

THE STATE OF  
*Oklahoma*



2015

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

FISCAL YEAR ENDED JUNE 30, 2015



Photographs included in the Comprehensive Annual Financial Report were taken at the Oklahoma City National Memorial and Museum located in Oklahoma City, Oklahoma. The memorial is one of the most visited locations in Oklahoma where more than 500,000 visitors come to pay tribute each year. The outdoor symbolic memorial is a place of quiet reflection, honoring victims, survivors, rescuers and all who were changed forever on April 19, 1995. It encompasses the now sacred soil where the Alfred P. Murrah Federal Building once stood, capturing and preserving forever the place and events that changed our state and the nation.

Sources: United States National Park Service and the Oklahoma City National Memorial Foundation

Photographs provided by Stefani L. Hovarter, CPA, CGFM, employee of the Oklahoma Office of Management and Enterprise Services

# **OKLAHOMA 2015**

**Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2015**

Mary Fallin  
Governor

Prepared by  
Office of Management and Enterprise Services

Preston L. Doerflinger, Director  
Lynne Bajema, State Comptroller

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

Requests for additional copies, comments or questions may be directed to Stephanie Brown, Office of Management and Enterprise Services, 5005 North Lincoln Blvd., Suite 100, Oklahoma City, Oklahoma 73105.

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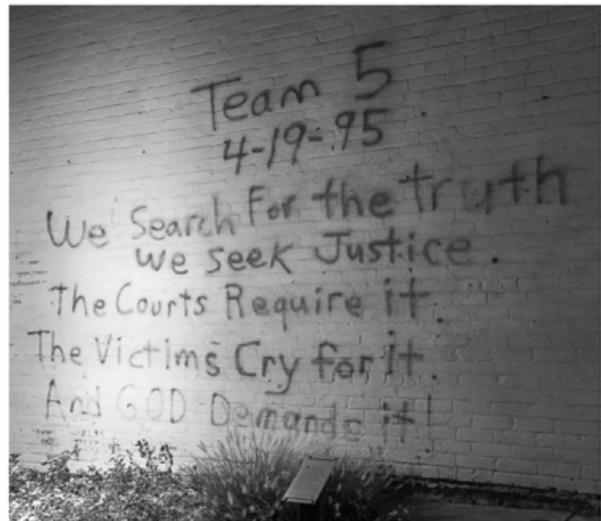
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TWENTY YEARS AGO, THE CITIZENS OF  
THE STATE OF OKLAHOMA BANDED  
TOGETHER IN A RESPONSE OF KINDNESS  
AND GENEROSITY, NOW KNOWN AS THE  
“OKLAHOMA STANDARD”.

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INTRODUCTORY SECTION



**State of Oklahoma**  
Office of Management and Enterprise Services

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December 23, 2015

To the Honorable Mary Fallin, Governor  
Members of the Legislature, and  
Citizens of the State of Oklahoma

The Office of Management and Enterprise Services is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 2015. This report is presented in three sections — introductory, financial and statistical — as the primary means of reporting the state government's financial activities. Its objectives are to provide a clear picture of the government as a single, unified entity and to provide traditional fund based financial statements. The CAFR has been prepared in conformity with relevant Governmental Accounting Standards Board 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 and Fund Financial Statements for governmental funds, proprietary funds, fiduciary funds and similar component units, and 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. Management's discussion and analysis contains complementary information, and readers are encouraged to review this section.

## **PROFILE OF THE GOVERNMENT**

Management of the state, through the Office of Management and Enterprise Services (OMES), 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. 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 20 component units. There are seven major component units, seven 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 in 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 percent of the general revenue expected to be collected in the coming year. The state Board of Equalization, an independent board not subject to legislative control, establishes the legislative appropriation authority. 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 Oklahoma Constitution to declare a revenue shortfall and reduce appropriations as required to allow appropriations 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, 2015, 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 that, based upon the audit, there was a reasonable basis for rendering an unqualified opinion and that the State of Oklahoma's financial statements for the fiscal year ended June 30, 2015, 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 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, other than the Legislature that expends money through the state treasury submits an annual budget request to OMES. Copies are also provided to the legislative fiscal staffs. These requests are reviewed and analyzed for the governor by OMES. The governor then makes formal recommendations in the 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 recommend appropriation levels. Then the Legislature must approve all appropriation bills to fund agency operations for the next fiscal year. Appropriation bills provide for state appropriated funds and establish spending limits for state agencies. The governor can accept, reject or line-item veto particular legislative appropriations. Before encumbering or spending money in the fiscal year, each agency must submit a budget work program to OMES. The program outlines, by object of expenditure, fund source and program category, how the agency plans to spend the available state, federal and revolving funds during the fiscal year. OMES must approve an agency's budget work program before agencies can encumber or spend available funds.

Oklahoma's Constitution restricts total appropriations to 95 percent of estimated general revenues. The Board of Equalization is responsible for approving the official itemized estimate of revenues based upon information provided by OMES and the Oklahoma Tax Commission and sets the amount of legislative appropriations authority. The board is comprised of six elected officials and the president of the state Board of Agriculture. The six elected officials are the governor, the state auditor and inspector, the state treasurer, the lieutenant governor, the attorney general, and the superintendent of public instruction.

The constitution requires that collections in excess of the Board of Equalization's itemized estimate of General Revenue Fund revenues be deposited to the Stabilization, or "Rainy Day" Fund each year until the balance of the Rainy Day Fund equals 15 percent of the prior fiscal year's General Revenue Fund certified appropriations authority. In November 2004, Oklahoma voters enacted restrictions on the use of the Rainy Day Fund. Up to one-fourth 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 House speaker and Senate's president pro tempore with concurrence of three-fourths of the members of each legislative body. Up to three-eighths of the fund may be accessed if the Board of Equalization is forecasting a decline in state revenues for the coming fiscal year and up to three-eighths may be utilized in the event of a current year revenue shortfall.

The state also has an oversight process for the issuance of debt. The Council on Bond Oversight is responsible for the review and approval of 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 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.

### **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.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Low oil and natural gas prices could remain a drag on Oklahoma's economy into 2016, putting the onus on other state industries to help drive economic growth. Indeed, with an increasingly diversified economy, Oklahoma is weathering recent reductions to its largest industry better than it has during previous energy market downturns.

Between September 2014 and September 2015, energy sector job losses in Oklahoma have totaled 11,000, or 17.5 percent. However, total state employment has grown by 3,000 jobs, or 0.2 percent, during that time, showing Oklahoma's increasing ability to recoup lost energy jobs in other sectors during commodity downturns.

While the prolonged nature of the oil price decline will pose challenges for Oklahoma, the state will face those challenges with momentum from a solid stint of recent economic growth.

Oklahoma's gross domestic product — the output of goods and services produced by labor and property used as the broadest measure of economic activity — has been among the strongest among states for several years. Oklahoma's real gross domestic product grew by 2.8 percent in 2014, above the national average rate of 2.2 percent, according to U.S. Bureau of Economic Analysis latest available numbers.

Since 2009, the annual Oklahoma GDP growth has averaged 2.5 percent, compared with a national average annual growth rate of 1.9 percent, placing Oklahoma as the 10th highest annual GDP growth rate among all other states and the District of Columbia.

Two of three Oklahoma metropolitan areas outpaced U.S. metropolitan area average real GDP growth of 2.3 percent in 2014, according to the U.S. Bureau of Economic Analysis statistics. Tulsa grew 3.7 percent and ranked at 51st out of 381 metro areas. Oklahoma City area grew 2.6 percent and ranked 99th. Lawton's 1.5 percent was below the national average and ranked 344th.

The question in the near term is how much those recent successes can help offset the current energy market downturn.

Employment in Oklahoma's oil and gas industry began falling in late 2014 as oil prices began a decline caused by the world oil supply continuing to increase more than expected following a large surge in supply from Saudi Arabia and Iraq occurring simultaneously with steady oil production growth in North America. Domestic production is now slowing and is expected to keep declining until bottoming at 8.54 million barrels per day in September 2016, according to a recent U.S. Department of Energy forecast.

Oil prices increased some at the beginning of 2015 before starting to fall again in July and dropped around \$40 a barrel in August. Current and expected oil prices are below levels firms say they need to ramp up activity, according to a September report from the Federal Reserve Bank of Kansas City. Respondents to a Federal Reserve energy survey said oil prices would need to average \$73 a barrel to trigger a significant increase in drilling, a price not expected to be reached before 2017.

Weak natural gas prices are adding to the problem, according to the June 2015 "Oklahoma Economic Outlook" by RegionTrack, an Oklahoma City-based economic research firm. Natural gas prices averaged \$2.80 per million British thermal units (mmBtu) in early 2015, down from \$3.88 mmBtu in the last two quarters of 2014. Department of Energy forecasts call for prices to rise slightly in 2016 to an average of \$3.32 mmBtu.

For a sixth consecutive month as of October 2015, gross receipts to the Oklahoma Treasury — the state's share of personal and corporate income taxes, sales taxes, gross production taxes, motor vehicle taxes and other collections —

were lower than the same month of the prior year. The 12-month gross receipt collection totals were the lowest in 16 months.

“The spillover effect of low oil prices is seen throughout October’s report,” state Treasurer Ken Miller said. “This is the first month that all major revenue streams have shown contraction since we began tracking gross receipts to the Treasury in March 2011.”

The same challenges were reflected in Oklahoma’s General Revenue Fund — the key indicator of state government’s fiscal status and the predominant funding source for the annual appropriated state budget. Collections were down 10.2 percent in October 2015, and 2.8 percent for the first four months of the Fiscal Year 2016.

If revenues fall more than 5 percent below the estimate for too long, a revenue failure is declared and mandatory appropriation reductions must occur to maintain a balanced budget.

“State agencies are prepared to act,” said Secretary of Finance, Administration and Information Technology Preston L. Doerflinger.

Gov. Mary Fallin issued a series of executive orders in October 2015 asking agencies to dispose of underutilized properties and plan to reduce nonessential spending by 10 percent, among other things.

“The governor showed necessary leadership in advising agencies to make nonessential spending reductions sooner rather than later,” said Doerflinger, who is Fallin’s lead budget negotiator with the Legislature. “With revenues as they are, it’s wise to be proactive and manage expectations, both of which are being done.”

While Oklahoma’s GDP was still strong in 2014, the oil and gas downturn will continue to impact other industry sectors in the areas of unemployment, jobs and wages.

Most significantly impacted is the manufacturing sector, according to RegionTrack. State factories cut more than 6,000 jobs between January and May 2015. The two hardest hit durable goods subsectors include machinery manufacturing and fabricated metal products manufacturing, both are highly dependent upon the energy sector.

Oklahoma’s score on the Mid-America Business Conditions Index, a leading economic indicator for a nine-state region stretching from North Dakota to Arkansas, reflects the job numbers. The index rates states from 0-100. A score below 50 indicates a slowdown in economic growth in the next three to six months. Oklahoma scored 46.2 in September 2015 and dipped to 40.1 in October, below growth neutral for the sixth straight month.

“U.S. Bureau of Labor Statistics data show that over the last year, Oklahoma has lost 8,100, or 5.8 percent, of its manufacturing jobs,” said Ernie Goss, director of Creighton University’s Economic Forecasting Group, which conducts the monthly survey. “Our surveys of supply managers indicate these losses will continue into the first quarter of 2016 as lower energy prices weigh on Oklahoma’s economy and manufacturing.”

While oil and gas and manufacturing have taken a hard hit, Oklahoma’s unemployment rate was just a bit higher in September 2015 than it was in the same month of the previous year and still below the national average.

Oklahoma’s 4.4 percent unemployment rate in September was down 0.2 percentage points from August and 0.7 percentage points below the national rate of 5.1 percent. While up 0.2 percentage points from one year earlier, the rate was still 2.7 percentage points below its recent peak of 7.1 percent in March 2010.

In September 2015, private-sector employment in Oklahoma grew by 1,000 jobs and 3,100 jobs total over the past year. The previous year saw a much higher increase, with private-sector employment adding 16,900 jobs over the 12 months before September 2014.

The jobs outlook remains highly dependent on the future of energy prices, RegionTrack cautioned in June 2015: “Oil prices dropping in the \$40-50/barrel range through 2016 would likely push 2015 job growth to near zero and 2016 job growth further into negative territory on a year-over-year basis.”

In September 2015, the Oklahoma private-sector worker averaged \$22.07 an hour in earnings, a 2.2 percent increase over the previous year, according to U.S. Bureau of Labor statistics.

Again, the increase comes with a caution, as in 2014 Oklahoma had 13.9 percent of total household earnings coming directly from the oil and gas industry. It's the largest share of household earnings from the energy sector of any state and the highest share ever posted by a state in the modern energy era, according to RegionTrack. At the height of the oil boom in 1982, 12.9 percent of household earnings were attributable to oil and gas.

Oklahoma has taken several steps to help its workforce diversify and meet the challenges of the energy sector slump.

Economic development entities designed to grow sustainable and consistent high-tech industries to counter the cyclical nature of staple industries like agriculture and energy are having success.

In addition, Fallin signed legislation into law in early 2015 in an effort to address workforce shortages and more closely align industry and education. Fallin's vision for the Oklahoma Works initiative is to close the skills gap in its workforce and teach people the skills needed to meet the demand of Oklahoma's growing businesses.

Further, the Oklahoma Department of Career and Technology Education system is often used as a model for other programs. The system offers programs and services throughout nearly 400 public school districts, 29 technology centers with 58 campus sites, and 17 correctional facility skills centers. Annually, enrollment in CareerTech classes is about 500,000.

Complete College America is an ambitious program to increase the number of higher-education degrees and certificates earned in Oklahoma by an average of 1,700 per year, from 30,500 in 2011 to 50,900 by 2023, to keep Oklahoma competitive in a global economy. In the first three years, Oklahoma public and private higher education institutions and career technology centers have surpassed the yearly goal and remain on track.

Degrees in science, technology, engineering and mathematics have increased by 28 percent during the last five years. In 2014, more than 6,100 degrees were granted in the disciplines, nearly a 4 percent increase from the previous year.

The efforts to diversify and increase workforce skills will be needed. With the energy sector not in the position to boost the Oklahoma economy in the short term, the state will need other industries to help drive economic growth, the Federal Reserve Bank of Kansas City concluded in its September 2015 report.

In Oklahoma, most of the largest and fastest-growing industries from 2003 to 2013 were tied directly or indirectly to the energy sector.

Two of the state's 10 fastest-growing industries, non-energy sector transportation equipment manufacturing — primarily aerospace — and arts, entertainment and recreation — spectator sports, museums and casinos, among other things — are mostly unrelated to oil and gas. Other industries important to the Oklahoma economy that reside largely outside of oil and gas are agriculture, hospitals and outpatient health care, and the federal government, including military. These industries account for about 16 percent of Oklahoma workers' earnings, according to the Federal Reserve report.

A group of industries more likely to be dependent on the energy sector — machinery and fabricated metal manufacturing, construction and real estate, wholesale trade, professional and administrative services, and state and local government — account for more than 30 percent of Oklahoma workers' earnings.

Many Oklahoma industries have weathered the oil price decline, but the state could struggle if they don't pick up more of the slack from the oil and gas downturn. The Federal Reserve concluded:

“Another decline in oil prices has dampened the near-term outlook for the state's oil and gas sector and focused attention on other sectors that may be capable of driving state economic growth. Some of these other important Oklahoma sectors continue to expand in 2015, such as health care, entertainment and construction.”

Some other highlights of Oklahoma's economy include:

- 2015 Fortune 500 companies Chesapeake Energy Corp. (142), Devon Energy Corp. (152), NGL Energy Partners (299), ONEOK Inc. (237), and The Williams Cos. Inc. (370) are headquartered in Oklahoma.

- Three other Oklahoma-based companies, Love’s Travel Stops (14), QuikTrip (28) and Hobby Lobby (118) are on Forbes magazine’s list of largest private companies in 2015.
- Thirty-three Oklahoma companies made the 2015 Inc. top 5,000 list of the fastest-growing private sector companies in the nation.
- The Mercatus Center at George Mason University ranked Oklahoma ninth in overall fiscal health, ranking 15th in terms of cash solvency, 21st in terms of budget solvency, sixth in terms of long-run solvency, 15th in terms of service-level solvency and second in terms of trust-fund solvency.
- The U.S. Chamber of Commerce Foundation ranked Oklahoma fifth for per-capita income growth in its “States Innovate” 2016 report on which states have the best policies to promote growth and a high-tech economy. Other top 10 rankings for the state in the report include fifth in college affordability, sixth in productivity growth, seventh in gross state-product growth, eighth in research and development investment, ninth in state fiscal condition, ninth in cost of living and 10th in long-term job growth.

Highlights of the fiscal year 2015 and fiscal year 2016 executive branch budgets include (expressed in millions):

	Amount		Percentage		Increase	
	2015	2016	2015	2016	(Decrease) from	Prior Year
	Appropriated		of Total	Appropriations		
	2015	2016	2015	2016	2015	2016
Department of Education	\$ 2,487	\$ 2,485	34%	34%	\$ 79	\$ (2)
Regents for Higher Education	989	963	14%	13%	-	(26)
Career & Technical Education	139	134	2%	2%	1	(5)
Other Education	46	45	1%	1%	(8)	(1)
<b>Total Education</b>	<b>3,661</b>	<b>3,627</b>	<b>51%</b>	<b>50%</b>	<b>72</b>	<b>(34)</b>
Department of Health	61	61	1%	1%	(2)	0
Health Care Authority	906	971	13%	14%	(48)	65
Department of Mental Health	339	341	5%	5%	2	2
Other Health	55	50	1%	0%	(2)	(5)
<b>Total Health</b>	<b>1,361</b>	<b>1,423</b>	<b>20%</b>	<b>20%</b>	<b>(50)</b>	<b>62</b>
Department of Human Services	676	679	9%	10%	45	3
Office of Juvenile Affairs	97	99	1%	1%	(1)	2
Other Human Services	75	76	1%	1%	(3)	1
<b>Total Human Services</b>	<b>848</b>	<b>854</b>	<b>11%</b>	<b>12%</b>	<b>41</b>	<b>6</b>
Department of Corrections	471	485	7%	7%	7	14
Department of Transportation	197	185	3%	3%	(12)	(12)
Department of Public Safety	96	100	1%	1%	6	4
Other	473	465	7%	7%	(40)	(8)
<b>Total</b>	<b>\$ 7,107</b>	<b>\$ 7,139</b>	<b>100%</b>	<b>100%</b>	<b>\$ 24</b>	<b>\$ 32</b>

## FINANCIAL INFORMATION

### Governmental Functions

Most financial operations of the state are reported in governmental fund types, which are the General Fund and the Permanent Funds. Following are schedules of revenues and expenditures for these governmental funds. Note that the following tables present data according to generally accepted accounting principles (GAAP) for the fiscal year ended June 30, 2015, 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.

