>0</u>
<b>Water Resources Board</b>					
1 Duties	3,727	(146)	3,581	3,563	18
3 Rural Water Assoc Contract	235	(10)	225	225	0
11 FY'01 Carryover from Duties	75	0	75	75	0
Agency Total	<u>4,037</u>	<u>(156)</u>	<u>3,881</u>	<u>3,863</u>	<u>18</u>
<b>Natural Resources Total</b>	<u>81,753</u>	<u>(2,970)</u>	<u>78,783</u>	<u>78,148</u>	<u>635</u>
<b>PUBLIC SAFETY AND DEFENSE</b>					
<b>Oklahoma Military Department</b>					
1 Duties	7,779	(304)	7,475	7,175	300
2 Duties	122	(5)	117	117	0
11 FY'01 Carryover from Duties	210	0	210	210	0
12 FY'01 Carryover from Duties	0	0	0	0	0
13 FY'01 Carryover from Duties	2	0	2	2	0
Agency Total	<u>8,113</u>	<u>(309)</u>	<u>7,804</u>	<u>7,504</u>	<u>300</u>
<b>Alcoholic Beverage Laws Enforcement</b>					
1 Duties	4,114	(161)	3,953	3,953	0
2 Duties	108	(4)	104	104	0
Agency Total	<u>4,222</u>	<u>(165)</u>	<u>4,057</u>	<u>4,057</u>	<u>0</u>
<b>Department of Corrections</b>					
2 FY'02 Suppl. - Duties	0	15,000	15,000	14,543	457
8 FY'01 Carryover from Duties	600	0	600	600	0

## GENERAL FUND

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	<i>Amendments</i>		
15 FY'01 Carryover from Suppl Duties	13	0	13	0
30 Duties	366,080	(14,303)	351,777	1,239
31 Duties	21,383	(836)	20,547	0
32 Duties from Mental Health	700	(28)	672	0
35 FY'01 Carryover from Duties	2,457	0	2,457	0
52 FY'01 Carryover from Duties	458	0	458	0
53 FY'02 Suppl. - Duties	0	9,824	9,824	0
54 FY'02 Suppl.	0	5,176	5,176	0
Agency Total	<u>391,691</u>	<u>14,833</u>	<u>406,524</u>	<u>1,696</u>
<b>Pardon and Parole Board</b>				
1 Duties	2,072	(81)	1,991	103
2 Duties	306	(12)	294	0
11 FY'01 Carryover from Duties	53	0	53	0
Agency Total	<u>2,431</u>	<u>(93)</u>	<u>2,338</u>	<u>103</u>
<b>State Bureau of Investigation</b>				
1 Duties	11,074	(433)	10,641	30
2 Duties	234	(9)	225	0
11 FY'01 Carryover from Duties	78	0	78	0
12 FY'01 Carryover from Duties	33	0	33	0
Agency Total	<u>11,419</u>	<u>(442)</u>	<u>10,977</u>	<u>30</u>
<b>Department of Civil Emergency</b>				
1 Duties	769	(30)	739	0
2 Duties	4	0	4	0
11 FY'01 Carryover from Duties	50	0	50	0
Agency Total	<u>823</u>	<u>(30)</u>	<u>793</u>	<u>0</u>
<b>State Fire Marshal</b>				
1 Duties	1,829	(72)	1,757	2
2 Duties	116	(5)	111	0
3 Duties - 1 add'l FTE	29	0	29	0
Agency Total	<u>1,974</u>	<u>(77)</u>	<u>1,897</u>	<u>2</u>
<b>Board of Medicolegal Investigation</b>				
1 Duties	3,470	(136)	3,334	0
2 Duties	547	(21)	526	0
Agency Total	<u>4,017</u>	<u>(157)</u>	<u>3,860</u>	<u>0</u>

(continued)

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
<b>Council on Law Enforcement, Education and Training</b>					
1 Duties	2,328	0	2,328	2,308	20
1 Duties	364	(14)	350	347	3
2 Duties	173	(7)	166	166	0
2 Duties	185	0	185	185	0
11 FY'01 Carryover from Duties	3	0	3	3	0
11 FY'01 Carryover from Duties	3	0	3	3	0
Agency Total	<u>3,056</u>	<u>(21)</u>	<u>3,035</u>	<u>3,012</u>	<u>23</u>
<b>Bureau of Narcotics and Dangerous Drugs</b>					
1 Duties	5,712	(223)	5,489	5,346	143
2 Duties	525	(20)	505	504	1
11 FY'01 Carryover from Duties	81	0	81	81	0
12 FY'01 Carryover from Duties	12	0	12	12	0
Agency Total	<u>6,330</u>	<u>(243)</u>	<u>6,087</u>	<u>5,943</u>	<u>144</u>
<b>Department of Public Safety</b>					
1 Duties	69,858	(2,729)	67,129	66,937	192
2 Duties (2)	3,012	(453)	2,559	1,838	721
3 Capitol Patrol Officer WC Ct.	26	(1)	25	25	0
3 Motor Vehicles	1,500	0	1,500	1,500	0
Agency Total	<u>74,396</u>	<u>(3,183)</u>	<u>71,213</u>	<u>70,300</u>	<u>913</u>
<b>Public Safety and Defense Totals</b>	<u>508,472</u>	<u>10,113</u>	<u>518,585</u>	<u>515,374</u>	<u>3,211</u>
<b>REGULATORY SERVICES</b>					
<b>State Banking Department</b>					
1 Duties	3,171	(124)	3,047	3,044	3
Agency Total	<u>3,171</u>	<u>(124)</u>	<u>3,047</u>	<u>3,044</u>	<u>3</u>
<b>Department of Mines</b>					
1 Duties	650	(25)	625	609	16
2 Duties	350	0	350	350	0
Agency Total	<u>1,000</u>	<u>(25)</u>	<u>975</u>	<u>959</u>	<u>16</u>
<b>Corporation Commission</b>					
1 Duties	9,873	(386)	9,487	9,466	21
2 Duties	629	(25)	604	604	0
11 FY'01 Carryover from Duties	45	0	45	45	0
Agency Total	<u>10,547</u>	<u>(411)</u>	<u>10,136</u>	<u>10,115</u>	<u>21</u>

GENERAL FUND					
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
<b>Oklahoma Horse Racing Commission</b>					
1 Duties	2,290	(110)	2,180	2,045	135
11 FY'01 Carryover from Duties	154	0	154	154	0
Agency Total	<u>2,444</u>	<u>(110)</u>	<u>2,334</u>	<u>2,199</u>	<u>135</u>
<b>Insurance Department</b>					
1 Duties	3,023	(118)	2,905	2,852	53
Agency Total	<u>3,023</u>	<u>(118)</u>	<u>2,905</u>	<u>2,852</u>	<u>53</u>
<b>Department of Labor</b>					
1 Duties	1,357	0	1,357	1,143	214
1 Duties	2,551	(100)	2,451	2,330	121
1 FY'02 Supplemental Duties	0	300	300	300	0
2 Duties	19	0	19	19	0
11 FY'01 Carryover from Duties	175	0	175	175	0
11 FY'01 Carryover from Duties	143	0	143	143	0
Agency Total	<u>4,245</u>	<u>200</u>	<u>4,445</u>	<u>4,110</u>	<u>335</u>
<b>Liquefied Petroleum Gas Board</b>					
1 Duties	470	(18)	452	431	21
11 FY'01 Carryover from Duties	42	0	42	42	0
12 FY'01 Carryover from Duties	12	0	12	12	0
Agency Total	<u>524</u>	<u>(18)</u>	<u>506</u>	<u>485</u>	<u>21</u>
<b>Oklahoma Securities Commission</b>					
1 Duties	731	(28)	703	703	0
Agency Total	<u>731</u>	<u>(28)</u>	<u>703</u>	<u>703</u>	<u>0</u>
<b>Commission on Consumer Credit</b>					
1 Duties	789	(31)	758	744	14
11 FY'01 Carryover from Duties	23	0	23	23	0
Agency Total	<u>812</u>	<u>(31)</u>	<u>781</u>	<u>767</u>	<u>14</u>
<b>Regulatory Services Total</b>	<u>26,497</u>	<u>(665)</u>	<u>25,832</u>	<u>25,234</u>	<u>598</u>
<b>SOCIAL SERVICES</b>					
<b>Commission on Children and Youth</b>					
10 Duties	1,949	(76)	1,873	1,753	120
20 Duties	260	(10)	250	61	189

(continued)

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
40 FY'01 Carryover from Duties	113	0	113	113	0
50 FY'01 Carryover from Duties	86	0	86	86	0
Agency Total	<u>2,408</u>	<u>(86)</u>	<u>2,322</u>	<u>2,013</u>	<u>309</u>
<b>Employment Security Commission</b>					
3 FY'01 C/O -Welfare to Work(2)	2,738	0	2,738	2,635	103
Agency Total	<u>2,738</u>	<u>0</u>	<u>2,738</u>	<u>2,635</u>	<u>103</u>
<b>Office of Handicapped Concerns</b>					
1 Duties	390	(15)	375	375	0
2 Duties	1	0	1	1	0
3 Duties	15	0	15	15	0
11 FY'01 Carryover from Duties	22	0	22	22	0
Agency Total	<u>428</u>	<u>(15)</u>	<u>413</u>	<u>413</u>	<u>0</u>
<b>Oklahoma Human Rights Commission</b>					
10 Duties	823	(32)	791	661	130
20 Duties	9	0	9	0	9
Agency Total	<u>832</u>	<u>(32)</u>	<u>800</u>	<u>661</u>	<u>139</u>
<b>Oklahoma Indian Affairs Commission</b>					
10 Duties	289	(11)	278	228	50
11 FY'01 Carryover from Duties	29	0	29	29	0
12 FY'01 Carryover from Duties	2	0	2	2	0
20 Duties	1	0	1	1	0
Agency Total	<u>321</u>	<u>(11)</u>	<u>310</u>	<u>260</u>	<u>50</u>
<b>Office of Juvenile Affairs</b>					
1 Duties	99,554	(3,890)	95,664	95,505	159
2 Delinq. & Youth Gang Intervention	1,400	(55)	1,345	1,343	2
3 Title XIX loss-Can/OS Cty Bds	4,890	(191)	4,699	4,697	2
4 Duties	1,600	(62)	1,538	1,538	0
5 Reap/redes Duties from Dep of Ed(191-27)	29	0	29	29	0
5 Duncan Commun. Interv Center	23	(1)	22	22	0
11 FY'01 Carryover from Duties	2,831	0	2,831	2,831	0
12 FY'01 Carryover from Del Yth Gang	198	0	198	198	0
Agency Total	<u>110,525</u>	<u>(4,199)</u>	<u>106,326</u>	<u>106,163</u>	<u>163</u>
<b>Department of Veteran Affairs</b>					
1 Duties	24,528	(958)	23,570	23,570	0

GENERAL FUND					
	BUDGET				
	ORIGINAL	<i>Amendments</i>	FINAL	ACTUAL	VARIANCE
2 Duties	1,768	(69)	1,699	1,699	0
Agency Total	<u>26,296</u>	<u>(1,027)</u>	<u>25,269</u>	<u>25,269</u>	<u>0</u>
<b>Department of Human Services</b>					
1 Duties (1)	372,038	(14,536)	357,502	357,502	0
2 Duties (1)	34,181	(1,336)	32,845	32,845	0
3 After School Services (1)	25	(1)	24	23	1
Agency Total	<u>406,244</u>	<u>(15,873)</u>	<u>390,371</u>	<u>390,370</u>	<u>1</u>
<b>J.D. McCarty Center</b>					
10 Duties	2,970	(116)	2,854	2,854	0
20 Duties	132	(6)	126	126	0
Agency Total	<u>3,102</u>	<u>(122)</u>	<u>2,980</u>	<u>2,980</u>	<u>0</u>
<b>Department of Rehabilitative Services</b>					
1 Duties (1)	25,559	(999)	24,560	24,560	0
2 Duties (1)	294	(11)	283	283	0
3 Duties (1)	100	(4)	96	96	0
Agency Total	<u>25,953</u>	<u>(1,014)</u>	<u>24,939</u>	<u>24,939</u>	<u>0</u>
<b>Health Care Authority</b>					
1 Duties (1)	340,279	(13,297)	326,982	326,983	(1)
1 FY'02 Supplemental Duties	0	6,500	6,500	6,500	0
2 Duties (1)	17,972	(702)	17,270	17,270	0
3 Duties (1)	24,703	0	24,703	24,703	0
3 FY'02 Supplemental Duties	0	15,599	15,599	15,599	0
4 FY'02 Supplemental Duties	0	3,691	3,691	3,691	0
5 Duties (1)	12,297	0	12,297	12,297	0
Agency Total	<u>395,251</u>	<u>11,791</u>	<u>407,042</u>	<u>407,043</u>	<u>(1)</u>
<b>Social Services Total</b>	<u>974,098</u>	<u>(10,588)</u>	<u>963,510</u>	<u>962,746</u>	<u>764</u>
<b>TRANSPORTATION</b>					
<b>Department of Transportation</b>					
1 Highway Construction and Maintenance (1)	186,873	0	186,873	186,873	0
1 Highway Construction and Maintenance (1)	28,910	(1,130)	27,780	27,780	0
2 Highway Construction and Maintenance (1)	2,000	0	2,000	2,000	0
2 Highway Construction and Maintenance (1)	1,147	(45)	1,102	1,102	0
3 Highway Construction and Maintenance (1)	1,514	(59)	1,455	1,455	0
4 Highway Construction and Maintenance (1)	16,690	0	16,690	16,690	0
5 Highway Construction and Maintenance (1)	57,200	0	57,200	57,200	0
Agency Total	<u>294,334</u>	<u>(1,234)</u>	<u>293,100</u>	<u>293,100</u>	<u>0</u>