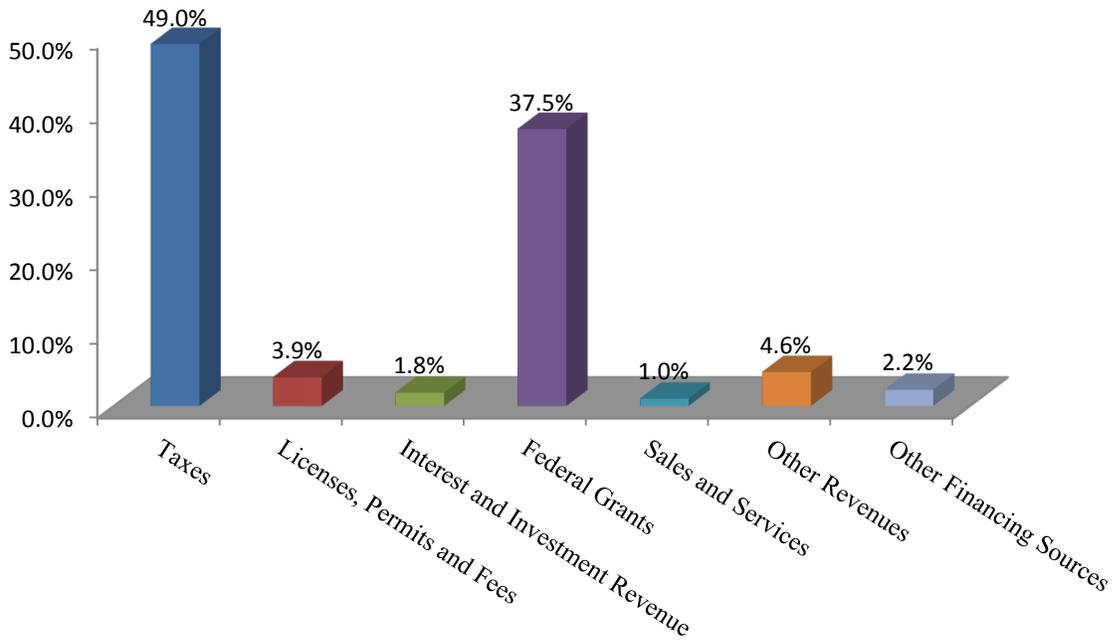
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis  
(expressed in millions)

	2015 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	\$ 8,670	49.0%	\$ 24	0.3%
Licenses, permits and fees	699	3.9%	27	4.0%
Interest and investment revenue	319	1.8%	(374)	(54.0%)
Federal grants	6,653	37.5%	(93)	(1.4%)
Sales and services	180	1.0%	(20)	(10.0%)
Other revenues	810	4.6%	302	59.4%
Other financing sources:				
Transfers	84	0.5%	3	3.7%
Bond and note proceeds	189	1.1%	(47)	(19.9%)
Other	105	0.6%	68	183.8%
Total revenues and other financing sources	<u>\$ 17,709</u>	<u>100.0%</u>	<u>\$ (110)</u>	<u>(0.6%)</u>

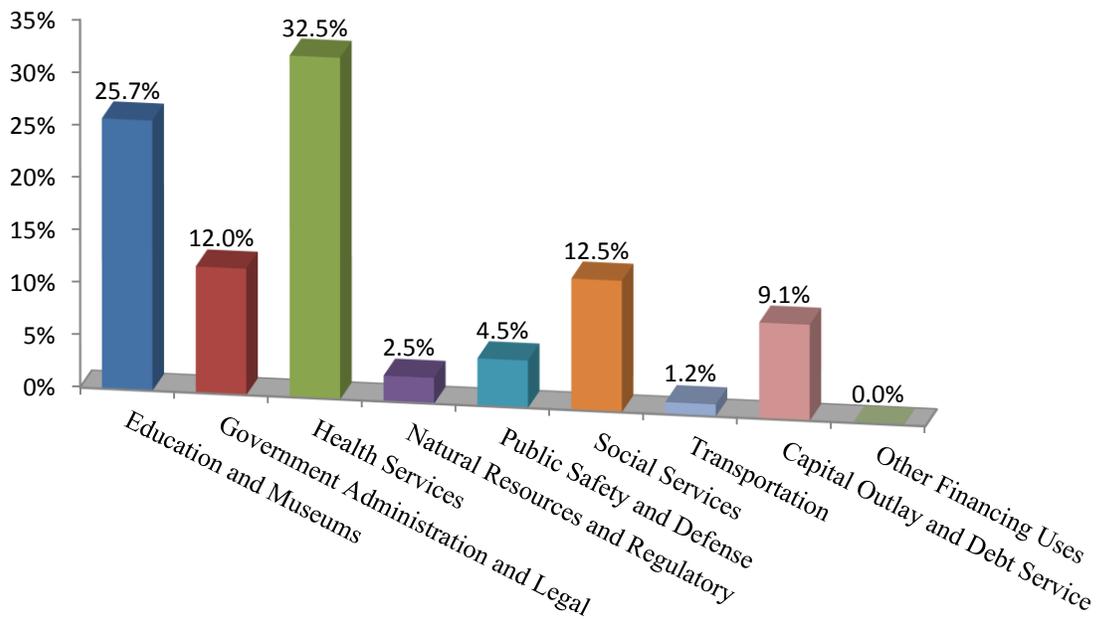
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis  
(expressed in millions)

	2015 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	\$ 4,459	25.6%	\$ 100	2.3%
Government Administration	1,845	10.6%	(359)	(16.3%)
Health services	5,636	32.4%	(110)	(1.9%)
Legal and judiciary	250	1.4%	0	0.0%
Museums	13	0.1%	(2)	(13.3%)
Natural resources	277	1.6%	30	12.1%
Public safety and defense	786	4.5%	(12)	(1.5%)
Regulatory services	151	0.9%	23	18.0%
Social services	2,177	12.5%	(38)	(1.7%)
Transportation	203	1.2%	(23)	(10.2%)
Capital outlay	1,122	6.5%	227	25.4%
Debt service	469	2.7%	36	8.3%
Other Financing Uses:				
Transfers	7	0.0%	7	0.0%
Total expenditures and other financing uses	<u>\$ 17,395</u>	<u>100.0%</u>	<u>\$ (121)</u>	<u>(0.7%)</u>
Governmental Funds - Net increase in fund balance	<u>\$ 314</u>			

**Governmental Fund Revenues and Other Financing Sources (GAAP Basis) – Fiscal Year 2015**



**Governmental Funds Expenditures and Other Financing Uses (GAAP Basis) – Fiscal Year 2015**



## Revenue Collections and Estimates

As noted in a preceding subsection, the budget is prepared using cash available plus 95 percent 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, as defined by Oklahoma law, are approximately 75 percent of the total tax revenues of the governmental funds, as defined by GAAP. However, the budgetary General Revenue Fund should not be confused with the General Fund as presented in the accompanying GAAP-basis financial statements, as the two terms are not interchangeable. 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.

During 2014, the most recent data available, receipts from three of the five major taxes were more than revenues of the prior year. The taxes combined for \$4.8 billion, or 100.7 percent of total GRF receipts for the prior year. The total of major taxes collected increased \$32 million or 0.7 percent from that of the previous year. As compared to fiscal year 2013, collections from income taxes decreased by \$174 million, or 6.9 percent; sales taxes increased by \$59 million, or 3.1 percent; motor vehicle taxes increased \$35 million, or 18.4 percent; and gross production taxes on gas and oil increased by \$112 million, or 50 percent.

Oklahoma has established an enviable record in recent years for its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing new revenue estimating procedures, collections have exceeded the estimate in 17 years and dipped below the estimate 12 years. The comparison of estimated revenues to actual collections for fiscal year 2014 is as follows:

Revenue Collections Compared to Itemized Estimate for Fiscal 2014  
(expressed in millions)

	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
Individual and Corporate				
Income tax	\$ 2,585.3	\$ 2,334.5	\$ (250.8)	90.3%
Sales tax	2,030.8	1,959.4	(71.4)	96.5%
Motor vehicle tax	214.9	228.0	13.1	106.1%
Gross production tax	271.5	333.2	61.7	122.7%
Subtotal Major Taxes	5,102.5	4,855.1	(247.4)	95.2%
Other sources	786.8	772.3	(14.5)	98.2%
Total	\$ 5,889.3	\$ 5,627.4	\$ (261.9)	95.6%

The 15-year comparative history of estimated to actual collections is shown in the following table:

Budgetary General Revenue Fund Comparisons (expressed in millions)					
Fiscal Year	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected	
2000	\$ 4,271	\$ 4,354	\$ 83	101.9%	
2001	4,456	4,693	237	105.3%	
2002	4,829	4,413	(416)	91.4%	
2003	4,725	4,186	(539)	88.6%	
2004	4,396	4,613	217	104.9%	
2005	4,545	4,957	412	109.1%	
2006	5,149	5,715	566	111.0%	
2007	5,708	5,966	258	104.5%	
2008	5,845	5,981	136	102.3%	
2009	5,981	5,544	(437)	92.7%	
2010	5,415	4,622	(793)	85.4%	
2011	4,889	5,138	249	105.1%	
2012	5,236	5,564	328	106.3%	
2013	5,601	5,604	3	100.1%	
2014	5,889	5,627	(262)	95.6%	
Fifteen-Year Average	\$ 5,129	\$ 5,132	\$ 3	100.1%	

The status of three important fund balances affecting the new year's fiscal picture is explained as follows:

**Cash-Flow Committed Fund** – Each year, 10 percent of the General Revenue Fund's certified appropriation level is set aside to meet anticipated monthly cash flow needs for the new fiscal year. At the close of fiscal year 2015, the amount the state set aside was \$535.8 million.

**General Revenue Fund** – In fiscal year 2015, there were amendments to the budget that added \$102 million. \$53.6 million was added to the budget for prior year carry-over compared to a \$43.4 million carry-over in fiscal year 2014. Carry-over funds reflect the difference between the 95 percent appropriation limit and actual receipts up to 100 percent of the estimate. Funds required to replenish or increase the cash-flow committed fund also come from this source. An additional \$28.3 million was added to fund a portion of the ad valorem reimbursement to schools. The Office of Management and Enterprise services was awarded an additional \$19.1 million to cover debt service payments for bonds associated with the project to restore the State Capitol Building. In addition, the Oklahoma Military Department was provided an extra \$1.0 million to renovate the National Guard armory.

**Constitutional "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 15 percent of the prior year's certified collections for the General Revenue Fund. As a result of different triggers for making the funds available for use, any amounts deposited to the fund are split between unassigned and restricted fund balance. For the fiscal year beginning July 1, 2015, the restricted portion had a balance of \$288.9 million and the unassigned portion had a balance of \$96.3 million, giving the total Constitutional Fund a balance of \$385.2 million.

## FOR THE FUTURE

State government continues to focus on critical issues to ensure that the state capitalizes on its potential for growth. Sustained efforts in creating a business friendly environment are essential for creating a bright, strong future. In addition, the state will continue to improve the efficiency of government through consolidations of information technology and financial services.

Oklahoma's executive management will continue to lead in promoting improvement in these key areas to improve the lives of Oklahomans. With the governor's leadership, Oklahoma will continue to make investments in a high quality educational system where all students can succeed, encourage the improved health of Oklahoma's citizens and encourage investors to allow their money to work and grow in Oklahoma, creating more jobs and higher incomes.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oklahoma for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. 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.

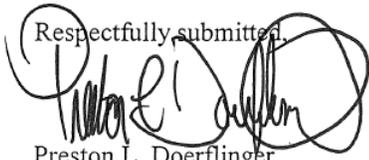
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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 GFOA.

## ACKNOWLEDGMENTS

The Office of Management and Enterprise Services is pleased to recognize and commend the efforts of the numerous individuals across the state that 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,



Preston L. Doerflinger  
Director of State Finance and Revenue



Lynne Bajema  
State Comptroller



Government Finance Officers Association

**Certificate of  
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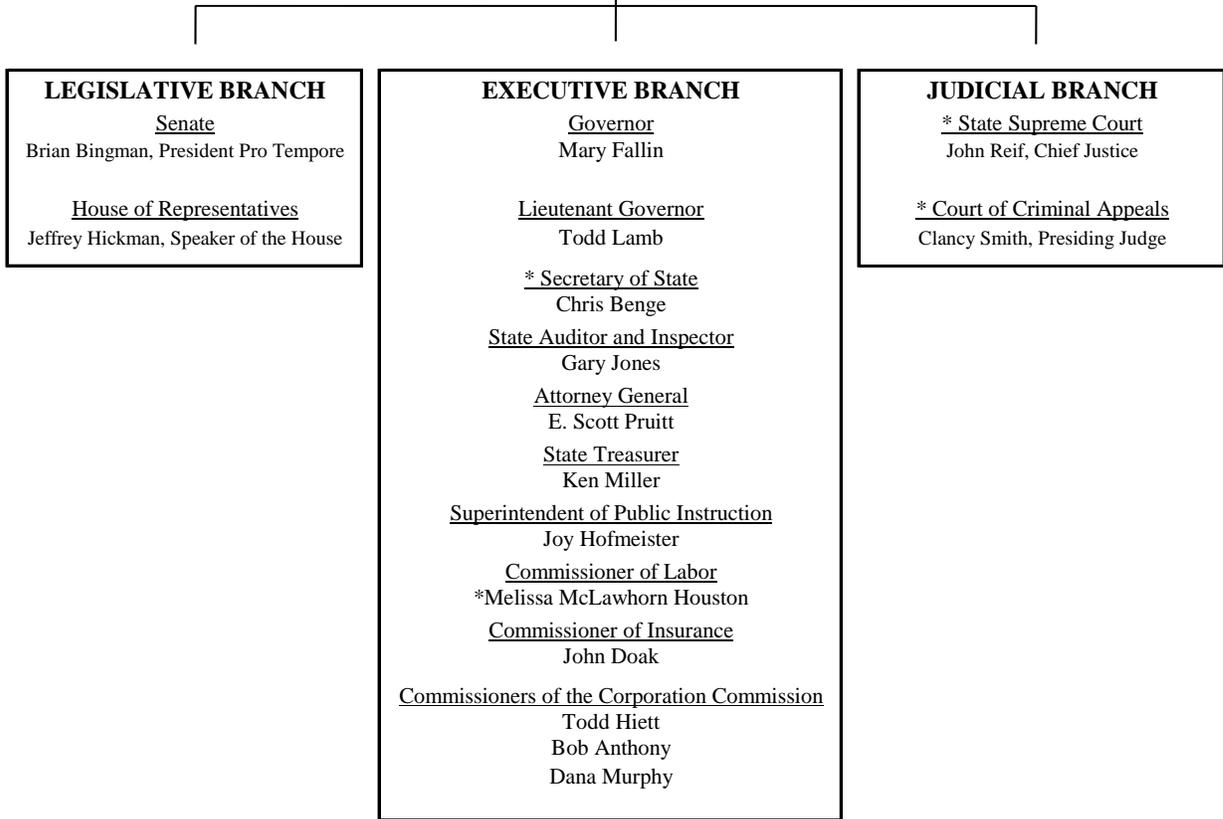
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# Selected Oklahoma State Officials

2015



\* Appointed position

<b>CABINET DEPARTMENT SECRETARIES</b>
---------------------------------------

Agriculture	Finance, Administration, &	Science & Technology
Commerce	Information Technology	Secretary of State
Education & Workforce	Health & Human Services	Tourism
Development	Military	Transportation
Energy & Environment	Safety & Security	Veterans Affairs

The cabinet secretaries are appointed by the governor with the approval of the Senate. Many of the secretaries are also heads of the executive branch agencies. State agencies are assigned to a cabinet department by the governor. The specific agency assignments to each cabinet are shown on the next page. Agency numbers are listed to the left of the agency name.

## State Agencies by Cabinet

305	Office of the Governor				
440	Office of the Lieutenant Governor				
	<b><u>Agriculture</u></b>				
40	Agriculture, Department of				
39	Boll Weevil Eradication Org.				
645	Conservation Commission				
615	Foresters, Board of Registered				
790	Veterinary Medical Examiners Board				
353	Horse Racing Commission				
	<b><u>Commerce</u></b>				
160	Commerce, Department of				
290	Employment Security Commission				
922	Housing Finance Authority				
370	Industrial Finance Authority				
405	Labor, Department of *				
	<b><u>Education and Workforce Dev.</u></b>				
44	Anatomical Board				
800	Career & Technology Education				
266	Educational TV Authority				
265	Education, Department of *				
275	Educ. Qual. & Account., Comm. For				
361	Native American Cultural/Ed. Auth				
619	Physicians Manpower Trng. Comm.				
563	Private Vocational School, Board of				
605	Regents for Higher Education				
629	School of Science & Mathematics				
618	Student Loan Authority				
	<b><u>Colleges and Universities:</u></b>				
100	Cameron University				
108	Carl Albert State College				
165	Connors State College				
230	East Central University				
240	Eastern Oklahoma State College				
420	Langston University				
470	Murray State College				
480	Northeastern Okla. A & M College				
485	Northeastern State University				
490	Northern Oklahoma College				
505	Northwestern Oklahoma State Univ.				
530	Oklahoma Panhandle State Univ.				
10	Oklahoma State University				
761	Oklahoma University Law Center				
633	Oklahoma City Community College				
770	Okla. University Health Science Ctr.				
773	OSU -College of Osteopathic Medicine				
14	OSU -College of Veterinary Medicine				
11	OSU -Experiment Station				
12	OSU -Extension Division				
13	OSU -School of Tech. Training				
15	OSU -Technical Institute of OKC				
16	OSU -Tulsa				
771	OU Health Sci. Ctr. Prof. Prac. Plan				
241	Redlands Community College				
610	Regional University System of Ok				
461	Rogers State University				
531	Rose State College				
606	University Center Of Southern Ok				
623	Seminole State College				
660	Southeastern Oklahoma State Univ.				
665	Southwestern Oklahoma State Univ.				
750	Tulsa Community College				
758	University Center at Ponca City				
120	University of Central Oklahoma				
760	University of Oklahoma				
150	Univ. of Science and Arts of Okla.				
41	Western Oklahoma State College				
	<b><u>Energy and Environment</u></b>				
185	Corporation Commission *				
359	Energy Resources Board				
292	Dept. of Environmental Quality				
920	Environmental Finance Authority				
980	Grand River Dam Authority				
307	Interstate Oil Comp. Com.				
445	LPG Board				
444	LPG Research, Marketing and Safety				
125	Mines, Department of				
981	Municipal Power Authority				
835	Water Resources Board				
320	Wildlife Conservation, Dept. of				
	<b><u>Finance, Admin., and Info Tech.</u></b>				
22	Abstractor's Board				
20	Accountancy Board				
45	Architects, Board of Gov. of Licensed				
300	Auditor & Inspector *				
65	Banking Department				
582	Bond Advisor				
91	Building Bonds Commission				
981	Capital Investment Board				
117	Commercial Pet Breeders Board				
635	Consumer Credit, Comm. For				
900	Development Finance Authority				
315	Firefighters Pension & Retirement				
355	Human Rights Commission				
385	Insurance Department *				
410	Land Office, Commissioners of the				
416	Law Enforcement Retirement				
435	Lottery Commission				
90	Office of Mgmt & Enterprise Services				
298	Merit Protection Commission				
475	Motor Vehicle Commission				
557	Police Pension & Retirement System				
570	Prof. Engin. & Land Surveyors Bd.				
515	Public Employees' Retirement System				
588	Real Estate Commission				
630	Securities Commission				
622	Social Workers Board, Bd. of Lic.				
695	Tax Commission				
715	Teachers' Retirement System				
740	Treasurer *				
755	Used Motor Vehicle & Parts				
	<b><u>Health and Human Services</u></b>				
448	Alcohol and Drug Coun., Bd. of Lic.				
772	Chem. Tests for Alc/Drug Infl., Bd. of				
127	Children & Youth, Commission				
145	Chiropractic Examiners Board				
783	Community Hospitals Authority				
170	Construction Industries Bd.				
190	Cosmetology Board				
215	Dentistry, Board of				
285	Funeral Board				
326	Handicapped Concerns, Office of				
807	Health Care Authority				
340	Health, Department of				
830	Human Services, Department of				
360	Indian Affairs Commission				
670	J.D. McCarty Center				
400	Juvenile Affairs, Office of				
450	Medical Licensure & Supv., Bd. of				
452	Mental Health and Sub. Abuse Svc.				
510	Nursing Board				
509	Nursing Homes, Board of Exam. for				
520	Optometry Board				
525	Osteopathic Examiners Board				
343	Perfusionists, State Bd. of Examiners				
560	Pharmacy Board				
140	Podiatric Medical Examiners, Bd. Of				
575	Psychologists, Bd. of Examiners				
805	Rehabilitative Services				
632	Speech-Lang. Pathology & Aud. Bd.				
092	Tobacco Settle. End. Trust Bd. of Dir.				
753	Uniform Building Code Commission				
825	University Hospitals Authority				
	<b><u>Military</u></b>				
25	Military Department				
	<b><u>Safety and Security</u></b>				
30	ABLE Commission				
49	Attorney General *				
477	Narcotics & Dang. Drugs, Bureau of				
309	Civil Emergency Mgmt, Dept. of				
131	Corrections Department				
220	District Attorney's Council				
47	Indigent Defense System				
308	Investigation, Bureau of				
415	Law Enf. Educ. & Trng., Council on				
342	Medicolegal Investigations, Bd. of				
306	Pardon and Parole Board				
585	Public Safety, Department of				
310	Fire Marshal, State				
	<b><u>Science and Technology</u></b>				
628	Center f/t Adv. of Sci. & Technology				
346	Space Industry Development Auth.				
	<b><u>Secretary of State</u></b>				
390	CompSource Oklahoma				
270	Election Board				
296	Ethics Commission				
678	Judicial Complaints, Council on				
430	Library Department				
625	Secretary of State				
675	Self-Insurance Guarantee Board				
865	Workers' Compensation Commission				
	<b><u>Tourism</u></b>				
55	Arts Council				
350	Historical Society				
204	J.M. Davis Memorial Commission				
620	Qtz Mtn. Arts/Conf. Cntr/Nat. Pk.				
568	Scenic Rivers Comm.				
566	Tourism & Recreation, Dept. of				
880	Will Rogers Memorial Commission				
	<b><u>Transportation</u></b>				
978	Okla. Turnpike Authority				
345	Transportation, Department of				
060	Aeronautics Commission				
	<b><u>Veterans Affairs</u></b>				
650	Veterans Affairs, Department of				

\* Agency is headed by a statewide elected official or their controlling board is made up of elected officials. They are assigned to a cabinet department for purposes of coordinating services and programs only.







# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Financial Statements

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 of the State of Oklahoma as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

- the financial statements of the Water Resources Board which represent forty-four percent of the assets, twenty-eight percent of the net position and four percent of the revenues of the enterprise funds;
- the financial statements of the Oklahoma Municipal Power Authority, University of Oklahoma, University of Oklahoma – Health Sciences Center, Oklahoma State University – Foundation, Grand River Dam Authority, Oklahoma State University, Oklahoma Turnpike Authority, University of Oklahoma – Foundation, Oklahoma Housing Finance Authority, CompSource, and the Regents for Higher Education, which in the aggregate represent eighty-one percent of the assets, eighty-nine percent of the net position and seventy percent of the revenues for the aggregate discretely presented component units;
- the financial statements of the Commissioners of the Land Office permanent fund, and the Tobacco Settlement Endowment permanent fund, which in the aggregate represent ninety-eight percent of the assets, ninety-eight percent of the fund balance and ninety-nine percent of the revenues of the permanent funds; and
- the financial statements of the Oklahoma Public Employees Retirement System and the Oklahoma Teachers Retirement System, which in the aggregate represent eighty percent of the assets, eighty percent of the net position and seventy-nine percent of the additions of the aggregate remaining fund information.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned entities, is based solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As discussed in Note 1, the Multiple Injury Trust Fund (MITF) had a net deficit or negative net position of approximately \$379,437,000 at December 31, 2014 primarily due to court awards exceeding the apportionment of special tax revenue collected.

As discussed in Note 1, the State of Oklahoma has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No 71, *Government Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement 68* effective July 1, 2014.

Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule-Budget to Actual (Non-GAAP Budgetary Basis) General Fund, the Notes to Required Supplementary Information-Budgetary Reporting, and the Pension Data Required by GASB 68 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Oklahoma's basic financial statements. The introductory section, combining financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

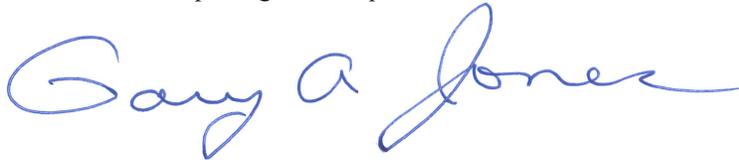
The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Oklahoma's internal control over financial reporting and compliance.



GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 23, 2015

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## MANAGEMENT DISCUSSION & 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, 2015. 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.

### FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

#### Government-Wide Highlights:

*Net Position* - The assets plus deferred outflows of resources of the state exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2015 by \$18.8 billion (presented as "net position"). Of this amount, \$1.9 billion was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the state's ongoing obligations to citizens and creditors.

*Changes in Net Position* - The state's total net position increased by \$1.3 billion (a 7.6% increase) in fiscal year 2015 after a 5.8% increase during the previous fiscal year. Net position of governmental activities increased by \$1.3 billion (a 8.8% increase), with \$837.9 million of that attributable to a decrease in net pension liability. Net position of the business-type activities showed a decrease of \$20.2 million (a 0.9% decrease).

#### Fund Highlights:

*Governmental Funds - Fund Balances* - As of the close of fiscal year 2015, the state's governmental funds reported a combined ending fund balance of \$7.3 billion, an increase of \$314.4 million in comparison with the prior year. Of this total amount, \$3.3 billion represents nonspendable fund balance, with \$76.9 million being in the General Fund. Amounts that can be spent include \$1.6 billion of restricted fund balance, \$2.3 billion of committed fund balance, \$80.5 million of assigned fund balance, and \$96.3 million of unassigned fund balance. The portion of fund balance which is available is roughly 23.0% of the total governmental expenditures for the year.

#### Long-term Debt:

The state's total long-term debt obligations showed a net decrease of \$1.1 billion (36.7%) in the governmental type activities and a net decrease of \$23.4 thousand (2.9%) in the business type activities during the current fiscal year. The majority of the decrease of governmental activities debt was due to an improvement in net pension liability of \$837.9 million.

### 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 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 Position* presents all of the government's assets and liabilities in addition to deferred inflows and outflows, with the difference between the four reported as "net position". Over time, increases or decreases in the state's net position 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 position changed during the most recent fiscal year. All changes in net position 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), government administration, 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), 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), administering the insurance benefits for state employees and education workers (by the Employees Group Insurance Department of the Office of Management and Enterprise Services), and the Oklahoma Lottery Commission. These four programs operate with minimal assistance from the governmental activities of the state.

*Discretely Presented Component Units* – These are operations that have certain independent qualities but for which the state has financial accountability. 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 seven discretely presented major component units are:

- CompSource Oklahoma
- Oklahoma Student Loan Authority
- Oklahoma Housing Finance Agency
- Oklahoma Turnpike Authority
- Grand River Dam Authority
- Oklahoma Municipal Power Authority
- Higher Education Component Unit

The state's seven 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  
Multiple Injury Trust Fund  
University Hospitals Authority  
Oklahoma Development Finance Authority  
Oklahoma Capital Investment Board  
Oklahoma State University Medical 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 Financial 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 essentially used to account for the same functions 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 is known as using the flow of current financial resources measurement focus approach 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. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances both 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 four governmental funds. All four governmental funds 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. 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 basic Governmental Funds Financial Statements can be found immediately following the Government-Wide Financial 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 four enterprise funds, with all four 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), 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 administration of insurance benefits for state employees by the Employees Group Insurance Department (EGID) of the Office of Management and Enterprise Services, and the Oklahoma Lottery Commission.

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), 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 Position. Also, some information on the Statement of Activities is aggregated for component units. The Combining Statement of Net Position and Combining Statement of Activities provide 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 to the Financial Statements 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 and Budget Schedule**

The Basic Financial Statements are followed by a section of Required Supplementary Information. This section includes the Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Budgetary Basis), which includes a schedule of 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.

### ***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 of the 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.

### ***Pension Detail***

With the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, certain information related to Net Pension Liability and funding of pension plans is reported in the Required Supplementary Information section.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial condition. The state’s combined net position (government and business-type activities) totaled \$18.8 billion at the end of 2015, compared to \$17.5 billion at the end of the previous year.

The largest portion of the state’s net position (55.4%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related outstanding debt used to acquire those assets. 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.

<b>State of Oklahoma's Net Position-Primary Government</b>						
(expressed in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 4,858,968	\$ 4,552,448	\$ 1,989,711	\$ 1,967,083	\$ 6,848,679	\$ 6,519,531
Capital Assets	11,271,523	11,013,339	1,914	1,415	11,273,437	11,014,754
Other Assets	3,881,983	3,946,999	1,221,661	1,211,815	5,103,644	5,158,814
Total Assets	<u>20,012,474</u>	<u>19,512,786</u>	<u>3,213,286</u>	<u>3,180,313</u>	<u>23,225,760</u>	<u>22,693,099</u>
Deferred Outflows	<u>343,651</u>	<u>3,822</u>	<u>266</u>	<u>-</u>	<u>343,917</u>	<u>3,822</u>
Noncurrent Liabilities	1,641,191	2,602,373	746,763	770,886	2,387,954	3,373,259
Other Liabilities	1,513,275	1,537,415	276,265	196,649	1,789,540	1,734,064
Total Liabilities	<u>3,154,466</u>	<u>4,139,788</u>	<u>1,023,028</u>	<u>967,535</u>	<u>4,177,494</u>	<u>5,107,323</u>
Deferred Inflows	<u>577,402</u>	<u>93,925</u>	<u>4,326</u>	<u>6,349</u>	<u>581,728</u>	<u>100,274</u>
Invested in Capital Assets, Net of Related Debt	10,425,644	9,996,506	1,914	1,415	10,427,558	9,997,921
Restricted	4,930,515	4,698,509	1,601,651	1,568,714	6,532,166	6,267,223
Unrestricted	<u>1,268,098</u>	<u>587,880</u>	<u>582,633</u>	<u>636,300</u>	<u>1,850,731</u>	<u>1,224,180</u>
Total Net Position	<u>\$ 16,624,257</u>	<u>\$ 15,282,895</u>	<u>\$ 2,186,198</u>	<u>\$ 2,206,429</u>	<u>\$ 18,810,455</u>	<u>\$ 17,489,324</u>

A portion of the state’s net position (34.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position 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 position.

At the end of the current fiscal year, the state is able to report positive balances in all three categories of net position, 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.

At the end of the current fiscal year, the state is able to report positive balances in all three categories of net position, 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 Position

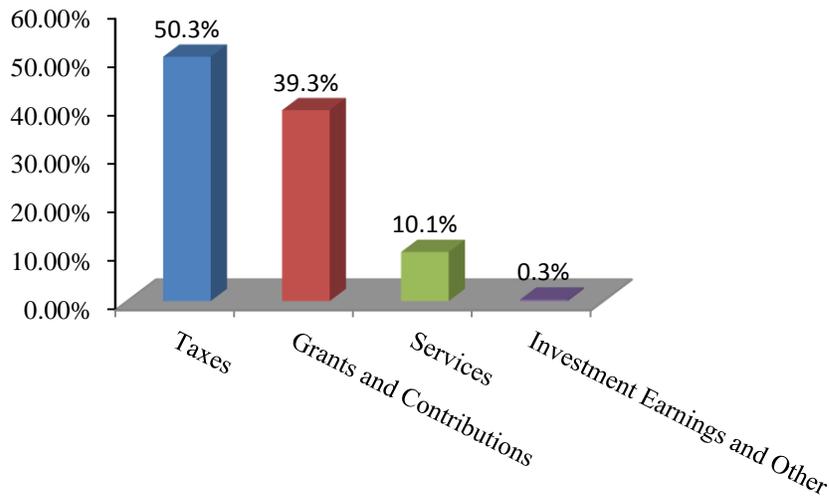
The state's governmental net position increased by \$1.3 billion, or 7.6%. Approximately 50% of the state's total revenue came from taxes, while 39% resulted from grants and contributions (including federal aid). Charges for various goods and services provided 10% of the total revenues. The state's expenses cover a range of services. The largest expenses were for health services, general education, and social services. In 2015, governmental activity expenses exceeded program revenues, resulting in the use of \$7.5 billion in general revenues (mostly taxes). A majority (62.5%) of the state's increase in net position can be attributed to a \$837.9 million decrease in net pension liability. The business-type activities' program revenues exceeded their expenses for 2015 by \$56.0 million.