(continued)

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, 2002  
 (expressed in thousands)  
 (continued)

	GENERAL FUND				
	ORIGINAL	BUDGET <i>Amendments</i>	FINAL	ACTUAL	VARIANCE
<b>Oklahoma Space Industry Development Auth.</b>					
1 Duties (1)	300	(12)	288	288	0
Agency Total	300	(12)	288	288	0
<b>Transportation Total</b>	294,634	(1,246)	293,388	293,388	0
<b>General Fund Total</b>	<u>\$ 4,175,796</u>	<u>\$ (83,284)</u>	<u>\$ 4,092,512</u>	<u>\$ 4,070,690</u>	<u>\$ 21,822</u>

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

# STATISTICAL SECTION

# STATISTICAL SECTION

**STATISTICAL SECTION  
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# CASH RECEIPTS AND DISBURSEMENTS

(For all fund types combined)

by Category

For the Fiscal Years Ended June 30, 1993 through June 30, 2002

	2002	2001	2000	1999
Cash Receipts by Source:				
Taxes	\$ 5,859,784,415	\$ 6,145,443,871	\$ 5,697,859,338	\$ 5,279,273,861
Licenses, Permits, and Fees	252,981,801	237,576,563	197,787,613	185,597,529
Fines, Forfeits, and Penalties	24,635,815	17,004,143	13,427,239	13,381,855
Income from Money and Property	260,721,058	453,233,546	463,728,654	558,450,738
Grants, Refunds, and Reimbursements	4,755,862,461	4,213,179,041	3,965,351,939	3,458,676,556
Higher Education	248,439,099	201,838,621	189,585,509	172,559,295
Sales and Services	854,432,770	723,065,417	665,567,542	461,333,974
Non-Revenue Receipts	1,377,288,354	1,293,273,883	1,303,298,759	1,275,814,346
Total Collections	<u>\$ 13,634,145,773</u>	<u>\$ 13,284,615,085</u>	<u>\$ 12,496,606,593</u>	<u>\$ 11,405,088,154</u>
Disbursements by Function of Government:				
Education	\$ 5,184,275,451	\$ 5,516,804,948	\$ 5,045,950,609	\$ 4,657,096,815
General Government	458,713,887	451,379,922	503,591,712	374,981,563
Health Services	425,483,911	386,517,118	370,899,258	360,805,473
Legal and Judiciary	169,264,590	165,394,050	159,108,855	150,131,046
Museums	15,240,747	16,399,214	12,153,175	18,490,854
Natural Resources	254,295,348	248,147,079	243,888,670	236,331,593
Public Safety and Defense	878,882,790	805,888,852	682,792,652	537,381,033
Regulatory Services	114,539,564	96,722,146	110,808,273	103,564,495
Social Services	4,177,999,829	3,672,860,018	3,192,318,483	2,992,584,466
Transportation	1,104,715,966	1,057,623,518	1,022,135,910	967,807,283
Other Local Apportionments	63,298,435	63,068,799	64,675,529	62,513,698
Sinking Fund Payments on Bonded Debt	146,975,632	109,208,810	77,671,370	89,576,197
Total Disbursements	<u>\$ 12,993,686,150</u>	<u>\$ 12,590,014,474</u>	<u>\$ 11,485,994,496</u>	<u>\$ 10,551,264,516</u>

Prepared on a cash basis to aid in budgetary analysis.

For years prior to FY 97, cash basis numbers did not include amounts expended from Agency Special Accounts. These moneys were not subject to the State's regular budgeting and expenditure processes.

	1998	1997	1996	1995	1994	1993
\$	5,209,586,780	\$ 4,951,517,415	\$ 4,533,832,681	\$ 4,292,825,694	\$ 4,171,399,330	\$ 4,004,262,875
	147,912,938	144,622,951	126,746,123	125,546,800	114,190,748	113,409,593
	10,762,072	9,603,493	9,712,974	12,922,896	12,713,597	11,975,799
	263,652,251	218,405,052	200,299,903	189,470,710	160,427,452	184,869,454
	3,074,473,470	2,598,674,805	2,664,011,649	2,342,091,497	2,230,459,216	2,149,710,999
	167,947,916	142,535,049	163,733,815	150,907,027	155,495,049	132,592,295
	502,450,334	405,156,027	349,726,346	353,614,351	350,148,435	396,832,644
	734,953,815	414,275,218	428,531,083	600,562,290	664,277,305	763,837,201
	<u>\$ 10,111,739,576</u>	<u>\$ 8,884,790,010</u>	<u>\$ 8,476,594,574</u>	<u>\$ 8,067,941,265</u>	<u>\$ 7,859,111,132</u>	<u>\$ 7,757,490,860</u>
\$	4,289,049,377	\$ 3,768,208,810	\$ 3,479,049,093	\$ 3,363,972,223	\$ 3,243,011,505	\$ 3,094,920,009
	311,969,847	285,182,151	258,065,326	232,779,824	217,894,423	230,095,993
	342,167,860	335,120,001	313,345,235	295,676,766	285,088,005	297,114,426
	138,160,259	118,916,855	107,889,849	103,062,230	98,207,598	96,169,096
	9,229,910	7,798,223	8,029,357	7,103,208	7,787,539	7,285,465
	199,996,020	191,578,397	174,284,377	165,215,892	145,877,414	131,516,482
	539,917,199	473,378,027	428,385,545	394,732,689	376,683,833	353,878,439
	102,076,996	102,733,288	99,065,119	94,526,541	93,424,312	85,222,082
	2,798,134,462	2,485,060,196	2,447,007,338	2,316,200,744	2,219,811,291	2,262,275,215
	843,838,823	774,131,933	776,979,475	680,440,719	649,409,416	634,285,372
	58,771,755	40,524,674	39,104,818	38,215,192	38,434,483	33,679,675
	69,145,249	49,468,807	42,485,191	48,670,759	47,876,004	41,946,165
	<u>\$ 9,702,457,757</u>	<u>\$ 8,632,101,362</u>	<u>\$ 8,173,690,723</u>	<u>\$ 7,740,596,787</u>	<u>\$ 7,423,505,823</u>	<u>\$ 7,268,388,419</u>

# TAX COLLECTIONS

For the Fiscal Years Ended June 30, 1993 through June 30, 2002

Taxes	2002	2001	2000	1999
Aircraft Excise Tax	\$ 1,776,562	\$ 2,874,640	\$ -	\$ 289,157
Alcoholic Beverage Excise Tax	22,954,801	22,759,675	22,257,132	21,084,824
Alternative Fuel Surcharge	-	19,980	41,335	60,811
Beverage Tax	24,003,394	23,344,420	23,745,437	23,862,270
Bingo Tax	6,406,385	6,426,011	7,140,436	7,619,106
Charity Games Tax	595,768	746,544	793,283	811,912
Cigarette Tax	50,089,760	53,278,812	56,893,148	57,585,123
City Use Tax - Collect/Deposit	470,287	543,789	536,426	413,222
Coin Operated Device Decal	5,247,168	2,590,670	4,525,674	5,990,538
Conservation Excise Tax	398,199	-	-	10,664,825
Diesel Fuel Excise Tax	82,333,046	82,257,020	87,393,807	77,379,390
Documentary Stamp Tax	9,510,796	9,132,733	9,043,443	8,985,127
Franchise Tax	42,568,053	41,048,957	41,383,006	36,929,956
Freight Car Tax	897,606	1,010,115	923,602	977,251
Fuels Excise Tax	-	-	-	-
Gasoline Excise Tax	299,103,325	289,717,498	297,503,359	281,505,198
Gross Production Tax - Oil and Gas	358,977,581	701,139,734	386,974,956	206,621,486
Income Tax (Corporate and Individual)	2,459,811,472	2,446,585,980	2,328,650,691	2,257,760,243
Inheritance and Estate Tax	85,975,591	84,806,372	87,510,064	88,796,014
Insurance Premium Tax	143,353,134	139,078,186	127,982,702	118,589,471
Mixed Beverage Gross Receipts Tax	17,771,371	15,890,005	14,887,167	13,993,406
Occupational Health and Safety Tax	1,446,943	1,361,660	1,472,712	1,462,275
OESC Computer Fund Assessment	-	-	-	411,740
Pari-Mutuel Taxes	3,043,649	3,656,244	4,091,260	4,328,186
Pari-Mutuel Exotic Wager	-	-	-	-
Pari-Mutuel - Other Tax	33,594	47,146	27,648	37,586
Petroleum Excise Tax	5,481,024	9,931,903	5,630,909	3,583,533
Rural Electric Co-operative Tax	18,873,408	18,943,692	14,537,845	14,802,050
Sales Tax	1,443,513,940	1,441,969,864	1,351,844,381	1,292,153,052
Sales Tax - City	10,057,719	9,693,382	9,276,726	9,223,985
Sales Tax - County	1,157,739	1,085,283	932,079	845,115
Self-Insurance Premium Tax	-	-	-	-
Special Fuel Decal	331,592	391,918	407,115	436,048
Special Fuel Use Tax	34,089	35,792	59,639	58,782
Tag Agent Remittance Tax	574,041,603	583,443,087	645,340,468	571,984,678
Telephone Surcharge	1,043,594	1,094,612	1,080,869	1,054,221
Tobacco Products Tax	11,488,487	12,000,575	11,910,948	11,794,863
Tourism Gross Receipt Tax	4,762,814	4,247,288	3,997,956	3,901,958
Tribal Compact in Lieu of Tax Payments	9,922,702	8,378,506	8,060,703	8,381,324
Unclaimed Property Tax	34,260,561	9,316,354	9,873,481	17,495,526
Unclassified Tax Receipts	48,258	23,471	-	-
Use Tax	85,950,995	93,860,447	89,828,413	83,727,678
Vehicle Revenue Tax Stamps	47,167	45,459	47,195	45,507
Workers' Compensation Awards - Assessments	25,061,128	10,432,326	28,355,873	20,151,923
Workers' Compensation Insurance Premium Tax	5,666,869	4,798,611	4,591,448	4,837,972
Other Taxes	11,272,241	7,435,086	8,305,981	8,636,529
<b>Total</b>	<b>\$ 5,859,784,415</b>	<b>\$ 6,145,443,847</b>	<b>\$ 5,697,859,317</b>	<b>\$ 5,279,273,861</b>

Prepared on a cash basis to aid in budgetary analysis.