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

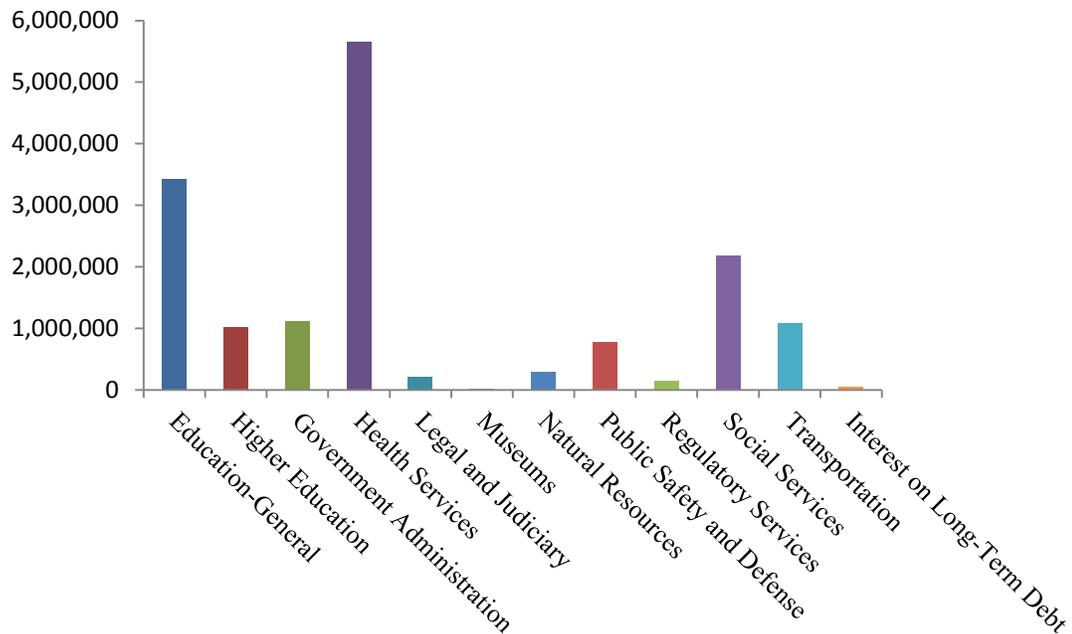
(expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,746,665	\$ 1,436,100	\$ 1,495,288	\$ 1,664,222	\$ 3,241,953	\$ 3,100,322
Operating Grants and Contributions	6,744,975	7,326,805	10,935	37,901	6,755,910	7,364,706
General Revenues:						
Income Taxes-Individual	3,003,481	2,855,601	-	-	3,003,481	2,855,601
Income Taxes-Corporate	357,681	408,665	-	-	357,681	408,665
Sales Taxes	2,553,855	2,598,873	-	-	2,553,855	2,598,873
Gross Production Taxes	578,464	657,476	-	-	578,464	657,476
Motor Vehicle Taxes	772,690	778,694	-	-	772,690	778,694
Fuel Taxes	424,560	419,084	-	-	424,560	419,084
Other Taxes	979,303	927,755	-	-	979,303	927,755
Investment Earnings	60,007	59,298	-	-	60,007	59,298
Capital Lease and COPs	(451)	-	-	-	(451)	-
<b>Total Revenues</b>	<b>17,221,230</b>	<b>17,468,351</b>	<b>1,506,223</b>	<b>1,702,123</b>	<b>18,727,453</b>	<b>19,170,474</b>
<b>Expenses:</b>						
Education-General	3,424,751	3,377,952	-	-	3,424,751	3,377,952
Education-Payments to Higher Education	1,030,060	1,037,785	-	-	1,030,060	1,037,785
Government Administration	1,114,539	2,666,175	-	-	1,114,539	2,666,175
Health Services	5,660,101	5,765,362	-	-	5,660,101	5,765,362
Legal and Judiciary	205,622	234,831	-	-	205,622	234,831
Museums	18,189	18,508	-	-	18,189	18,508
Natural Resources	288,333	290,620	-	-	288,333	290,620
Public Safety and Defense	787,751	871,408	-	-	787,751	871,408
Regulatory Services	153,511	131,756	-	-	153,511	131,756
Social Services	2,187,576	2,239,512	-	-	2,187,576	2,239,512
Transportation	1,086,603	1,043,553	-	-	1,086,603	1,043,553
Interest on Long-Term Debt	58,330	71,270	-	-	58,330	71,270
Unemployment Insurance Trust Fund	-	-	281,058	293,983	281,058	293,983
State Loan Program to Local Governments	-	-	32,641	35,286	32,641	35,286
Group Insurance Program	-	-	1,023,920	926,080	1,023,920	926,080
Lottery Commission	-	-	112,624	123,180	112,624	123,180
<b>Total Expenses</b>	<b>16,015,366</b>	<b>17,748,732</b>	<b>1,450,243</b>	<b>1,378,529</b>	<b>17,465,609</b>	<b>19,127,261</b>
Increase (Decrease) in Net Position Before Transfers and Contribution to Permanent Funds	1,205,864	(280,381)	55,980	323,594	1,261,844	43,213
Contribution to Permanent Funds	59,287	60,516	-	-	59,287	60,516
Transfers	76,211	81,020	(76,211)	(81,020)	-	-
<b>Change in Net Position</b>	<b>1,341,362</b>	<b>(138,845)</b>	<b>(20,231)</b>	<b>242,574</b>	<b>1,321,131</b>	<b>103,729</b>
Net Position, Beginning of Year	16,230,839	15,471,284	2,211,206	1,643,105	18,442,045	17,114,389
Adjustments to Beginning Net Position	(947,944)	(49,544)	(4,777)	78,176	(952,721)	28,632
<b>Net Position, End of Year</b>	<b>\$ 16,624,257</b>	<b>\$ 15,282,895</b>	<b>\$ 2,186,198</b>	<b>\$ 1,963,855</b>	<b>\$ 18,810,455</b>	<b>\$ 17,246,750</b>

**Revenues – Governmental Activities  
Fiscal Year 2015**



**Expenses – Governmental Activities  
Fiscal Year 2015  
(expressed in thousands)**



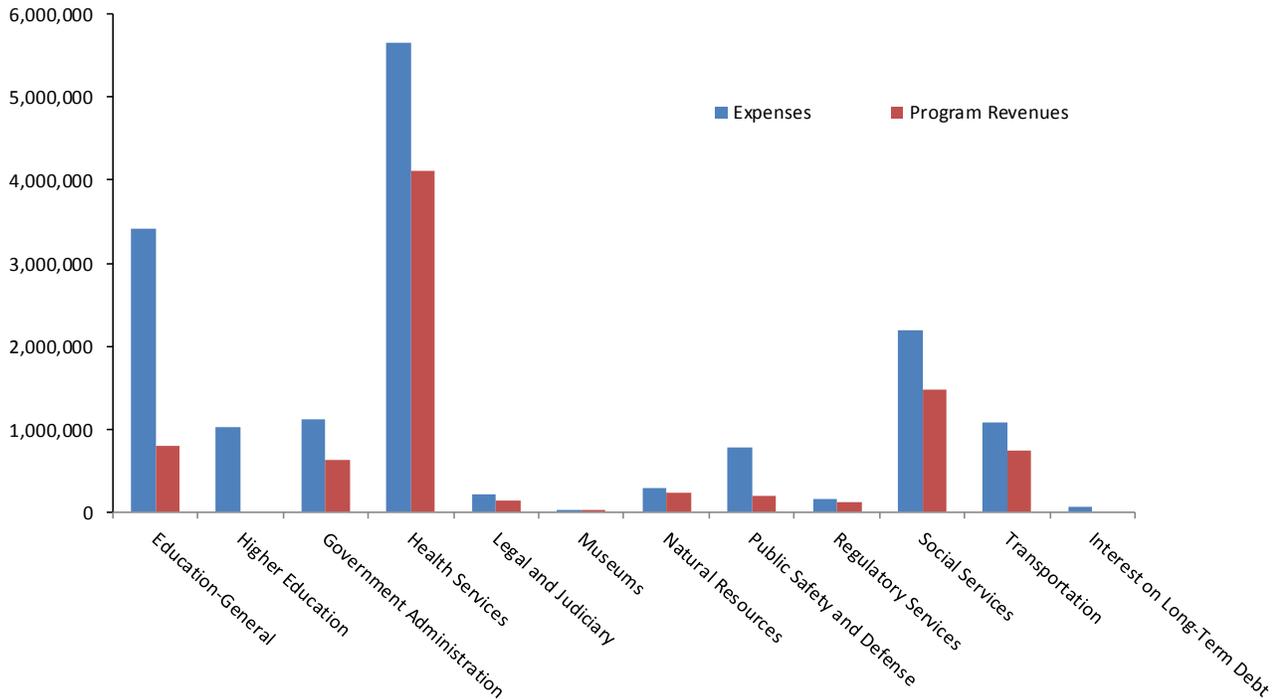
**Governmental Activities**

Governmental activities increased the state's net position by \$1.3 billion. Tax revenues were down in four of the five major types. Total revenues for governmental activities were down by \$449.5 million, or 2.3%, in 2015. The state showed a \$147.9 million increase in individual income taxes, a \$45.0 million decrease in sales taxes, a \$51.0 million decrease in corporate income taxes, a \$93.5 million decrease in Federal Grant revenue, and a \$79.0 million decrease in gross production taxes during 2015.

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):

	<u>Governmental Activities</u>
<b>Expenses Net of Program Revenues:</b>	
Education-General	\$ (2,618,340)
Education-Payment to Higher Education	(1,030,060)
Government Administration	(479,061)
Health Services	(1,544,942)
Legal and Judiciary	(60,032)
Museums	(14,171)
Natural Resources	(50,173)
Public Safety and Defense	(587,082)
Regulatory Services	(33,979)
Social Services	(710,543)
Transportation	(337,013)
Interest on Long-Term Debt	(58,330)
Total Governmental Activities Expenses	<u>(7,523,726)</u>
<b>General Revenues:</b>	
Taxes	8,670,034
Investment Earnings	60,007
Contributions to Permanent Funds	59,287
Capital Leases & COPs	(451)
Transfers	76,211
Increase in Governmental Activities Net Position	<u>\$ 1,341,362</u>

**Expenses and Program Revenues – Governmental Activities**  
**Fiscal Year 2015**  
*(expressed in thousands)*



## **Business-Type Activities**

The business-type activities decreased the state's net position by \$20.2 million, a 0.9% decrease, to \$2.2 billion. This decrease comes after an increase of 12.6% in the prior year. The decrease primarily resulted from a premium deficiency of \$54.3 million recorded by Employee's Group Insurance Department of the Office of Management and Enterprise Services (EGID). The Oklahoma Unemployment Insurance Trust Fund's (OUIF) net position increased \$15.5 million, the Oklahoma Water Resources Board's (OWRB) net position increased by \$24.5 million, the Employees Group Insurance Department of the Office of Management and Enterprise Services decreased \$59.5 million, and the Oklahoma Lottery Commission had a decrease in net position of \$0.7 million.

## **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, unassigned 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 \$7.3 billion, an increase of \$314.4 million from the prior year. The largest portion \$3.3 billion (45.2%) of this total amount constitutes nonspendable fund balance, which includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. In addition \$1.6 billion (21.5%) of fund balance is classified as restricted meaning that the funds can only be used for specific purposes defined by enabling legislation or externally imposed limitations. Amounts that can only be used for specific purposes pursuant to constraints of the government's highest level of decision-making authority are reported as committed fund balance. Committed fund balance represents \$2.3 billion (30.8%) of total fund balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed are reported as assigned fund balance. Assigned fund balance represents \$80.5 million (1.1%) of total fund balance. The remaining funds that are not classified in any of the other four categories represent unassigned fund balance. For the fiscal year ended June 30, 2015 the state has \$96.3 million (1.3%) classified as unassigned fund balance.

The General Fund is the chief operating fund of the state. At the end of the current fiscal year, the total fund balance increased \$314.1 million to \$4.0 billion. As a measure of the General Fund's liquidity, it may be useful to compare the portion of fund balance not classified as nonspendable (spendable) and total fund balance to total fund expenditures. Spendable fund balance represents 23.0% of total Governmental Fund expenditures, while total fund balance represents 42.0% of that same amount.

Overall the fund balance of the state's General Fund increased by \$314.1 million during the current fiscal year. This 7.9% increase from the prior year is primarily due to reductions in spending and an increase in sales of fixed assets.

The Commissioners of the Land Office manages land and cash set aside by the Federal Government for the use and benefit of public education in Oklahoma to generate maximum earnings for Trust beneficiaries. The Trust beneficiaries are common education and thirteen Oklahoma colleges and universities. This year total program revenues were \$127.6 million compared to \$420.0 million for the prior year. Distributions to beneficiaries totaled \$156.6 million for fiscal year 2015 with \$32.7 million disbursed to universities and colleges and \$118.5 million disbursed to public schools, and \$5.4 million disbursed for public buildings. This was an increase of \$33 million from the apportionments of fiscal year 2015.

The Department of Wildlife's Lifetime Licenses' fund balance increased by 3.5% to \$81.3 million. This increase occurred due to collections for licenses.

The Tobacco Settlement Endowment Permanent Fund holds certain moneys that are 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 \$28.5 million net

increase in fund balance with \$59.3 million coming in from the settlement payment by tobacco manufacturers for 2015. The prior year's payment was about \$61 million. The state now has \$997.3 million in the permanent fund.

### **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 section above, the state's net position decreased by \$20.2 million as a result of operations in the proprietary funds. This resulted from a \$15.5 million increase in net position by the Oklahoma Unemployment Insurance Trust Fund (OUIF), an increase in net position of \$24.5 million by the Oklahoma Water Resources Board's (OWRB) program for making loans to local government units for drinking and waste water facilities, a decrease of \$59.5 million by the Employees Group Insurance Department of the Office of Management and Enterprise Services (EGID) for insurance benefit administration, and a decrease in net position of \$0.7 million by the Oklahoma Lottery Commission.

The OUIF increased in net position despite a reduction in operating revenue of \$200.6 million.

The OWRB increased net position by \$24.5 million which was \$2.1 million more than the \$22.4 million in the prior year.

The EGID decreased net position by \$59.5 million. This was primarily due to premium deficiency of \$54.3 million.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The differences between the original budget and the final amended budget amounted to \$102.0 million with \$53.6 million (52.5%) coming from budget carryovers from fiscal year 2014, and the remaining \$48.4 million (47.5%) was attributable to supplemental appropriations.

The difference between the final budget and the actual collections amounted to \$192.5 million less than the budget. Based on a review by the budget department, this was determined to be a normal variance.

### **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, 2015, amounts to \$21.8 billion, net of accumulated depreciation of \$10.5 billion, leaving a net book value of \$11.3 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 2.3% in terms of net book value. Actual expenditures to purchase or construct assets that are capitalized were \$840.6 million for the year, a \$42.6 million (4.8%) decrease from the prior year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled \$525.1 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 Council of Bond Oversight. The Council meets to review all proposed debt issuances. The Council must approve each financing plan before obligations are issued. The legislation that created the Council of Bond Oversight also created the position of State Bond Advisor, who advises the Council 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 general obligation bonds of the state are rated "Aa2" by Moody's Investors Service, "AA+" by Fitch Investors Service, and "AA+" by Standard & Poor's Corp. Before 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, 2003, 2011 and again in 2013.

The State of Oklahoma's total debt decreased by \$1.1 billion, or 36.7%, during the current fiscal year. Business-type activities' debt decreased by \$23.4 million. The decrease in long-term obligations for governmental activities was primarily related to improvement in net pension liability, while business-type activities decreased due to ordinary amortization of existing debt.

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 Oklahoma unemployment rate was consistently lower than that for the nation between 1997 and 2014. The national unemployment rate is currently 5.0% while Oklahoma's still remains less at 4.3% for the same time period.

Inflationary trends in the region continue to 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.)

### **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 Management and Enterprise Services 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.

### **Fiscal Year 2016**

General Revenue Fund collections for the first four months of fiscal year 2016 were 3.7% less than prior year collections and 2.8% lower than the official estimates. The drop in revenues is related to continuously low oil prices that have challenged the state's largest industry. Governor Mary Fallin has issued a series of executive orders related to controlling spending at agencies amid declining revenues. It is expected that allocations from the general revenue fund will be reduced for all state agencies beginning in January 2016.

"We have a real challenge ahead and we aren't wasting any time tackling it," Secretary of Finance Preston Doerflinger said. "This state can't control the oil price, but it can and will be prepared to manage the challenge it presents."

## **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 Management and Enterprise Services, 5005 N. Lincoln, Suite 100, Oklahoma City, OK 73105 or [helpdesk@omes.ok.gov](mailto:helpdesk@omes.ok.gov).



## BASIC FINANCIAL STATEMENTS



GOVERNMENT WIDE FINANCIAL STATEMENTS

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State of Oklahoma  
Government-wide  
Statement of Net Position  
June 30, 2015  
(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
<b>Current Assets</b>				
Cash/Cash Equivalents	\$ 3,708,774	\$ 1,391,035	\$ 5,099,809	\$ 1,691,243
Investments	63,054	366,825	429,879	2,855,369
Securities Lending Investments	97,664	0	97,664	0
Accounts Receivable	50,103	50,513	100,616	601,945
Interest and Investment Revenue Receivable	23,325	17,220	40,545	18,593
Federal Grants Receivable	498,789	547	499,336	10,196
Taxes Receivable	291,042	69,322	360,364	0
Leases Receivable	3,927	0	3,927	0
Leases Receivable - Component Units	38,451	0	38,451	0
Other Receivables	123	0	123	73,561
Notes Receivable	0	68,874	68,874	85,970
Internal Balances	2	(2)	0	0
Receivable from External Parties	23	0	23	24
Due from Component Units	3,046	0	3,046	5,809
Due from Primary Government	0	99	99	36,418
Inventory	70,553	0	70,553	113,125
Prepaid Items	1,105	0	1,105	15,886
Other Current Assets	8,987	25,276	34,263	40,169
<b>Total Current Assets</b>	<b>4,858,968</b>	<b>1,989,709</b>	<b>6,848,677</b>	<b>5,548,308</b>
<b>Noncurrent Assets</b>				
Cash/Cash Equivalents, Restricted	122,030	34,099	156,129	568,254
Short Term Investments, Restricted	3,200,216	0	3,200,216	2,440,638
Long Term Investments	0	6,207	6,207	1,749,702
Long Term Investments, Restricted	0	81,650	81,650	0
Leases Receivable	12,297	0	12,297	0
Leases Receivables Component Units	467,192	0	467,192	0
Long-Term Notes Receivable, Net	0	1,094,876	1,094,876	68,275
Long-Term Notes Receivable, Net - Restricted	0	0	0	430,447
Long-Term Due from Comp Units	52,815	0	52,815	0
Capital Assets-Depreciable, Net	9,359,580	1,914	9,361,494	7,002,661
Capital Assets-Land	1,728,438	0	1,728,438	407,193
Capital Assets-Construction in Progress	183,505	0	183,505	650,608
Other Noncurrent Assets	0	4,829	4,829	266,192
Other Noncurrent Assets-Restricted	27,433	0	27,433	25,153
<b>Total Noncurrent Assets</b>	<b>15,153,506</b>	<b>1,223,575</b>	<b>16,377,081</b>	<b>13,609,123</b>
<b>Total Assets</b>	<b>20,012,474</b>	<b>3,213,284</b>	<b>23,225,758</b>	<b>19,157,431</b>
<b>Deferred Outflows</b>				
Deferred Outflows from Pensions	340,690	266	340,956	141,807
Unamortized Loss on Bond Refundings	2,961	0	2,961	0
Lease Restructuring	0	0	0	3,791
Advance Refunding of Bonds	0	0	0	96,751
Defeasance of Bonds	0	0	0	6,470
Accumulated Decrease in Fair Value of Derivatives	0	0	0	73,052
<b>Total Deferred Outflows</b>	<b>343,651</b>	<b>266</b>	<b>343,917</b>	<b>321,871</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	\$ 890,676	\$ 143,629	\$ 1,034,305	\$ 439,827
Unearned Revenue	63,750	2,156	65,906	250,714
Payable Under Securities Lending Agreements	97,664	0	97,664	0
Claims and Judgements	9,623	0	9,623	206,664
Interest Payable	22,311	7,508	29,819	60,404
Tax Refunds Payable	1,607	0	1,607	0
Payable to External Parties	66,339	0	66,339	735
Due to Component Units	35,959	0	35,959	5,807
Due to Primary Government	49	0	49	3,046
Due to Others	162,147	0	162,147	0
Capital Leases	2,324	0	2,324	39,094
Capital Leases-Primary Government	0	0	0	38,451
Compensated Absences	2,755	250	3,005	85,934
Notes Payable	16,725	0	16,725	97,202
General Obligation Bonds	25,295	0	25,295	720
Revenue Bonds (Net)	116,051	43,560	159,611	155,067
Other Current Liabilities	0	79,160	79,160	416,261
<b>Total Current Liabilities</b>	<b>1,513,275</b>	<b>276,263</b>	<b>1,789,538</b>	<b>1,799,926</b>
<b>Noncurrent Liabilities</b>				
Claims and Judgements	15,449	0	15,449	1,404,787
Due to Primary Government	0	0	0	52,815
Net Pension Liability	183,499	166	183,665	1,387,024
Capital Leases	0	0	0	542,214
Capital Leases-Primary Government	4,202	0	4,202	467,192
Compensated Absences	157,750	921	158,671	37,678
Notes Payable	30,520	0	30,520	122,734
General Obligation Bonds	82,100	0	82,100	44,190
Revenue Bonds (including Premiums)	1,167,031	735,240	1,902,271	5,089,663
Other Postemployment Benefits	640	0	640	188,991
Other Noncurrent Liabilities	0	10,436	10,436	285,358
<b>Total Noncurrent Liabilities</b>	<b>1,641,191</b>	<b>746,763</b>	<b>2,387,954</b>	<b>9,622,646</b>
<b>Total Liabilities</b>	<b>3,154,466</b>	<b>1,023,026</b>	<b>4,177,492</b>	<b>11,422,572</b>
<b>Deferred Inflows</b>				
Deferred Amount on Refunding	0	3,718	3,718	0
Deferred Inflows from Pensions	577,402	608	578,010	336,206
Derivative Instruments	0	0	0	1,379
Accumulated Increase in Fair Value	0	0	0	10,996
Service Concession Arrangements	0	0	0	12,468
<b>Total Deferred Inflows</b>	<b>577,402</b>	<b>4,326</b>	<b>581,728</b>	<b>361,049</b>
<b>Net Position</b>				
Net Investment in Capital Assets	10,425,644	1,914	10,427,558	3,554,110
Restricted for:				
Debt Service	1,186,017	292,241	1,478,258	356,358
Preservation of Wildlife	81,321	0	81,321	0
Lottery Benefits	0	10,309	10,309	0
Educational Systems	2,279,463	0	2,279,463	0
Unemployment Benefits	0	1,299,101	1,299,101	0
Stabilization	288,889	0	288,889	0
Federal Grant Programs	97,559	0	97,559	0
Tobacco Cessation and Public Health				
Nonexpendable	871,616	0	871,616	1,140,743
Expendable	125,651	0	125,651	2,320,942
Unrestricted	1,268,097	582,633	1,850,730	323,528
<b>Total Net Position</b>	<b>\$ 16,624,257</b>	<b>\$ 2,186,198</b>	<b>\$ 18,810,455</b>	<b>\$ 7,695,681</b>