	1998	1997	1996	1995	1994	1993
\$	1,756,312	\$ 2,453,179	\$ 1,681,776	\$ 1,853,999	\$ 1,402,816	\$ 1,630,073
	21,077,364	20,987,501	20,845,359	20,211,389	21,133,027	20,947,382
	148,311	166,328	182,018	133,284	198,749	170,892
	22,458,552	22,588,694	22,978,605	22,461,075	22,827,056	21,810,405
	9,807,638	12,289,463	12,359,983	11,816,705	10,883,377	5,026,496
	785,001	1,138,144	1,196,451	1,039,031	1,515,757	1,146,840
	59,029,445	59,748,356	60,527,991	58,332,155	58,251,171	60,456,532
	444,099	377,102	346,360	295,570	251,529	207,169
	3,775,631	2,436,631	3,814,318	3,404,098	3,972,441	4,071,043
	-	-	75,193	873,542	501,863	844,262
	69,061,184	66,156,283	76,058,267	62,902,742	56,987,746	53,640,018
	7,844,930	6,885,045	6,604,360	5,961,293	6,281,264	5,032,770
	42,131,950	37,983,444	36,264,543	36,721,223	32,817,309	34,341,621
	973,689	1,051,553	970,565	1,515,736	1,135,505	853,410
	36,000	539,333	1,494,378	1,460,982	1,456,769	1,379,576
	283,082,667	280,344,427	263,258,712	267,138,186	268,605,663	258,493,935
	333,773,839	398,743,724	315,549,773	301,524,689	367,736,133	404,905,673
	2,107,857,522	1,918,772,165	1,700,792,804	1,592,915,946	1,490,180,078	1,453,295,598
	81,385,630	80,513,845	67,881,873	68,789,242	58,052,250	50,943,472
	121,582,595	113,819,384	108,625,507	103,957,280	105,344,076	92,916,758
	13,366,577	12,618,051	12,018,242	11,395,625	11,338,883	11,176,891
	1,783,346	1,797,088	1,895,164	1,819,752	1,811,543	1,601,694
	19,473,028	-	-	-	-	-
	4,743,674	3,744,615	3,312,299	3,151,651	3,600,525	3,845,857
	-	-	-	-	3,535	66,612
	39,075	27,753	66,363	129,878	161,939	160,441
	4,722,738	5,306,110	4,279,030	4,072,789	5,086,869	5,409,358
	14,037,824	13,758,308	13,401,177	13,154,486	13,404,328	12,927,846
	1,245,355,208	1,193,727,537	1,135,594,213	1,076,970,533	1,033,687,832	957,681,580
	8,456,320	8,071,662	7,792,195	7,360,330	6,848,307	6,265,328
	892,807	771,848	615,674	632,306	297,025	236,598
	-	-	-	88,739	148,189	139,114
	462,007	497,380	558,653	594,524	650,516	665,844
	63,764	94,774	92,598	136,419	222,505	473,876
	582,199,329	541,334,368	516,519,709	490,213,416	472,071,427	428,320,724
	1,058,214	1,006,694	997,902	951,735	930,015	878,254
	11,072,673	11,198,865	11,256,079	11,303,560	10,622,404	9,664,544
	3,744,091	3,466,923	3,077,388	2,978,677	2,638,751	2,505,566
	7,484,832	6,888,623	6,172,567	4,829,309	3,790,436	1,787,138
	6,120,039	4,465,704	10,116,730	5,760,279	6,901,353	7,659,463
	-	-	-	98,332	75,339	28,477
	82,939,748	78,877,952	66,388,592	59,630,927	51,880,903	49,323,050
	43,837	45,005	44,800	41,592	41,555	38,138
	21,415,556	22,677,854	23,386,339	20,129,038	21,160,528	17,779,633
	5,503,954	6,037,222	7,245,625	7,042,702	6,880,624	6,550,637
	7,595,780	8,108,478	7,492,506	7,030,928	7,609,420	6,962,261
\$	<u>5,209,586,780</u>	<u>\$ 4,951,517,415</u>	<u>\$ 4,533,832,681</u>	<u>\$ 4,292,825,694</u>	<u>\$ 4,171,399,330</u>	<u>\$ 4,004,262,849</u>

# GROSS SALES TAX BY INDUSTRY

For the Fiscal Year Ended June 30, 2002

Industry	Gross Sales Tax
General Merchandise Stores	\$ 281,105,905
Food Stores	181,959,970
Eating and Drinking Establishments	146,656,238
Miscellaneous Retail Stores	114,884,069
Wholesale Trade-Durable Goods	102,092,302
Communications	97,523,458
Building Materials, Hardware, Garden Supply, and Mobile Home Dealers	93,846,641
Furniture, Home Furnishings, and Equipment Stores	89,983,829
Automotive Dealers and Gasoline Service Stations	52,781,658
Electric, Gas, and Sanitary Services	40,838,901
Business Services	51,457,104
Apparel and Accessory Stores	42,874,550
Wholesale Trade-Nondurable Goods	21,983,028
Hotels, Rooming Houses, Camps, and Other Lodging Places	22,797,222
Automotive Services	17,575,508
Non-Classifiable Establishments	8,867,333
Stone, Clay, Glass, and Concrete Products	11,818,161
Amusement and Recreation Services, except Motion Pictures	10,391,739
Personal Services	9,273,152
Motion Pictures	8,369,774
Machinery, except Electrical	7,129,660
Printing, Publishing, and Allied Industries	4,327,807
Fabricated Metal Products, except Machinery and Transportation Equipment	4,132,616
Electrical and Electronic Machinery, Equipment, and Supplies	1,819,995
Miscellaneous Repair Services	2,554,887
Oil and Gas Extraction	2,866,778
Measuring, Analyzing, and Controlling Instruments	2,971,509
Construction-Special Trade Contractors	2,545,891
Food and Kindred Products	1,400,113
Lumber and Wood Products, except Furniture	2,059,749
Health Services	1,013,498
Apparel and Other Finished Products made from Fabrics	1,095,741
Educational Services	1,212,185
Petroleum Refining and Related Industries	1,672,787
Membership Organizations	736,258
Transportation Equipment	846,215
Miscellaneous Manufacturing Industries	1,118,834
Chemicals and Allied Products	1,053,685
Agricultural Services	917,031
Furniture and Fixtures	764,991
Paper and Allied Products	552,373
Engineering, Architectural, and Surveying Services	717,432
Motor Freight Transportation & Warehousing	571,156
Credit Agencies other than Banks	655,454
Railroad Transportation	690,688
Rubber & Miscellaneous Plastics Products	358,703
Primary Metal Industries	378,954
Agricultural Production Crops	319,649
Building Construction- Gen Contractors and Operative Builders	469,937
Other Industries	1,931,092
Total	<u>\$ 1,455,966,210</u>

Source: Oklahoma Tax Commission

# BANK DEPOSITS

for the Years 1992 through 2001

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<u>Year</u>	<u># of Banks</u>	<u>\$ Amount of Deposits</u>
2001	284	35,164,442,000
2000	288	33,377,309,000
1999	302	31,001,952,000
1998	311	28,626,804,000
1997	320	27,782,228,000
1996	332	29,934,094,000
1995	342	28,686,783,000
1994	350	27,406,069,000
1993	371	26,881,835,000
1992	394	26,591,862,000

Source: Federal Reserve Bank of Kansas City

For statistics presented after June 1996, comparisons to the prior years should take into account the effects of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.