State of Oklahoma  
Government-wide  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015  
(expressed in thousands)

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
Education-General	\$ 3,424,751	\$ 7,510	\$ 798,901	\$ (2,618,340)		\$ (2,618,340)	
Education-Payment to Higher Education	1,030,060	0	0	(1,030,060)		(1,030,060)	
Government Administration	1,114,539	561,643	73,835	(479,061)		(479,061)	
Health Services	5,660,101	544,828	3,570,331	(1,544,942)		(1,544,942)	
Legal and Judiciary	205,622	127,659	17,931	(60,032)		(60,032)	
Museums	18,189	2,404	1,614	(14,171)		(14,171)	
Natural Resources	288,333	176,066	62,094	(50,173)		(50,173)	
Public Safety and Defense	787,751	94,427	106,242	(587,082)		(587,082)	
Regulatory Services	153,511	111,595	7,937	(33,979)		(33,979)	
Social Services	2,187,576	11,962	1,465,071	(710,543)		(710,543)	
Transportation	1,086,603	108,571	641,019	(337,013)		(337,013)	
Interest on Long-Term Debt	58,330	0	0	(58,330)		(58,330)	
Total Governmental Activities	<u>16,015,366</u>	<u>1,746,665</u>	<u>6,744,975</u>	<u>(7,523,726)</u>		<u>(7,523,726)</u>	
<b>Business-Type Activities</b>							
Employment Security Commission	281,058	305,538	7,099		31,579	31,579	
Water Resources Board	32,641	53,329	3,836		24,524	24,524	
Office of Management and Enterprise Services	1,023,920	964,432	0		(59,488)	(59,488)	
Lottery Commission	112,624	171,989	0		59,365	59,365	
Total Business-Type Activities	<u>1,450,243</u>	<u>1,495,288</u>	<u>10,935</u>		<u>55,980</u>	<u>55,980</u>	
Total Primary Government	<u>\$ 17,465,609</u>	<u>\$ 3,241,953</u>	<u>\$ 6,755,910</u>	<u>(7,523,726)</u>	<u>55,980</u>	<u>(7,467,746)</u>	
<b>Component Units:</b>							
CompSource Oklahoma	317,195	395,609	0				78,414
Oklahoma Student Loan Authority	14,599	12,673	0				(1,926)
Oklahoma Housing Finance Agency	160,645	39,286	124,210				2,851
Oklahoma Turnpike Authority	202,622	257,863	0				55,241
Grand River Dam Authority	463,255	485,011	0				21,756
Oklahoma Municipal Power Authority	188,832	194,908	0				6,076
Higher Education	4,536,950	2,445,126	1,368,706				(723,118)
Nonmajor Component Units	486,099	390,623	6,795				(88,681)
Total Component Units	<u>\$ 6,370,197</u>	<u>\$ 4,221,099</u>	<u>\$ 1,499,711</u>				<u>(649,387)</u>
<b>General Revenues</b>							
<b>Taxes:</b>							
Income Taxes-Individual				3,003,481	0	3,003,481	0
Income Taxes-Corporate				357,681	0	357,681	0
Sales Tax				2,553,855	0	2,553,855	0
Gross Production Taxes				578,464	0	578,464	0
Motor Vehicle Taxes				772,690	0	772,690	0
Fuel Taxes				424,560	0	424,560	0
Tobacco Taxes				251,786	0	251,786	0
Other Business Taxes				242,548	0	242,548	0
Other Personal Taxes				1,057	0	1,057	0
Insurance Taxes				183,762	0	183,762	0
Beverage Taxes				113,229	0	113,229	0
Other Taxes				186,921	0	186,921	0
Payments from Primary Government				0	0	0	1,148,451
<b>Investment Earnings</b>				60,007	0	60,007	0
<b>Contributions to Permanent Funds</b>				59,287	0	59,287	0
<b>Capital Lease and COPs</b>				(451)	0	(451)	0
<b>Transfers</b>				76,211	(76,211)	0	0
Total General Revenues and Transfers				<u>8,865,088</u>	<u>(76,211)</u>	<u>8,788,877</u>	<u>1,148,451</u>
Change in Net Position				1,341,362	(20,231)	1,321,131	499,064
<b>Net Position - Beginning of Year (as restated)</b>				<u>15,282,895</u>	<u>2,206,429</u>	<u>17,489,324</u>	<u>7,196,617</u>
<b>Net Position - End of Year</b>				<u>\$ 16,624,257</u>	<u>\$ 2,186,198</u>	<u>\$ 18,810,455</u>	<u>\$ 7,695,681</u>

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



FUND FINANCIAL STATEMENTS

State of Oklahoma  
 Balance Sheet  
 Governmental Funds  
 June 30, 2015  
 (expressed in thousands)

	Permanent Funds				Total Governmental Funds
	General	Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	
<b>Assets</b>					
Assets					
Cash/Cash Equivalents	\$ 3,630,279	\$ 158,247	\$ 8,253	\$ 34,025	\$ 3,830,804
Investments	63,054	2,153,671	72,949	973,596	3,263,270
Security Lending Investments	0	0	0	97,664	97,664
Accounts Receivable	50,103	0	0	0	50,103
Interest and Investment Revenue Receivable	23,325	12,182	0	2,963	38,470
Federal Grants Receivable	498,789	0	0	0	498,789
Taxes Receivable	291,042	0	0	0	291,042
Leases Receivable	16,224	0	0	0	16,224
Leases Receivable-Component Units	505,643	0	0	0	505,643
Other Receivables	123	12,197	0	91	12,411
Due from Other Funds	40	0	112	0	152
Due from Fiduciary Funds	23	0	0	0	23
Due from Component Units	3,046	0	0	0	3,046
Due From Component Units-Noncurrent	52,815	0	0	0	52,815
Inventory	70,553	0	0	0	70,553
Prepaid Items	1,105	0	0	0	1,105
Other Assets	8,980	0	7	0	8,987
<b>Total Assets</b>	<b>5,215,144</b>	<b>2,336,297</b>	<b>81,321</b>	<b>1,108,339</b>	<b>8,741,101</b>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	827,085	50,221	0	13,370	890,676
Payable Under Securities					
Lending Agreements	0	0	0	97,664	97,664
Unearned Revenue	169,210	6,613	0	0	175,823
Tax Refunds Payable	1,607	0	0	0	1,607
Due to Other Funds	161	0	0	38	199
Due to Fiduciary Funds	66,339	0	0	0	66,339
Due to Component Units	35,959	0	0	0	35,959
Due to Others	162,147	0	0	0	162,147
<b>Total Liabilities</b>	<b>1,262,508</b>	<b>56,834</b>	<b>0</b>	<b>111,072</b>	<b>1,430,414</b>
<b>Fund Balances</b>					
Nonspendable	76,851	2,278,198	78,545	871,616	3,305,210
Restricted	1,572,465	1,265	0	0	1,573,730
Committed	2,205,978	0	2,776	46,191	2,254,945
Assigned	1,045	0	0	79,460	80,505
Unassigned	96,297	0	0	0	96,297
<b>Total Fund Balances</b>	<b>\$ 3,952,636</b>	<b>\$ 2,279,463</b>	<b>\$ 81,321</b>	<b>\$ 997,267</b>	<b>\$ 7,310,687</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 Position**

**Total Fund Balance - Governmental Funds** \$ 7,310,687

Amounts reported for governmental activities in the statement of net position 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	1,728,438	
Buildings and Improvements	1,615,837	
Equipment	559,631	
Infrastructure	17,691,742	
Construction in Progress	183,505	
Accumulated Depreciation	<u>(10,507,630)</u>	
		11,271,523

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. 112,073

The state's portion of the net pension liability, deferred inflows, and deferred outflows as determined by the actuarial calculations of the pension systems created by statute. (420,211)

Certain bonds issued by the state are for the purpose of refunding older bond issues. Some bonds that are refunded are done so at a loss to the state. These losses are costs in the funds, but are amortized over the life of the refunding bonds on the statement of net position. 2,961

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	(47,245)	
General Obligation and Revenue Bonds	(1,297,851)	
Capital Leases and Certificates of Participation	(6,526)	
Bond Issue Premiums	(92,626)	
Accrued Interest on Bonds	(22,311)	
Compensated Absences	(160,505)	
Other postemployment benefits	(640)	
Claims and Judgements	<u>(25,072)</u>	
		(1,652,776)

**Net Position of Governmental Activities** \$ 16,624,257

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

State of Oklahoma  
Statement of Revenues, Expenditures  
and Changes in Fund Balances-Governmental Funds  
For the Fiscal Year Ended June 30, 2015  
(expressed in thousands)

	Permanent Funds				Total Governmental Funds
	General	Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	
<b>Revenues</b>					
Taxes					
Income Taxes-Individual	\$ 3,003,481	\$ 0	\$ 0	\$ 0	\$ 3,003,481
Sales Tax	2,553,855	0	0	0	2,553,855
Gross Production Tax	578,464	0	0	0	578,464
Income Taxes-Corporate	357,681	0	0	0	357,681
Motor Vehicle Taxes	772,690	0	0	0	772,690
Fuel Taxes	424,560	0	0	0	424,560
Tobacco Taxes	251,786	0	0	0	251,786
Other Business Taxes	242,548	0	0	0	242,548
Other Personal Taxes	1,057	0	0	0	1,057
Insurance Taxes	183,762	0	0	0	183,762
Beverage Taxes	113,229	0	0	0	113,229
Other Taxes	186,921	0	0	0	186,921
Licenses, Permits and Fees	696,003	0	2,776	0	698,779
Interest and Investment Revenue	174,272	124,777	0	19,630	318,679
Federal Grants	6,652,689	0	0	0	6,652,689
Sales and Services	180,205	0	0	0	180,205
Other Grants and Reimbursements	448,562	0	0	0	448,562
Fines and Penalties	45,034	0	0	0	45,034
Other	254,953	2,789	0	59,287	317,029
<b>Total Revenues</b>	<b>17,121,752</b>	<b>127,566</b>	<b>2,776</b>	<b>78,917</b>	<b>17,331,011</b>
<b>Expenditures</b>					
Education	4,293,365	165,862	0	0	4,459,227
Government Administration	1,472,381	0	0	50,352	1,522,733
Health Services	5,636,440	0	0	0	5,636,440
Legal and Judiciary	248,668	0	0	0	248,668
Museums	9,698	0	0	0	9,698
Natural Resources	273,081	0	0	0	273,081
Public Safety and Defense	786,197	0	0	0	786,197
Regulatory Services	150,864	0	0	0	150,864
Social Services	2,177,124	0	0	0	2,177,124
Transportation	203,021	0	0	0	203,021
Capital Outlay	1,451,561	0	0	44	1,451,605
Debt Service					
Principal Retirement	408,643	0	0	0	408,643
Interest and Fiscal Charges	60,833	0	0	0	60,833
<b>Total Expenditures</b>	<b>17,171,876</b>	<b>165,862</b>	<b>0</b>	<b>50,396</b>	<b>17,388,134</b>
Revenues in Excess of (Less Than) Expenditures	(50,124)	(38,296)	2,776	28,521	(57,123)
<b>Other Financing Sources (Uses)</b>					
Transfers In	76,276	7,311	0	0	83,587
Transfers Out	(7,376)	(0)	(0)	(0)	(7,376)
Bonds Issued	189,250	0	0	0	189,250
Bond Issue Premiums	18,398	0	0	0	18,398
Capital Leases	365	0	0	0	365
Sale of Capital Assets	87,267	0	0	0	87,267
<b>Total Other Financing Sources (Uses)</b>	<b>364,180</b>	<b>7,311</b>	<b>0</b>	<b>0</b>	<b>371,491</b>
<b>Net Change in Fund Balances</b>	<b>314,056</b>	<b>(30,985)</b>	<b>2,776</b>	<b>28,521</b>	<b>314,368</b>
<b>Fund Balances - Beginning of Year (as restated)</b>	<b>3,638,580</b>	<b>2,310,448</b>	<b>78,545</b>	<b>968,746</b>	<b>6,996,319</b>
<b>Fund Balances - End of Year</b>	<b>\$ 3,952,636</b>	<b>\$ 2,279,463</b>	<b>\$ 81,321</b>	<b>\$ 997,267</b>	<b>\$ 7,310,687</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** \$ 314,368

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 (\$810,135) exceeded depreciation (\$524,847) in the current period. 285,288

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 position differs from the change in fund balance by the cost of the asset sold. (27,101)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (49,275)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond payments (\$406,082) exceeded proceeds (\$189,250). 216,832

Bond issuance premiums and discounts are other financing sources or uses to governmental funds, but are deferred liabilities in the statement of net position. This is the amount of bond issue premiums. (18,398)

The amount by which the state's portion of net pension liability (\$837,947) decreased, deferred inflows from pensions (\$577,402) increased, and deferred outflows from pensions (\$340,690) increased compared to the prior fiscal year. 601,235

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 position. This is the amount by which the payment of principal (\$2,561) exceeded the addition of new capital leases (\$816). 1,745

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.

Accretion of bond premiums	16,541	
Increase in entity-wide interest payable	2,504	
Increase in compensated absences	(2,755)	
Amortization of losses on refunded bonds	(861)	
Increase in other postemployment benefit liability	(123)	
Decrease in claims and judgments payable	1,362	
	16,668	16,668

**Change in Net Position of Governmental Activities** \$ 1,341,362

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

State of Oklahoma  
Statement of Net Position  
Proprietary Funds  
June 30, 2015  
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				Total
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	
<b>Assets</b>					
<b>Current Assets</b>					
Cash/Cash Equivalents	\$ 1,223,599	\$ 62,313	\$ 88,321	\$ 16,802	\$ 1,391,035
Investments	0	43,368	323,457	0	366,825
Accounts Receivable	651	0	43,709	6,153	50,513
Interest and Investment Revenue Receivable	7,293	9,184	743	0	17,220
Federal Grants Receivable	11	536	0	0	547
Taxes Receivable	69,322	0	0	0	69,322
Notes Receivable	0	68,874	0	0	68,874
Due from Other Funds	0	0	99	0	99
Other Current Assets	0	0	25,276	0	25,276
<b>Total Current Assets</b>	<b>1,300,876</b>	<b>184,275</b>	<b>481,605</b>	<b>22,955</b>	<b>1,989,711</b>
<b>Noncurrent Assets</b>					
Cash/Cash Equivalents, Restricted	0	34,099	0	0	34,099
Long-Term Investments	0	6,207	0	0	6,207
Long-Term Investments, Restricted	0	81,650	0	0	81,650
Long-Term Notes Receivable	0	1,094,876	0	0	1,094,876
Capital Assets, Net	0	32	1,787	95	1,914
Other Noncurrent Assets	0	0	0	4,829	4,829
<b>Total Noncurrent Assets</b>	<b>0</b>	<b>1,216,864</b>	<b>1,787</b>	<b>4,924</b>	<b>1,223,575</b>
<b>Total Assets</b>	<b>1,300,876</b>	<b>1,401,139</b>	<b>483,392</b>	<b>27,879</b>	<b>3,213,286</b>
<b>Deferred Outflows of Resources</b>					
Deferred Pension Plan Outflows	0	0	0	266	266
<b>Total Deferred Outflows</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>266</b>	<b>266</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable and Accrued Liabilities	1,775	565	126,163	17,282	145,785
Interest Payable	0	7,508	0	0	7,508
Compensated Absences	0	123	0	127	250
Revenue Bonds (Net)	0	43,560	0	0	43,560
Due to Other Funds	0	0	0	2	2
Other Current Liabilities	0	2,830	76,330	0	79,160
<b>Total Current Liabilities</b>	<b>1,775</b>	<b>54,586</b>	<b>202,493</b>	<b>17,411</b>	<b>276,265</b>
<b>Noncurrent Liabilities</b>					
Revenue Bonds (including Premiums)	0	735,240	0	0	735,240
Compensated Absences	0	39	818	64	921
Other Noncurrent Liabilities	0	0	10,436	0	10,436
Pension Obligation	0	0	0	166	166
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>735,279</b>	<b>11,254</b>	<b>230</b>	<b>746,763</b>
<b>Total Liabilities</b>	<b>1,775</b>	<b>789,865</b>	<b>213,747</b>	<b>17,641</b>	<b>1,023,028</b>
<b>Deferred Inflows of Resources</b>					
Deferred Inflows from Pensions	0	0	0	608	608
Deferred Amount on Refunding	0	3,718	0	0	3,718
<b>Total Deferred Inflows</b>	<b>0</b>	<b>3,718</b>	<b>0</b>	<b>608</b>	<b>4,326</b>
<b>Net Position</b>					
Invested in Capital Assets	0	32	1,787	95	1,914
Restricted for:					
Debt Service	0	292,241	0	0	292,241
Lottery Benefits	0	0	0	10,309	10,309
Unemployment Benefits	1,299,101	0	0	0	1,299,101
Unrestricted	0	315,283	267,858	(508)	582,633
<b>Total Net Position</b>	<b>\$ 1,299,101</b>	<b>\$ 607,556</b>	<b>\$ 269,645</b>	<b>\$ 9,896</b>	<b>\$ 2,186,198</b>

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

State of Oklahoma  
Statement of Revenues, Expenses  
and Changes in Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2015  
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				Total
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	
<b>Operating Revenues</b>					
Sales and Services	\$ 274,530	\$ 0	\$ 941,358	\$ 171,633	\$ 1,387,521
Federal Grants	7,099	3,836	0	0	10,935
Interest and Investment Revenue	0	32,068	0	0	32,068
Other	0	0	937	113	1,050
<b>Total Operating Revenues</b>	<b>281,629</b>	<b>35,904</b>	<b>942,295</b>	<b>171,746</b>	<b>1,431,574</b>
<b>Operating Expenses</b>					
Facilities Operations and Maintenance	0	0	0	167	167
Administration and General	5,818	4,705	50,938	5,190	66,651
Prizes, Commissions and Other	0	0	0	106,479	106,479
Interest	0	27,932	0	0	27,932
Depreciation	0	4	165	38	207
Benefit Payments and Refunds	275,240	0	972,817	0	1,248,057
<b>Total Operating Expenses</b>	<b>281,058</b>	<b>32,641</b>	<b>1,023,920</b>	<b>111,874</b>	<b>1,449,493</b>
Operating Income (Loss)	571	3,263	(81,625)	59,872	(17,919)
<b>Nonoperating Revenues (Expense)</b>					
Interest and Investment Revenue	29,163	2,508	22,137	243	54,051
Other Nonoperating Revenues	1,845	2,316	0	0	4,161
Nonoperating Federal Grants	0	16,437	0	0	16,437
Other Nonoperating Expenses	0	0	0	(750)	(750)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>31,008</b>	<b>21,261</b>	<b>22,137</b>	<b>(507)</b>	<b>73,899</b>
Income (Loss) Before Transfers	31,579	24,524	(59,488)	59,365	55,980
Transfers In	0	65	0	0	65
Transfers Out	(16,118)	(47)	0	(60,111)	(76,276)
Change in Net Position	15,461	24,542	(59,488)	(746)	(20,231)
<b>Total Net Position - Beginning of Year</b>	<b>1,283,640</b>	<b>583,014</b>	<b>329,133</b>	<b>10,642</b>	<b>2,206,429</b>
<b>Total Net Position - Ending</b>	<b>\$ 1,299,101</b>	<b>\$ 607,556</b>	<b>\$ 269,645</b>	<b>\$ 9,896</b>	<b>\$ 2,186,198</b>

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

State of Oklahoma  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2015  
(expressed in thousands)

	Business-Type Activities - Enterprise Funds	Business Type Activities	Business Type Activities	Business Type Activities	Total
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 312,299	\$ 0	\$ 1,041,686	\$ 160,298	\$ 1,514,283
Receipts from Federal Grants	7,871	3,562	0	0	11,433
Payments of Benefits	(297,175)	(86)	(1,033,837)	0	(1,331,098)
Payments to Suppliers	0	(2,188)	(32,127)	(10,501)	(44,816)
Payments to Employees	0	(2,370)	(8,351)	(2,389)	(13,110)
Payments to Prize Winners	0	0	0	(86,015)	(86,015)
Payments to fund deposit with Multi-State Lottery	0	0	0	1,027	1,027
Payments of Operating Interest Expense	0	(30,339)	0	0	(30,339)
Collections of Interest on Loans to Governmental Units	0	31,608	0	0	31,608
Net Cash Provided (Used) by Operating Activities	22,995	187	(32,629)	62,420	52,973
<b>Cash Flows from Noncapital Financing Activities</b>					
Federal Grants and Other Contributions	1,786	47,346	0	0	49,132
Transfers In	0	65	0	0	65
Transfers Out	0	(48)	0	(68,894)	(68,942)
Principal Paid on Bonds and Notes Payable	0	(50,045)	0	0	(50,045)
Net Cash Provided (Used) by Noncapital Financing Activities	1,786	(2,682)	0	(68,894)	(69,790)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Payments for Acquisition of Capital Assets	0	(35)	(598)	(71)	(704)
Net Cash Used by Capital and Related Financing Activities	0	(35)	(598)	(71)	(704)
<b>Cash Flows from Investing Activities</b>					
Interest and Investment Revenue	28,963	3,525	2,732	253	35,473
Proceeds from Sale and Maturity of Investments	0	14,456	189,905	0	204,361
Payments to Purchase Investments	0	(1,313)	(171,970)	0	(173,283)
Collections of Principal on Loans to Governmental Units	0	70,385	0	0	70,385
Payments to Issue Notes Receivable	0	(105,876)	0	0	(105,876)
Net Cash Provided by Investing Activities	28,963	(18,823)	20,667	253	31,060
Net Increase in Cash/Cash Equivalents	53,744	(21,353)	(12,560)	(6,292)	13,539
<b>Cash/Cash Equivalents - Beginning of Year</b>	<u>1,169,855</u>	<u>117,765</u>	<u>100,881</u>	<u>23,094</u>	<u>1,411,595</u>
<b>Cash/Cash Equivalents - End of Year</b>	<u>1,223,599</u>	<u>96,412</u>	<u>88,321</u>	<u>16,802</u>	<u>1,425,134</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities</b>					
Operating Income (Loss)	\$ 571	\$ 3,263	\$ (81,625)	\$ 59,872	\$ (17,919)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	0	4	165	38	207
Amortization (Accretion) and Other Noncash Expenses	0	(2,213)	0	7	(2,206)
Decrease (Increase) in Assets					
Accounts Receivable	22,564	0	(3,474)	(25)	19,065
Federal Receivable	6	0	0	0	6
Interest and Investment Receivable	0	(713)	0	0	(713)
Deposit with Multi-State Lottery	0	0	0	1,027	1,027
Other Receivables	0	0	(16,865)	0	(16,865)
Increase (Decrease) in Liabilities					
Accounts Payable and Accrued Liabilities	0	21	58,709	(41)	58,689
Interest Payable	0	(150)	0	0	(150)
Prizes Payable	0	0	0	1,731	1,731
Compensated Absences	0	25	0	0	25
Due to other funds	0	0	0	37	37
Deferred Revenue	(148)	0	0	19	(129)
Other Current Liabilities	0	(50)	10,461	(245)	10,166
Miscellaneous	2	0	0	0	2
Net Cash Provided (Used) by Operating Activities	<u>\$ 22,995</u>	<u>\$ 187</u>	<u>\$ (32,629)</u>	<u>\$ 62,420</u>	<u>\$ 52,973</u>

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

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State of Oklahoma  
Statement of Fiduciary Net Position  
Fiduciary Funds and Similar Component Units  
June 30, 2015  
(expressed in thousands)

	Pension Trust Funds	Agency Fund
<b>Assets</b>		
Cash/Cash Equivalents	\$ 740,754	\$ 672,319
Investments, at fair value		
Equity Securities	15,304,979	0
Governmental Securities	2,805,184	0
Debt Securities	3,724,272	0
Mutual Funds	3,556,213	0
Other Investments	3,101,269	85
Securities Lending Investments	846,490	0
Accounts Receivable	0	6
Interest and Investment Revenue Receivable	68,080	0
Employer Contributions Receivable	29,073	0
Employee Contributions Receivable	17,107	0
Due from Brokers	371,883	0
Due from Primary Government	67,074	0
Inventory	0	7,785
Capital Assets, Net	4,508	0
Other Assets	311	0
Total Assets	<u>30,637,197</u>	<u>680,195</u>
<b>Liabilities</b>		
Account Payable	4,470	66
Deferred Revenue	0	1
Tax Refunds Payable	0	76,034
Securities Lending Payable	846,490	0
Due to Brokers	756,351	0
Due to Other Funds	23	0
Due to Component Units	24	0
Due to Others	0	604,094
Benefits in the Process of Payment	85,933	0
Other Liabilities	13,027	0
Total Liabilities	<u>1,706,318</u>	<u>680,195</u>
<b>Net Position</b>		
Held in Trust for Pension Benefits and Pool Participants	<u>\$ 28,930,879</u>	

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

State of Oklahoma  
Statement of Changes in  
Fiduciary Net Position  
Fiduciary Funds and Similar Component Units  
For the Fiscal Year Ended June 30, 2015  
(expressed in thousands)

	<u>Pension Trust Funds</u>
<b>Additions</b>	
Contributions	
Employer Contributions	\$ 776,365
Employee Contributions	436,799
Other Contributions	<u>485,978</u>
Total Contributions	<u>1,699,142</u>
Investment Earnings	
Net Increase (Decrease) in Fair Value of Investments	499,342
Interest and Investment Revenue	<u>544,880</u>
Total Investment Earnings	1,044,222
Less Investment Expenses	<u>113,526</u>
Net Investment Earnings	<u>930,696</u>
Total Additions	<u>2,629,838</u>
<b>Deductions</b>	
Administrative and General Expenses	20,273
Benefit Payments and Refunds	<u>2,191,680</u>
Total Deductions	<u>2,211,953</u>
Change in Net Position	417,885
<b>Net Position - Beginning of Year</b>	<u>28,512,994</u>
<b>Net Position - End of Year</b>	<u><u>\$ 28,930,879</u></u>

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

## Major Component Units

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

### COMPSOURCE OKLAHOMA

P.O. Box 53505, Oklahoma City, Oklahoma 73152  
www.compsourcemutual.com

Established by statute, provides a source of workers' compensation insurance for all employers within the State of Oklahoma.

### OKLAHOMA STUDENT LOAN AUTHORITY

525 Central Park Drive, Suite 600, Oklahoma City, Oklahoma 73105  
www.osla.org

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

100 N.W. 63rd Street, Suite 200, Oklahoma City, Oklahoma 73116  
www.ohfa.org

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 TURNPIKE AUTHORITY

P.O. Box 11357, Oklahoma City, Oklahoma 73111  
www.pikepass.com

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  
www.grda.com

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  
www.omp.com

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 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.

**Regional University System of Oklahoma Regents** 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.

**University Center of Southern Oklahoma** was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning in southern Oklahoma. Students enrolled in the Program earn credit applicable toward academic degrees and certificates at participating institutions in the System.

**University Center at Ponca City** was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning in northern Oklahoma. Students enrolled in the Program 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 secondary vocational, technical, and adult education programs for persons within their defined geographical boundaries.

State of Oklahoma  
Combining Statement of Net Position  
Major Component Units  
June 30, 2015  
(expressed in thousands)

	CompSource Oklahoma	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike 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	\$ 92,522	\$ 4	\$ 29,186	\$ 7,995	\$ 34,177	\$ 2,635	\$ 1,333,054	\$ 191,670	\$ 1,691,243
Investments	1,546,801	11,913	5,533	58,104	47,685	13,361	1,143,043	28,929	2,855,369
Accounts Receivable	0	0	114	4,292	47,347	15,663	447,805	86,724	601,945
Interest and Investment									
Revenue Receivable	11,377	390	63	1,906	2,324	321	1,963	249	18,593
Federal Grants Receivable	0	0	585	0	0	0	9,611	0	10,196
Other Receivables	12,073	0	0	0	0	0	60,075	1,413	73,561
Notes Receivable	76,489	0	0	0	0	0	9,109	372	85,970
Due from Component Units	0	0	0	0	1,605	0	3,770	434	5,809
Due from Fiduciary Funds	0	0	0	0	0	0	24	0	24
Due from Primary Government	0	0	0	7,078	40	0	14,871	14,429	36,418
Inventory	0	0	0	6,875	72,341	9,146	24,763	0	113,125
Prepaid Items	0	0	355	370	4,062	0	9,104	1,995	15,886
Other Current Assets	5,163	0	0	0	0	652	28,502	5,852	40,169
<b>Total Current Assets</b>	<b>1,744,425</b>	<b>12,307</b>	<b>35,836</b>	<b>86,620</b>	<b>209,581</b>	<b>41,778</b>	<b>3,085,694</b>	<b>332,067</b>	<b>5,548,308</b>
<b>Noncurrent Assets</b>									
Cash/Cash Equivalents -									
Restricted	0	1,571	25,825	79,465	0	0	458,005	3,388	568,254
Investments - Restricted	0	19,990	485,723	210,046	0	150,107	1,563,226	11,546	2,440,638
Long-Term Investments									
Unrestricted	0	0	18,750	0	740,056	17,517	956,316	17,063	1,749,702
Long-Term Notes Receivable, Net									
Unrestricted	15,131	5,779	0	0	0	0	43,023	4,342	68,275
Restricted	0	430,447	0	0	0	0	0	0	430,447
Capital Assets									
Depreciable, Net	31,047	828	2,422	974,619	776,318	413,092	4,534,524	269,811	7,002,661
Land	1,179	0	550	163,206	35,948	0	201,914	4,396	407,193
Construction in Progress	0	0	0	86,616	63,761	89,238	352,966	58,027	650,608
Other Noncurrent Assets									
Unrestricted	5,956	772	0	68	0	126,658	112,655	20,083	266,192
Restricted	0	5,224	2,252	0	11,278	1,091	5,272	36	25,153
<b>Total Noncurrent Assets</b>	<b>53,313</b>	<b>464,611</b>	<b>535,522</b>	<b>1,514,020</b>	<b>1,627,361</b>	<b>797,703</b>	<b>8,227,901</b>	<b>388,692</b>	<b>13,609,123</b>
<b>Total Assets</b>	<b>1,797,738</b>	<b>476,918</b>	<b>571,358</b>	<b>1,600,640</b>	<b>1,836,942</b>	<b>839,481</b>	<b>11,313,595</b>	<b>720,759</b>	<b>19,157,431</b>
<b>Deferred Outflow of Resources</b>									
Deferred Outflows from Pensions	0	413	0	0	0	0	140,744	650	141,807
Accumulated Decrease in Fair Value of Derivatives	0	0	8	61,297	0	11,747	0	0	73,052
Lease Restructuring	0	0	0	0	0	0	3,791	0	3,791
Advance Refunding of Bonds	0	0	0	67,540	0	24,567	4,568	76	96,751
Defeasance of Bonds	0	0	0	0	0	0	6,470	0	6,470
<b>Total Deferred Outflows</b>	<b>0</b>	<b>413</b>	<b>8</b>	<b>128,837</b>	<b>0</b>	<b>36,314</b>	<b>155,573</b>	<b>726</b>	<b>321,871</b>

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

	CompSource Oklahoma	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
<b>Liabilities</b>									
Current Liabilities									
Accounts Payable and Accrued Liabilities	22,231	1,211	1,118	12,788	47,316	22,972	233,835	98,356	439,827
Payable Under Securities									
Claims and Judgements	202,084	0	0	0	0	0	2,887	1,693	206,664
Interest Payable	0	2,768	1,399	16,943	4,417	13,891	20,023	963	60,404
Due to Fiduciary Funds	0	0	0	0	646	89	0	0	735
Unearned Revenue	82,969	0	350	25,210	0	0	141,893	292	250,714
Due to Other Component Units	461	0	0	0	0	1,601	2,959	786	5,807
Due to Primary Government	0	0	2	2,554	48	0	440	2	3,046
Capital Leases	0	0	0	0	0	0	38,828	266	39,094
Capital Leases-Primary Govt.	0	0	0	0	0	0	38,451	0	38,451
Compensated Absences	1,785	260	1,114	647	3,026	0	78,771	331	85,934
Notes Payable	0	0	0	15,000	0	1,998	76,601	3,603	97,202
General Obligation Bonds	0	0	0	0	0	0	0	720	720
Revenue Bonds	0	0	11,145	51,780	22,965	20,015	47,852	1,310	155,067
Other Current Liabilities	0	0	0	0	0	3,880	391,970	20,411	416,261
<b>Total Current Liabilities</b>	<b>309,530</b>	<b>4,239</b>	<b>15,128</b>	<b>124,922</b>	<b>78,418</b>	<b>64,446</b>	<b>1,074,510</b>	<b>128,733</b>	<b>1,799,926</b>
Noncurrent Liabilities									
Claims and Judgements	1,016,029	0	0	0	0	0	4,161	384,597	1,404,787
Due to Primary Government	0	0	0	52,815	0	0	0	0	52,815
Capital Leases	0	0	0	0	0	0	542,169	45	542,214
Capital Leases-Primary Govt.	0	0	0	0	0	0	467,192	0	467,192
Compensated Absences	0	0	0	1,331	1,445	0	34,843	59	37,678
Net Pension Liability	0	5,578	0	0	0	0	1,381,045	401	1,387,024
Notes Payable	0	23,000	0	0	0	39,985	31,591	28,158	122,734
General Obligation Bonds	0	0	0	0	0	0	0	44,190	44,190
Other Postemployment Benefits	0	0	0	0	0	0	188,991	0	188,991
Revenue Bonds	0	381,756	406,982	934,395	1,130,580	698,605	1,352,898	55,249	4,960,465
Unamortized Premium (Discount)	0	0	6,571	64,584	36,231	21,896	28	(112)	129,198
Other Noncurrent Liabilities	0	0	0	61,297	5,527	7,866	189,436	21,232	285,358
<b>Total Noncurrent Liabilities</b>	<b>1,016,029</b>	<b>410,334</b>	<b>413,553</b>	<b>1,114,422</b>	<b>1,173,783</b>	<b>768,352</b>	<b>4,192,354</b>	<b>533,819</b>	<b>9,622,646</b>
<b>Total Liabilities</b>	<b>1,325,559</b>	<b>414,573</b>	<b>428,681</b>	<b>1,239,344</b>	<b>1,252,201</b>	<b>832,798</b>	<b>5,266,864</b>	<b>662,552</b>	<b>11,422,572</b>
<b>Deferred Inflow of Resources</b>									
Accumulated increase in Fair Value	0	0	0	0	0	10,996	0	0	10,996
Derivative Instruments	0	0	0	0	0	0	1,379	0	1,379
Deferred pension plan inflows	0	1,749	0	0	0	0	332,988	1,469	336,206
Service Concession Arrangements	0	0	0	0	0	0	12,468	0	12,468
<b>Total Deferred Inflows</b>	<b>0</b>	<b>1,749</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,996</b>	<b>346,835</b>	<b>1,469</b>	<b>361,049</b>
<b>Net Position</b>									
Invested in Capital Assets, Net of Related Debt	32,226	828	2,972	233,186	304,839	(36,669)	2,745,870	270,858	3,554,110
Restricted for:									
Debt Service	0	0	87,038	133,863	17,705	28,842	88,910	0	356,358
Other Special Purpose									
Expendable	5,000	49,766	793	53,948	5,321	12,131	2,187,562	6,421	2,320,942
Nonexpendable	0	0	0	0	0	0	1,140,743	0	1,140,743
Unrestricted	434,953	10,415	51,882	69,136	256,876	27,697	(307,616)	(219,815)	323,528
<b>Total Net Position</b>	<b>\$ 472,179</b>	<b>\$ 61,009</b>	<b>\$ 142,685</b>	<b>\$ 490,133</b>	<b>\$ 584,741</b>	<b>\$ 32,001</b>	<b>\$ 5,855,469</b>	<b>\$ 57,464</b>	<b>\$ 7,695,681</b>