# ASSESSED VALUATIONS

For the Years 1993 through 2002

	2002	2001	2000	1999
Real Estate and Improvements	\$ 11,931,876,601	\$ 11,340,263,937	\$ 10,722,526,412	\$ 10,076,211,556
Personal Property Subject to Tax	3,090,322,203	2,886,537,179	2,720,503,512	2,555,384,708
Total Locally Assessed	15,022,198,804	14,226,801,116	13,443,029,924	12,631,596,264
Homestead Exemptions Allowed	773,872,255	763,469,848	761,529,031	756,613,438
Net Assessed Locally	14,248,326,549	13,463,331,268	12,681,500,893	11,874,982,826
Public Service Assessment	2,505,759,959	2,444,318,708	2,144,840,285	2,122,948,816
Net Assessed Valuation	\$ 16,754,086,508	\$ 15,907,649,976	\$ 14,826,341,178	\$ 13,997,931,642

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 Average Number of Employees  
For the Years 1992 through 2001

INDUSTRY GROUP	2001	2000	1999	1998
Wholesale and Retail Trade	343,100	343,000	337,300	332,200
Services	437,000	427,400	416,300	404,200
Manufacturing	178,500	182,400	183,800	185,900
Local Government	169,900	161,200	158,700	156,200
State Government	79,600	78,600	78,500	77,100
Transportation and Public Utilities	85,300	86,500	82,200	82,000
Finance, Insurance, and Real Estate	74,500	73,300	72,800	72,000
Federal Government	46,100	47,900	45,400	44,900
Mining	31,400	29,200	28,600	31,900
Construction	63,800	60,300	58,400	54,800
Totals	1,509,200	1,489,800	1,462,000	1,441,200

Source: Oklahoma Employment Security Commission - Research and Planning Division

1998	1997	1996	1995	1994	1993
\$ 9,547,705,065	\$ 9,134,059,265	\$ 8,738,449,049	\$ 8,395,607,977	\$ 8,037,465,631	\$ 7,843,783,897
2,448,630,626	2,301,719,971	2,086,267,080	2,057,628,937	2,028,445,909	2,014,749,962
11,996,335,691	11,435,779,236	10,824,716,129	10,453,236,914	10,065,911,540	9,858,533,859
752,780,195	742,096,539	717,109,228	715,229,658	712,925,382	710,429,125
11,243,555,496	10,693,682,697	10,107,606,901	9,738,007,256	9,352,986,158	9,148,104,734
2,009,118,864	2,066,005,099	2,063,227,985	2,023,137,118	1,980,070,550	1,868,033,971
<u>\$ 13,252,674,360</u>	<u>\$ 12,759,687,796</u>	<u>\$ 12,170,834,886</u>	<u>\$ 11,761,144,374</u>	<u>\$ 11,333,056,708</u>	<u>\$ 11,016,138,705</u>

1997	1996	1995	1994	1993	1992
324,600	318,300	312,400	301,300	289,600	286,200
379,000	363,300	343,800	320,100	305,900	293,100
180,900	174,100	170,500	169,800	168,600	163,800
153,700	151,200	150,100	148,500	146,100	142,300
77,900	76,400	76,100	76,600	76,400	78,000
79,100	77,300	74,000	72,800	72,400	70,600
69,500	67,200	65,400	64,300	62,200	60,700
44,700	43,800	43,600	45,100	47,300	49,800
32,100	31,600	31,600	34,400	35,700	37,500
51,200	50,300	48,200	46,700	42,800	39,800
<u>1,392,700</u>	<u>1,353,500</u>	<u>1,315,700</u>	<u>1,279,600</u>	<u>1,247,000</u>	<u>1,221,800</u>

# STATE COLLEGES AND UNIVERSITIES - PUBLIC

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<u>Four Year Universities (Location)</u>	<u>Student Enrollment 2002</u>
University of Oklahoma (Norman Campus, Health Sciences Center, Law Center, and Geological Survey)	32,555
Oklahoma State University (Stillwater Campus, Tulsa 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)	36,728
University of Central Oklahoma (Edmond)	18,590
East Central University (Ada)	5,381
Northeastern State University (Tahlequah and Muskogee)	10,451
Northwestern Oklahoma State University (Alva, Woodward and Enid)	2,606
Southeastern Oklahoma State University (Durant)	4,963
Southwestern Oklahoma State University (Weatherford and Sayre)	6,116
Cameron University (Lawton)	7,621
Langston University (Langston)	3,740
Oklahoma Panhandle State University (Goodwell)	1,536
Rogers State University (Claremore)	4,215
University of Science and Arts of Oklahoma (Chickasha)	1,777
Total - Four Year Universities	136,279
<u>Two Year Junior Colleges (Location)</u>	
Carl Albert State College (Poteau and Sallisaw)	3,371
Connors State College (Warner and Muskogee)	2,770
Eastern Oklahoma State College (Wilburton and McAlester)	2,861
Redlands Community College (El Reno)	3,374
Murray State College (Tishomingo)	2,605
Northeastern Oklahoma A&M College (Miami)	2,663
Northern Oklahoma College (Tonkawa)	3,967
Oklahoma City Community College (Oklahoma City)	17,530
Rose State College (Midwest City)	11,580
Seminole State College (Seminole)	2,780
Tulsa Community College (Tulsa)	27,322
Western Oklahoma State College (Altus)	3,346
Total - Two Year Junior Colleges	84,169

Source: Oklahoma State Regents for Higher Education

## STATE COLLEGES AND UNIVERSITIES - PRIVATE

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<u>Higher Education Institutions (Location)</u>	<u>Student Enrollment 2002</u>
American Bible College and Seminary (Bethany)	1960
Bacone College (Muskogee)	2145
Bartlesville Wesleyan College (Bartlesville)	1086
Hillsdale Freewill Baptist College (Moore)	363
Mid-America Bible College (Oklahoma City)	669
National Education Center: Spartan School of Aeronautics (Tulsa)	3,244
Oklahoma Baptist University (Shawnee)	2,082
Oklahoma Christian University of Science and Arts (Oklahoma City)	1,878
Oklahoma City University (Oklahoma City)	4,200
Oral Roberts University (Tulsa)	4,624
St. Gregory's College (Shawnee)	1026
Southern Nazarene University (Bethany)	2,479
Southwestern College of Christian Ministries (Bethany)	218
University of Tulsa (Tulsa)	4,290
Total	<u><u>30,264</u></u>