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

State of Oklahoma  
Combining Statement of Activities  
Major Component Units  
For the Fiscal Year Ended June 30, 2015  
(expressed in thousands)

	Program Revenues				General Revenue		Change in Net Position	Net Position Beginning of Year	Net Position End of Year
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government				
<b>Component Units:</b>									
CompSource Oklahoma	\$ 317,195	\$ 395,609	\$ 0	\$ 78,414	\$ 0	\$ 78,414	\$ 393,765	\$ 472,179	
Oklahoma Student Loan Authority	14,599	12,673	0	(1,926)	0	(1,926)	62,935	61,009	
Oklahoma Housing Finance Agency	160,645	39,286	124,210	2,851	0	2,851	139,834	142,685	
Oklahoma Turnpike Authority	202,622	257,863	0	55,241	0	55,241	434,892	490,133	
Grand River Dam Authority	463,255	485,011	0	21,756	0	21,756	562,985	584,741	
Oklahoma Municipal Power Authority	188,832	194,908	0	6,076	0	6,076	25,925	32,001	
Higher Education Component Unit	4,536,950	2,445,126	1,368,706	(723,118)	1,030,060	306,942	5,548,527	5,855,469	
Nonmajor Component Units Total	486,099	390,623	6,795	(88,681)	118,391	29,710	27,754	57,464	
Total Component Units	<u>\$ 6,370,197</u>	<u>\$ 4,221,099</u>	<u>\$ 1,499,711</u>	<u>\$ (649,387)</u>	<u>\$ 1,148,451</u>	<u>\$ 499,064</u>	<u>\$ 7,196,617</u>	<u>\$ 7,695,681</u>	

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



NOTES TO THE FINANCIAL STATEMENTS

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

### **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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

In June of 2012 the Governmental Accounting Standards Board (GASB) issued Statement 68 *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27*. The objective of this statement is to improve financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities

This Statement replaces the requirements of Statement No. 27 *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement 50 *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement.

The scope of this statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The state was required to implement this standard for the fiscal year ended June 30, 2015.

In January 2013 GASB issued Statement 69 *Government Combinations and Disposals of Government Operations*. The objective of this statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

A disposal of a government’s operations results in the removal of specific activities of a government. This statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

The state was required to implement this standard for the fiscal year ended June 30, 2015.

In November 2013 GASB issued Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement 68*. The objective of this statement is to address an issue regarding application of the transition provisions of statement 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

This statement amends paragraph 137 of statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The state was required to implement this standard for the fiscal year ended June 30, 2015.

#### New Accounting Pronouncements Issues Not Yet Adopted:

GASB Statement No. 72 *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73 *Accounting and Financial Reporting for Pension and Related assets That Are not within the Scope of Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68* establishes requirements for defined benefits pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for the State and Local Governments* identifies, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses accounting and financial reporting for OPEB that is provided to the employees of the state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about defined benefit OPEB also are addressed.

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, 2015, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts, authorities and 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 (GAAP), 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 Management and Enterprise Services, 5005 North Lincoln Blvd., Suite 100, 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 Fund was audited by other independent auditors for the year ended December 31, 2014, and their report, dated June 3, 2015, has been previously issued under separate cover.

The CompSource Mutual Insurance Company Act (HB 2201) was signed into law during 2013 and provides that CompSource, after a transition period, will become a domestic mutual insurance company effective January 1, 2015. As of this date it will cease to be a component unit of the state.

**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, 2015, and their report, dated December 16, 2015 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, 2014, and their report, dated January 20, 2015, has been previously issued under separate cover.

**Oklahoma Turnpike Authority** constructs, maintains, repairs, and operates turnpike projects at locations authorized by the Legislature and approved by the State Department of Transportation. The Authority receives its revenues from turnpike tolls and a percentage of turnpike concession sales. The Authority issues revenue bonds to finance turnpike projects. The Authority consists of the governor and six members appointed by the governor, with the 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, 2014, and their report, dated March 31, 2015, 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 seven member Board of Directors consists of the General Manager of the Oklahoma Association of Electric Cooperatives, the Executive Director of the Municipal Electric Systems of Oklahoma, and appointees by the governor, the speaker of the House of Representatives, and the president

pro tempore 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, 2014, and their report, dated March 31, 2015, 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, 2014, and their report, dated March 26, 2015, has been previously issued under separate cover.

**Higher Education Component Unit** - This component unit is primarily comprised of the 25 colleges and universities that are members of the Oklahoma State System of Higher Education (the System). All of the colleges and universities have foundations that receive and hold economic resources for the benefit of their associated entity. These foundations are component units of their respective college or university and are included as part of the Higher Education Component Unit. Separately issued independent audit reports for each college, university, foundation, or other included entity may be obtained from the Office of Management and Enterprise Services, 5005 North Lincoln Blvd., Suite 100, 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. 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.
- **Regional University System of Oklahoma** 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 the State Superintendent of Public Instruction and eight 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. Each of the six regional state universities has one or more foundations that are component units of their respective university and are included in the Higher Education Component Unit.
- **University Center of Southern Oklahoma (formerly known as Ardmore Higher Education Program)** was 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 Center earn credit applicable toward academic degrees and certificates at participating institutions in the System. Participating Institutions are: East Central University, Murray State College, and Southeastern Oklahoma State University. The Center is administered by a Board of Trustees appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the Center 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.
- **University Center at Ponca City** was established to make educational program resources in the Oklahoma State System of Higher Education available to the citizens in Northern Oklahoma and the Ponca City community. The Center is administered by a Board of Trustees consisting of nine members appointed by the governor with the advice and consent of the Senate. The state can impose its will on the Center by its ability to modify and approve their budget.

## NONMAJOR COMPONENT UNITS

**Oklahoma Educational Television Authority (OETA)** 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 OETA. OETA also has a non-profit foundation that was established to receive private donations and contributions for the benefit of OETA. This foundation qualifies as a component unit of OETA, and is combined with OETA. OETA was audited by other independent auditors for the year ended June 30, 2015, and their report, dated October 12, 2015, 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, 2015, and their report, dated October 22, 2015, has been previously issued under separate cover.

**Multiple Injury Trust Fund** provides benefits to a worker with a pre-existing disability who suffers a second on-the-job injury. The state can impose its will on the Fund by its ability to remove management (appointees) at will. The Fund was audited by other independent auditors for the period ended December 31, 2014, and their report, dated June 30, 2015, 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, 2015, and their report, dated October 30, 2015, 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, appointed by the governor, with the advice and consent of the Senate, is comprised of seven members: one person selected from each of the six Congressional Districts of the state as they existed in 1960 and the Director of the Department of Commerce. 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, 2015, and their report, dated October 15, 2015, has been previously issued under separate cover.

**Oklahoma Capital Investment Board** assists the state with industrial development by mobilizing equity and near-equity capital making investments for the 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 Board by its ability to veto or modify the Board's decisions. The Board, in order to mobilize investments, owns the Oklahoma Capital Formation Company LLC (OCFC), a formerly independent corporation. During fiscal year 2006, the Board purchased 100% of the ownership of the OCFC. In fiscal year 2007 OCFC changed its corporate structure and name from a corporation to an Oklahoma limited liability company (LLC). Operations of the OCFC are included in the financial results of the Board. The Board was audited by other independent auditors for the year ended June 30, 2015, and their report, dated September 8, 2015, has been previously issued under separate cover.

**Oklahoma State University Medical Authority** is affiliated with the Oklahoma State University Center for Health Sciences to provide funding, teaching and training for graduate medical students. It also serves as a site for conducting medical research by faculty and providing patient care. The board is governed by seven members which consists of the following: a member appointed by the governor, with the advice and consent of the Senate, a member appointed by the president pro tempore of the Senate, a member appointed by the speaker of the House of Representatives, the CEO of the Oklahoma Health Care Authority, or his or her designee, the president of the OSU Center for Health Sciences, CEO of the Oklahoma State University Medical Authority and an appointee of the president of Oklahoma State University. A financial benefit/burden exists between the Authority and the state. The Authority was audited by other independent auditors for the year ended June 30, 2015, and their report, dated November 19, 2015, has been issued under separate cover. In October 2013, Oklahoma State University Medical Trust, Oklahoma State University Medical Center Trust, and the Authority entered into a Tripartite Agreement and Plan of Merger. Under the terms of the merger agreement the Oklahoma State University Medical Center Trust merged with the Oklahoma State University Medical Trust. Oklahoma State University Medical Trust the surviving entity is deemed to be a component unit of the Authority due to the common governance.

### **FIDUCIARY COMPONENT UNITS**

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 legally separate component units, while meeting the definition of a component unit, 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 Management and Enterprise Services, 5005 North Lincoln Blvd., Suite 100, 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, and the Director of the Office of Management and Enterprise Services (or their designee), 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, 2015, and their report, dated October 7, 2015, 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 the Office of Management and Enterprise Services (or their 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, and the president pro tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2015, and their report, dated October 13, 2015, 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 State Insurance Commissioner and the Director of the Office of Management and Enterprise Services (or their designee), a member of the Corporation Commission selected by the Corporation Commission, the Director of Human Capital Management of the Office of Management and Enterprise Services, a member of the Oklahoma Tax Commission selected by the Tax Commission, three appointees by the governor, one member appointed by the Supreme Court, two members appointed by the speaker of the House of Representatives, and two members appointed by the president pro tempore of the

Senate. The System was audited by other independent auditors for the year ended June 30, 2015, and their report, dated November 16, 2015, 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 Board of Trustees is comprised of thirteen members: a member of the Corporation Commission selected by the Commission, a member of the Tax Commission as selected by the Tax Commission, the Administrator of the Office of Personnel Management or designee, the State Insurance Commissioner or designee, and the Director of the Office of Management and Enterprise Services (or their designee). Of the remaining members, three are appointed by the governor, one is appointed by the Supreme Court, two are appointed by the speaker of the House of Representatives and two are appointed by the president pro tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2015, and their report, dated November 16, 2015, 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 State Insurance Commissioner and the Director of the Office of Management and Enterprise Services (or their designee), and appointees by the governor, the speaker of the House of Representatives, the president pro tempore of the Senate, and the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2015, and their report, dated September 14, 2015, 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 13 members appointed 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, 2015, and their report, dated December 22, 2015, 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.

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

The government-wide financial statements (the statement of net position and the statement of activities) report information for all of the non-fiduciary 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 given 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 function, 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 position is restricted when constraints placed on it is either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. 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 sixty 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 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 as it is utilized. Unused reimbursable leave following an employee's resignation or retirement that is unpaid at year end is recognized as an expenditure and a liability of the fund.
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a commitment 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.

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 requisitioned from the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits, monthly premiums for self-funded insurance benefits provided to statutorily defined state employees by the Employees Group Insurance Department, interest revenue charges for loans made to local entities by the Oklahoma Water Resources Board (OWRB), and the sale of lottery tickets and related chance games by the Lottery Commission. The OWRB reports federal grants as both operating and nonoperating, depending on 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, government administration, 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 balances held to service imminent debt activity presented as a component of restricted fund balance.

**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.

**Employees Group Insurance Department of the Office of Management and Enterprise Services** provides group health, life, dental, disability and other 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. Coverages are funded by monthly premiums paid by employers and employees.

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

**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.

**Oklahoma Lottery Commission Enterprise Fund** – This fund operates the state-wide lottery program and related chance games, seeking to generate additional revenues for the benefit of the state’s educational system.

### 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 position of the Wildlife Conservation Retirement Plan in the Primary Government, and six Public Employee Retirement Systems (PERS) that meet the definition of a component unit of the state.

**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, 2015, and for the year then ended, except for the following funds and entities which were audited by other independent auditors.

CompSource Oklahoma	12-31-14
Multiple Injury Trust Fund	12-31-14
Employees Group Insurance Department	12-31-14
Oklahoma Turnpike Authority	12-31-14
Grand River Dam Authority	12-31-14
Oklahoma Municipal Power Authority	12-31-14
Oklahoma Housing Finance Agency	09-30-14

#### **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 a component of either restricted or committed fund balance for GAAP purposes. Since the budgetary basis differs from GAAP, 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, 2015 to revenues in excess of (less than) expenditures and other financing sources (uses) presented in conformity with GAAP 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 cannot 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 Secretary of State Finance and Revenue 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 thirty months from the date of appropriation.

If funding sources are not sufficient to cover appropriations, the Secretary of State Finance and Revenue 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. All fiscal year 2015 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 relative 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 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 state treasurer also promulgates all rules and regulations regarding the amount of collateral securities that must be pledged to secure public deposits.

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, which are collected within sixty days after year end. Lease payments receivable in the General Fund consists primarily of capital lease payments due for equipment and railroad lines owned by the Department of Transportation. Collectability 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 Turnpike Authority (OTA) from the Oklahoma Tax Commission. These taxes are apportioned to OTA monthly to fund debt service, but only 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 and Prepaid Expenses**

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 component of nonspendable fund balance on the balance sheet, except for \$767,000 in food commodities which is recorded as inventory and deferred revenue. Upon distribution, the 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, with cost being determined on either the first-in first-out or average cost basis.

Prepaid expenses are recorded using the “purchases method,” meaning that they are initially recorded as expenditures. At fiscal year-end, significant amounts of prepaid expenditures are shown as a component of nonspendable fund balance, indicating they do not constitute available expendable resources.

## **K. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (which are 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 capital 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 DOT 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 an 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 unit's 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 Position. 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 capital 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 delayed 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 sixty 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 deferred inflow for deferred revenue is removed from the combined statement of net position, 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 are the undistributed food commodity inventories.

**N. Compensated Absences**

Employees earn annual vacation leave at the average 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 240 hours for employees with less than 5 years of continuous service or 480 hours for employees with 5 years or more of continuous service. 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 Department of the Office of Management and Enterprise 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 Department 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 Department 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 Department is also charged with the responsibility to immediately notify the Attorney General of any claims against the state presented to Risk Management.

#### **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 in the period incurred.

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 enterprise funds and component units account for any arbitrage rebate payable as a liability of the fund.

#### **R. Governmental Activities**

Per a review of state agencies, it was determined that the activities of the Oklahoma Health Care Authority, Department of Veteran Affairs, and the J.D. McCarty Center were more accurately reflected in the Health Services function of government instead of Social Services. Beginning with the fiscal year ended June 30, 2005, these agencies are reported as a function of Health Services. This will affect the comparability of activities with years prior to 2005.

#### **S. Governmental Fund – Fund Balance**

The governmental fund financial statements present fund balance at the aggregate level of detail within the categories defined by GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Refer to Note 12 for further discussion.

#### **T. Deficit Fund Balance – Multiple Injury Trust Fund/Oklahoma Capital Investment Board**

The Multiple Injury Trust Fund (MITF), a component unit, continues to operate in a deficit situation. MITF had total net liabilities (negative net position) of \$379,437,000 at December 31, 2014. 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 limits future awards against MITF to claimants that timely filed injury claims that occurred before June 1, 2000, against their employer. These claimants have no time limitation for filing against MITF. No new claims related to injuries subsequent to June 1, 2000, can be filed. Funding is to continue until the Workers' Compensation Commission has certified that there are sufficient funds to satisfy all outstanding obligations of MITF.

The Oklahoma Capital Investment Board (OCIB), a component unit, operated at a deficit for the fiscal year. In fiscal year 2006 the OCIB purchased 100% of the ownership of the Oklahoma Capital Formation Company LLC (OCFC), a formerly blended entity. This purchase brought on the long-term liabilities of the OCFC, and as a result, puts the OCIB in

a negative net asset position. For the fiscal year ended June 30, 2015, the OCIB had negative net position of \$4,473,000. The OCIB takes a long-term approach to economic stimulation, and it is anticipated that a negative net position balance could persist well into the future.

#### **U. Pollution Remediation Obligations**

During the fiscal year ended June 30, 2015, it was determined that several agencies incurred expenses of \$814,000 for pollution obligations related to hazardous material on highways and asbestos removal, where clean-up is generally required to comply with federal regulations. This type of remediation is generally a control obligation performed as part of current operations during road construction or building renovation. There was also a liability incurred of \$4,709,000 which is included in accounts payable on the government-wide financial statements.