Source: Oklahoma State Regents for Higher Education

# SCHOOL ENROLLMENTS

For the Years 1993 through 2002

<u>Public School Enrollments:</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Early Childhood	26,948	25,379	23,204	18,934
Kindergarten	45,039	45,879	46,084	47,487
Elementary School	261,985	263,126	262,778	266,733
Junior High School	124,410	123,545	126,432	129,226
Senior High School	172,556	176,527	177,099	175,782
Non-High School Districts (Grades 1-8)	17,948	18,209	17,937	18,484
Special Education (Ungraded)	3,907	3,561	3,373	3,695
Out-of-Home Placements	2,132	1,874	1,496	1,446
<b>Total</b>	<b>654,925</b>	<b>658,100</b>	<b>658,403</b>	<b>661,787</b>
<u>Higher Education:</u>				
Public Institutions	220,448	216,758	209,849	211,882
Private Institutions	30,264	30,185	32,209	26,780
<b>Total</b>	<b>250,712</b>	<b>246,943</b>	<b>242,058</b>	<b>238,662</b>
<u>Career-Technology Education:</u>				
Secondary *	138,070	133,054	135,575	134,692
Adult	324,022	316,789	361,676	347,129
<b>Total</b>	<b>462,092</b>	<b>449,843</b>	<b>497,251</b>	<b>481,821</b>

\* These students may also be included in public school enrollments above.

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

# ECONOMIC AND DEMOGRAPHIC ESTIMATES

For the Years 1992 through 2001

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Population	3,460,097	3,453,250	3,437,147	3,405,194
Labor Force	1,665,427	1,648,017	1,654,805	1,624,039
Total Employment	1,601,921	1,597,969	1,597,865	1,550,571
Oklahoma Unemployment Rate	3.80%	3.00%	3.40%	4.50%
U.S. Unemployment Rate	4.80%	4.00%	4.20%	4.50%
Oklahoma Per Capita Income	\$24,787	\$23,650	\$22,505	\$21,930
Oklahoma Per Capita Income Expressed As a Percentage of the U.S. Average	81.88%	80.25%	80.83%	81.55%

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

1998	1997	1996	1995	1994	1993
4,289	3,644	5,069	4,911	5,304	4,765
55,669	55,037	52,150	49,839	47,698	48,041
268,215	269,928	273,429	274,994	278,076	282,749
131,547	132,568	130,208	127,750	124,610	118,516
173,160	172,962	167,359	161,933	157,291	150,405
18,236	18,035	17,883	17,473	17,538	17,259
3,359	3,367	3,279	3,224	2,808	2,817
1,053	0	0	0	0	0
<u>655,528</u>	<u>655,541</u>	<u>649,377</u>	<u>640,124</u>	<u>633,325</u>	<u>624,552</u>
209,111	210,824	216,400	223,279	224,829	238,244
26,124	24,849	25,401	24,627	25,839	25,433
<u>235,235</u>	<u>235,673</u>	<u>241,801</u>	<u>247,906</u>	<u>250,668</u>	<u>263,677</u>
132,753	130,856	120,481	107,894	102,852	96,275
335,733	275,114	222,384	191,261	191,137	218,072
<u>468,486</u>	<u>405,970</u>	<u>342,865</u>	<u>299,155</u>	<u>293,989</u>	<u>314,347</u>

1997	1996	1995	1994	1993	1992
3,314,300	3,295,300	3,271,400	3,248,300	3,232,900	3,206,200
1,595,372	1,576,630	1,546,270	1,544,260	1,529,460	1,520,840
1,529,590	1,512,610	1,473,610	1,454,360	1,435,790	1,433,460
4.10%	4.10%	4.70%	5.80%	6.10%	5.70%
4.94%	5.40%	5.60%	6.10%	6.80%	7.40%
\$21,106	\$19,363	\$18,560	\$17,984	\$17,360	\$16,837
79.90%	80.12%	80.48%	81.54%	81.79%	81.81%

# MAJOR EMPLOYERS BY SIZE

Non-Government (Listed Alphabetically)

2002

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## 5,001 OR MORE EMPLOYEES

AMR, Corp.

Hillcrest Healthcare System

Integris Health

Wal-Mart Stores, Inc.

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## 3,001 TO 5,000 EMPLOYEES

ConocoPhillips

General Motors Corporation

HCA Healthcare

The Hertz Corporation

SSM Healthcare of Oklahoma

Saint Francis Hospital

St. John Medical Center, Inc.

Southwestern Bell Telephone Co.

W. H. Braum, Inc.

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## 1,001 TO 3,000 EMPLOYEES

AAON, Inc.

Advanced Food Company

Albertson's

America On-Line

Arrow Trucking Co.

AT&T Wireless

BancFirst

BankOne

Bar-S Foods

BlueCross/BlueShield of OK

BOK Financial Group

Boeing

Brinker International

Centrilift

Cingular

CITGO Petroleum Corp. (Cities Service)

Comanche County Memorial Hospital

Convergys

Dayton Tire, Division of Bridgestone

Deaconess Hospital

Dillard Department Stores

Dollar General Corporation

EDS

Fleming Companies, Inc.

Foley's

Georgia-Pacific Corp.

Goodyear Tire and Rubber Company

Grace Living Centers

Hillcrest Health Center, Inc.

Hobby Lobby

Home Depot

Homeland Stores

J. C. Penney Co., Inc.

Kwikset Corporation

L.S.B. Industries, Inc.

Love's Travel Stops and Country Stores

M-D Building Products

McDonald's Restaurants of Okla., Inc.

Mercy Health System of OK

Metris Companies

Michelin North America

Midwest City Regional Medical Center

Muskogee Regional Medical Center

Nordam

Norman Regional Hospital

OGE Energy Corp

OK Foods

Oklahoma Nursing Homes Ltd.

The Oklahoma Publishing Company

OneOK, Inc.

Red Lobster Inns

Seaboard Farms

Seagate Technology

Sears, Roebuck and Co.

Sprint PCS

State Farm Mutual Automobile Insurance

Sykes Enterprise

TCI Services

Target Stores

Tulsa Regional Medical Center

Tyson Foods, Inc.

Unit Parts Co.

United Parcel Service of America, Inc.

United Super Markets of Oklahoma, Inc.

Warehouse Market

West TeleServices Corp.

Weyerhaeuser Company

Whirlpool Corporation

Williams Companies

VF Jeanswear

York International Central Environmental Systems

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500 TO 1000 EMPLOYEES

(Oklahoma-based Employers Only)

Acme Engineering and Manufacturing

American Fidelity Group

Bama Companies

Candid Color Systems/Glamour Shots

Charles Machine Works (Ditch Witch International)

Crest Discount Foods, Inc.

Dolese Bros. Co.

Dollar Rent-a-Car

Great Plains Airlines

Great Plains Coca-Cola

Jane Phillips Episcopal Hospital

John Christner Trucking

Kerr-McGee Corporation

Mathis Brothers Furniture Co.

MidFirst Bank

Oklahoma Fixture Company

Oral Roberts University

Pioneer Telephone Corporation

Prepaid Legal

QuikTrip Corporation

St. Mary's Hospital

Sonic Industries, Inc.

Stillwater Medical Center

Sundowner Trailer Inc.

Thrifty Car Rental

Valley View Regional Hospital

Webeo Industries

Whitlock Packaging Corp

World Publishing Company

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Source: Oklahoma Department of Commerce

## NET GENERAL OBLIGATION BONDS AND NOTES PER CAPITA

For the Years 1993 through 2002

(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 Component Units	Net General Bonded Debt	General Bonded Debt Per Capita
2002	3,460	\$ 355,178	\$ 74,708	\$ 280,470	\$ 81.06
2001	3,451	371,608	81,108	290,500	84.18
2000	3,358	394,766	94,666	300,100	89.37
1999	3,346	404,167	94,877	309,290	92.44
1998	3,346	391,658	73,563	318,095	95.07
1997	3,317	395,038	68,498	326,540	98.44
1996	3,295	395,420	60,740	334,680	101.57
1995	3,271	404,715	60,235	344,480	105.31
1994	3,248	428,925	73,795	355,130	109.34
1993	3,233	340,745	81,030	259,715	80.33

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

Notes:

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 1993 through 2002

(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
2002	\$ 10,030	\$ 14,285	\$ 24,315	\$ 10,122,482	0.24%
2001	9,600	14,707	24,307	9,582,395	0.25%
2000	9,190	15,105	24,295	8,256,634	0.29%
1999	8,805	15,529	24,334	8,017,497	0.30%
1998	8,445	19,679	28,124	7,147,477	0.39%
1997	8,115	16,417	24,532	6,937,902	0.35%
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%

General Governmental Expenditures include the General and Capital Projects Funds.

# REVENUE BOND COVERAGE ENTERPRISE FUND AND COMPONENT UNITS

(amounts expressed in thousands)

		Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Requirements	Debt Service Coverage
<b>Enterprise Fund:</b>						
<b>Oklahoma Water Resources Board</b>						
For the fiscal year ended June 30,	2002	\$ 26,227	\$ 1,687	\$ 24,540	\$ 43,670	0.56
	2001	10,702	1,175	9,527	19,654	0.48
	2000	14,620	3,699	10,921	25,301	0.43
	1999	11,932	1,000	10,932	28,188	0.39
	1998	12,411	816	11,595	15,226	0.76
	1997	10,061	777	9,284	15,508	0.60
	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
<b>Component Units:</b>						
<b>Oklahoma Student Loan Authority</b>						
For the fiscal year ended June 30,	2002	\$ 26,790	\$ 3,639	\$ 23,151	\$ 15,113	1.53
	2001	31,505	3,679	27,826	18,474	1.51
	2000	24,101	5,011	19,090	11,272	1.69
	1999	19,138	3,418	15,720	12,399	1.27
	1998	16,806	2,806	14,000	12,753	1.10
	1997	14,373	2,401	11,972	12,332	0.97
	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
<b>Oklahoma Environmental Finance Authority</b>						
For the fiscal year ended June 30,	2002	\$ 61	\$ 13	\$ 48	\$ 59	0.81
	2001	62	5	57	59	0.97
	2000	354	14	340	349	0.97
	1999	2,127	21	2,106	5,082	0.41
	1998	2,607	17	2,590	3,622	0.72
	1997	2,674	18	2,656	3,685	0.72
	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
<b>Oklahoma Housing Finance Agency</b>						
For the fiscal year ended September 30,	2001	\$ 79,650	\$ 10,955	\$ 68,695	\$ 77,381	0.89
	2000	67,974	6,782	61,192	96,456	0.63
	1999	67,168	5,786	61,382	110,584	0.56
	1998	41,326	5,268	36,058	52,906	0.68
	1997	49,053	8,463	40,590	43,536	0.93
	1996	50,599	8,330	42,269	60,771	0.70
	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
<b>Oklahoma Transportation Authority</b>						
For the fiscal year ended December 31,	2001	\$ 191,988	\$ 45,868	\$ 146,120	\$ 72,031	2.03
	2000	170,135	40,865	129,270	67,611	1.91
	1999	167,341	40,932	126,409	78,702	1.61
	1998	161,660	36,545	125,115	70,376	1.78
	1997	131,279	32,713	98,566	53,450	1.84
	1996	122,501	33,160	89,341	50,830	1.76
	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
<b>Grand River Dam Authority</b>						
For the fiscal year ended December 31,	2001	\$ 203,860	\$ 101,018	\$ 102,842	\$ 103,108	1.00
	2000	216,046	114,725	101,321	94,243	1.08
	1999	195,738	90,114	105,624	94,356	1.12
	1998	215,879	109,795	106,084	95,830	1.11
	1997	192,904	89,046	103,858	111,560	0.93
	1996	188,672	93,054	95,618	92,828	1.03
	1995	181,018	83,616	97,402	92,223	1.06
	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
<b>Oklahoma Municipal Power Authority</b>						
For the fiscal year ended December 31,	2001	\$ 118,382	\$ 84,156	\$ 34,226	\$ 29,156	1.17
	2000	121,023	88,192	32,831	28,108	1.17
	1999	96,014	70,975	25,039	28,020	0.89
	1998	99,538	70,953	28,585	28,148	1.02
	1997	88,127	61,304	26,823	24,622	1.09
	1996	82,840	45,948	36,892	22,932	1.61
	1995	72,988	39,617	33,371	22,983	1.45
	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
<b>Higher Education</b>						
For the fiscal year ended June 30,	2002	\$ 2,489,644	\$ 2,327,184	\$ 162,460	\$ 30,565	5.32
	2001	2,300,325	2,125,609	174,716	27,178	6.43

(1) Gross revenues including interest and investment income but excluding revenues restricted to other debt

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

- Revenue bond coverage is not intended to portray compliance with bond indenture agreements.

- Comparable data for the fiscal years June 30, 1989 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.

- Upon implementation of GASB Statement 34, Higher Education was included within the Component Units. Comparable data prior to their inclusion is not available.

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Special Thanks To  
Brad Neese of digiPrint

Legislative Service Bureau, Photography Department  
Cover Photo, Stu Ostler  
Inside Photo, Travis Caperton