Pollution remediation obligation is determined by the agency responsible for performing the remediation. These estimates are subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. There are currently no expectations of cost recoveries from ongoing projects.

## **Note 2. Deposits and Investments**

The state treasurer maintains two investment portfolios. The treasurer's portfolio is used to manage the investments of all state moneys that are under the control of the state treasurer where earnings accrue to the General Fund of the state. The State Agency Portfolio is used for the investment of a limited number of state agencies specifically authorized by statute to direct the activities of certain funds and accounts where the earnings accrue to those funds and accounts. Ancillary to the treasurer's portfolio is an internal investment pool, OK INVEST, for all state funds and agencies that are considered part of the State of Oklahoma. All cash balances held through the state treasurer for the Primary Government, Component Units and Fiduciary Funds earn a return through the OK INVEST pool program.

In accordance with statutes, the state treasurer's investment policy allows for investments in the following categories:

United States Treasury Bills, Notes and Bonds	Collateralized or insured certificates of deposit
United States Government Agency Securities	Negotiable certificates of deposit
Prime Banker's acceptances	Prime commercial paper
Investment grade obligations of state and local governments	Repurchase agreements
Short-term bond funds	Money market funds
Foreign bonds	

The state treasurer's investment policy attempts to reduce portfolio risk through diversification by security, institution and maturity. With the exception of U.S. Treasury securities, no more than 50% of the state's total funds available for investment will be invested in a single security or with a single financial institution. In addition, the state treasurer's investments will not have an average maturity greater than 4 years unless specifically otherwise designated by the state treasurer. The following table outlines the state treasurer's diversification limits designed to control various types of risk:

Investment Type	Percentage of Total Invested	Percentage of Total by Issuer	Maturity Limit	Rating
U.S Government Agency Securities	50%	35%	10 Years	AAA
U.S. Government Agency Mortgage Backed Securities	45%	No Limit	7 Years	AAA
Collateralized or Insured Certificates of Deposit	Limit of \$35 Million per financial institution		365 Days	N/A
Negotiable Certificates of Deposit	7.5%	2.5%	180 Days	A-1 & P-1
Bankers Acceptance	7.5%	2.5%	270 Days	A-1 & P-1
Commercial Paper	7.5%	2.5%	180 Days	A-1 & P-1
State and Local Government Obligations	10%	5.0%	30 Years	AAA
Repurchase and Tri-party Repurchase Agreements	30%	10%	14 Days	A-1
Money Market Mutual Funds	30%	10%	1 Day	AAA
Foreign Bonds	2.5%	No Limit	5 Years	A-/A3 or better

The Primary Government's three permanent funds, Commissioners of the Land Office, Department of Wildlife Lifetime Licenses, and the Tobacco Settlement Endowment all have investment goals and horizons that differ from the state treasurer. Accordingly, the investment policies for the permanent funds allow for broader classes of investments as well as extended dates of maturity.

The Employment Security Commission, Water Resources Board, Office of Management and Enterprise Services-Employees Group Insurance Department (EGID) and Lottery Commission are the four business-type activities within the Primary Government. These agencies generally have investment policies that correlate to the operations and services that they perform. The Employment Security Commission generally will not invest outside of U.S. Government securities and typically maintains deposit balances only. The Water Resources Board, EGID and Lottery Commission all operate with longer investment horizons and as part of normal operations will attempt to match maturities of investments with the approaching maturity of liabilities.

Due to the nature of the internal investment pool, ownership of investments cannot be assigned to individual funds, including the Pension Trust Funds and Component Units. The investment pool also holds securities purchased with cash collateral from securities lending, which are not assigned to individual funds. For these reasons, total investments will not tie to the financial statements for the Primary Government. The following table details the investments held by the Primary Government at June 30, 2015 (expressed in thousands):

Investment Type	Investments - Primary Government			
	Government Administration	Permanent Funds	Business-Type Activities	Total Primary Government
<b>POOLED INVESTMENTS</b>				
US Agency & Treasury	\$ 5,274,657	\$ -	\$ -	\$ 5,274,657
Money Market Mutual Funds	815,206	-	-	815,206
Securities Lending Collateral Pool	50,840	97,664	-	148,504
Mutual Funds	2,189	-	-	2,189
Certificates of Deposit & Commercial Paper	308,679	-	-	308,679
State & Muni Bond Issues	152,030	-	-	152,030
<b>NON-POOLED INVESTMENTS</b>				
US Agency & Treasury	22,652	407,249	89,399	519,300
Domestic Corporate Bonds	-	745,567	188,810	934,377
Foreign Corporate Bonds	50,000	153,579	-	203,579
Domestic Equities	28,185	1,321,573	120,810	1,470,568
Foreign Equities	-	140,411	-	140,411
Other	-	431,837	55,663	487,500
Money Market Mutual Funds	175	-	-	175
Totals	\$ 6,704,613	\$ 3,297,880	\$ 454,682	\$ 10,457,175

## Fiduciary Funds and Similar Component Units

The Fiduciary Funds of the state have investment goals that vary significantly from the Primary Government. Due to the long term nature of these funds, investment options are broader and maturities can be longer than that of the Primary Government. These funds generally have investment policies allowing for investments in stocks, bonds, fixed income securities and other investment securities including commingled, mutual and index funds. Generally policies allow for a portion of investments to be held in securities of foreign companies and countries. Policies also allow for portions of the total portfolio to be held in derivatives and derivative like investments such as U.S. Treasury Strips, collateralized mortgage obligations, convertible securities and variable rate instruments.

## Component Units

The Component Units of the state have varied investment goals based on the demands of their specific enterprise, and commonly have investment policies that allow for broader asset classes and longer maturities than that of the Primary Government. Various finance authorities invest in an attempt to match targeted returns to the maturity of liabilities. The Higher Education Component Unit is comprised of numerous foundations that invest in order to maximize gains for the institutions that they support. These foundations may also hold assets of different classes as part of donor restrictions and covenants. The following table outlines the Component Units' investment holdings at June 30, 2015 (expressed in thousands):

<b>Investments - Component Units</b>	
Investment Type	Total Component Units
US Agency & Treasury	\$ 1,513,742
Domestic Debt Instruments	1,459,341
Foreign Corporate Bonds	64,777
Domestic Equities and Equity Funds	1,346,891
Foreign Equities	223,701
Other	1,991,286
Money Market Mutual Funds	428,024
	<u>\$ 7,027,762</u>

### A. Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the state will not be able to recover the value of its investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, not registered in the name of the state, or held by the counterparty or its trust department but not in the state's name.

### Primary Government

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 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. All investments held by the state treasurer are insured, registered, or held in the name of the state treasurer.

As of June 30, 2015, the Primary Government's bank balances of deposits are fully insured or collateralized with securities held by an agent of the state in the state's name. In addition to these deposits, the state has approximately \$1,226,959,000 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.

## Fiduciary Funds and Similar Component Units

The Pension Trust Funds, fiduciary component units of the state, have investment policies that do not specifically address custodial credit risk of deposits and investments. However, each Pension Trust Fund utilizes multiple investment managers and limits cash and short-term investments to no more than 5% of each investment manager's portfolio. At June 30, 2015, the Pension Trust Funds had deposits and cash equivalents of \$740,754,000 of which \$38,134,000 were uninsured and uncollateralized.

### Component Units

Generally, the Component Units of the state have investment policies that do not specifically address or limit custodial credit risk of deposits and investments. All Component Units typically follow the diversification and securitization of deposit policies defined by the state treasurer in an effort to minimize custodial credit risk.

## B. Credit Risk

Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the debt instrument issuer's ability to meet its obligation. The state, its Fiduciary Funds and Component Units utilize the credit quality ratings issued by Moody's, Standard and Poor's, or Fitch in determining the risk associated with its fixed-income investments. Obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government are not considered to have credit risk. Certain debt instruments are commingled investments that do not have an applicable credit risk rating. These investments are presented as not rated in the accompanying tables.

### Primary Government

As outlined in an earlier table, the state treasurer seeks to hold investments with a rating of A or higher as rated by Moody's. Generally, the Permanent Funds and the business-type activities seek to maintain the same or higher rating. The Water Resources Board, which has a high concentration of investments with one issuer, requires that issuer to maintain an average credit rating of AA or higher. Should this issuer's rating fall below AA, it is required to collateralize the guaranteed investments sufficient to maintain an AA rating on the contracts. At June 30, 2015, the Primary Government had the following investments subject to credit risk (expressed in thousands):

#### Credit Risk - Primary Government

Investment Rating Moody's/S&P/Fitch	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	\$ 495,070	\$ 2,740	\$ 906,621	\$ -	\$ 1,404,431
Aa/AA/AA	5,344,328	-	32,484	4,671	5,381,483
A/A/A	26,044	1,785	44,622	21,997	94,448
Baa/BBB/BBB	-	9,046	234,249	34,828	278,123
Ba/BB/BB	-	206	151,825	39,930	191,961
B/B/B	-	865	169,714	22,825	193,404
Caa/CCC/CCC	-	-	26,001	1,653	27,654
Ca/CC/CC	-	-	1,084	324	1,408
C/C/C	-	-	18	-	18
Not Rated/Not Applicable	80,545	-	183,140	62,709	326,394
Total	\$ 5,945,987	\$ 14,642	\$ 1,749,758	\$ 188,937	\$ 7,899,324

## Fiduciary Funds and Similar Component Units

The Pension Trust Funds typically hold a significant portion of assets in the form of debt instruments. Each Pension Trust Fund has an investment policy governing their credit risk exposure. Generally, at the time of purchase, investments in domestic fixed-income investments must carry the highest rating either Aaa, (Moody's) or AAA, (S&P, Fitch) as

determined by the national rating organizations. International debt instruments must be Baa or BBB at the time of purchase. Overall, each investment policy generally requires that an average credit quality rating of A or higher be maintained for total debt instrument holdings. At June 30, 2015, the Pension Trust Funds had the following credit risk exposure (expressed in thousands):

#### Credit Risk - Pension Trust Funds

Investment Rating Moody's/S &P/Fitch	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	\$ 1,223,272	\$ 14,781	\$ 504,930	\$ -	\$ 1,742,983
Aa/AA/AA	810,629	20,075	246,319	-	1,077,023
A/A/A	8,068	46,728	518,907	4,471	578,174
Baa/BBB/BBB	1,178	40,796	834,039	4,619	880,632
Ba/BB/BB	-	19,346	515,822	2,676	537,844
B/B/B	-	4,389	335,595	-	339,984
Caa/CCC/CCC	207	898	93,836	2,995	97,936
Ca/CC/CC	-	-	1,224	-	1,224
C/C/C	-	-	938	-	938
D/D/D	-	-	4,465	-	4,465
Not Rated/Not Applicable	681,050	22,674	277,745	286,784	1,268,253
Total	\$ 2,724,404	\$ 169,687	\$ 3,333,820	\$ 301,545	\$ 6,529,456

#### Component Units

The Component Units usually hold a significant portion of their respective portfolios in debt instruments. Each Component Unit has an investment policy governing credit risk. As a general rule, the Component Units have more liberal investment policies than the Primary Government that allow for greater levels of credit risk regarding debt securities. Foundations within the Higher Education Component Unit also hold a significant portion of their total debt portfolio as either bond funds or money market mutual funds. These debt instruments are generally pooled or commingled investments and are not subject to credit risk disclosures. Investments in U.S. Government securities are not subject to credit risk. At June 30, 2015 the Component Units had the following credit risk exposure (expressed in thousands):

#### Credit Risk - Component Units

Investment Rating Moody's/S&P/Fitch	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	\$ 1,365,345	\$ -	\$ 553,372	\$ -	\$ 1,918,717
Aa/AA/AA	387	-	113,515	23,375	137,277
A/A/A	-	-	440,598	-	440,598
Baa/BBB/BBB	-	-	408,339	-	408,339
Not Rated/Not Applicable	143,410	33	376,141	41,369	560,953
Total	\$ 1,509,142	\$ 33	\$ 1,891,965	\$ 64,744	\$ 3,465,884

### C. Concentration of Credit Risk

#### Primary Government

The state treasurer's investment policy seeks to mitigate concentration of credit risk through targeted diversification limits as outlined earlier in this note. With the exception of US Treasury securities, no more than 50% of the state's total funds available for investment will be invested in a single security type or with a single financial institution. The Water Resources Board, a business-type activity of the Primary Government, has no policy limiting amounts that may be

invested in one issuer. At June 30, 2015, the Board held no Guaranteed Investment Contracts issued by Transamerica Occidental Life Insurance Co. / Transamerica Life Insurance and Annuity Co.

#### D. Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration is a measure of a debt instrument's exposure to fair value changes arising from changes in interest rates based on the present value of future cash flows, weighted for those cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes. The state, its Fiduciary Funds, and Component Units use either duration, modified duration or weighted average years outstanding as the standard measures for assessing interest rate risk. Generally, the longer the duration or years outstanding, the greater sensitivity an investment has to interest rate risk.

#### Primary Government

As outlined in a previous table, the state treasurer follows an investment policy seeking to keep the average maturity for its entire portfolio to less than four years. The Permanent Funds and the business-type activities of the Primary Government do not have the same liquidity demands as the state treasurer, and as a matter of policy are not as restrictive regarding maturities. At June 30, 2015, the Primary Government had the following investments with maturities (expressed in thousands):

Interest Rate Risk - Primary Government						
	US Treasury, Agency and Municipal Securities	International Government Instruments	US Corporate Debt Instruments	International Debt Instruments		Total
Weighted Average Years to Maturity						
Less than 1 year Weighted Average to Maturity	\$ 55,935	\$ -	\$ 821,028	\$ -		\$ 876,963
1 - 5 years	3,098,162	-	892,335	55,880		4,046,377
6 - 10 years	2,659,837	10,297	36,395	133,057		2,839,586
10 or more years	52,841	4,345	-	-		57,186
No Maturity or Not Applicable	79,212	-	-	-		79,212
Total	\$ 5,945,987	\$ 14,642	\$ 1,749,758	\$ 188,937		\$ 7,899,324

#### Fiduciary Funds and Similar Component Units

The Pension Trust Funds generally do not have a formal investment policy on interest rate risk. However, interest rate risk is generally controlled through diversification of portfolio management styles. Each Pension Trust Fund reviews the performance of each investment manager, and monitors the interest rate risk as part of the performance assessment. At June 30, 2015, the Pension Trust Funds had the following exposure to interest rate risk (expressed in thousands):

Interest Rate Risk - Pension Trust Funds						
	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments		Total
Duration or Weighted Average Years						
Less than 1 year duration	\$ 64,730	\$ 25,608	\$ 547,797	\$ 3,806		\$ 641,941
1 - 5 years	921,632	24,521	761,775	8,145		1,716,073
6 - 10 years	356,084	65,117	1,536,628	4,100		1,961,929
10 or more years	1,381,958	54,441	394,270	1,763		1,832,432
No Duration	-	-	93,350	283,731		377,081
Total	\$ 2,724,404	\$ 169,687	\$ 3,333,820	\$ 301,545		\$ 6,529,456

#### Component Units

The state's Component Units typically have board approved investment policies designed to manage exposure to fair value losses that arise from interest rate risk. The policies of the various Component Units can differ significantly since each investment policy is designed to match the portfolio objectives for that Component Unit. A substantial portion of the Component Units' holdings in debt instruments is in money market mutual funds and bond mutual funds with demand

maturities which are presented below as not having an applicable maturity. On June 30, 2015, the Component Units had the following interest rate risk exposure (expressed in thousands):

**Interest Rate Risk - Component Units**

<b>Weighted Average Years to Maturity</b>	<b>US Treasury, Agency and Municipal Securities</b>	<b>International Government Securities</b>	<b>US Corporate Debt Instruments</b>	<b>International Debt Instruments</b>	<b>Total</b>
Less than 1 year Weighted Average to Maturity	\$ 334,038	\$ -	\$ 1,382,879	\$ -	\$ 1,716,917
1 - 5 years	881,735	-	161,207	-	1,042,942
6 - 10 years	47,817	-	28,083	23,375	99,275
10 or more years	78,669	-	-	-	78,669
No Maturity or Not Applicable	166,883	33	319,796	41,369	528,081
Total	<u>\$ 1,509,142</u>	<u>\$ 33</u>	<u>\$ 1,891,965</u>	<u>\$ 64,744</u>	<u>\$ 3,465,884</u>

**E. Foreign Currency Risk**

Foreign Currency Risk is the risk that changes in currency exchange rates will adversely affect the fair value of a deposit or investment. The state, its Fiduciary Funds and Component Units typically make investments in foreign securities to achieve an additional level of diversification within the various portfolios under management. Foreign currencies held as cash and cash equivalents are usually held to limit losses in foreign investments due to fluctuations in currency values.

**Primary Government**

The General Government is not invested in securities that are exposed to foreign currency risk; however, the Permanent Funds have policies that will typically allow a portion of the total portfolio to be invested in international securities in an effort to improve diversification and total returns. The business-type activity's investing policies do not specifically address foreign investments, and they will typically not hold any international securities. At June 30, 2015, the Primary Government had the following foreign currency risk (expressed in thousands):

### Foreign Currency Risk - Primary Government

Currency	Equities	Debt Instruments	Cash and Equivalents	Total
Australian dollar	\$ 1,800	\$ 1,247	\$ 20	\$ 3,067
Argentine peso	-	77	-	77
Brazilian real	3,553	3,190	3	6,746
British pound sterling	24,611	3,785	235	28,631
Bermuda dollar	3,421	1,383	-	4,804
Canadian dollar	5,534	2,964	-	8,498
Cayman dollar	1,769	2,388	-	4,157
Chilean peso	-	407	-	407
Columbian peso	-	1,829	-	1,829
Croatian kuna	-	206	-	206
Dominican peso	-	221	-	221
Euro	42,514	23,365	9	65,888
Honduran lempira	-	216	-	216
Hong Kong dollar	5,096	-	-	5,096
Indian rupee	1,398	-	-	1,398
Indonesian rupiah	1,399	2,220	-	3,619
Japanese yen	21,732	10	-	21,742
Kenyan shilling	-	213	-	213
Malaysian ringgit	-	-	15	15
Mexican peso	1,253	3,974	117	5,344
Moroccan dirham	-	531	-	531
New Israeli sheqel	2,595	-	-	2,595
New Taiwan dollar	4,182	-	-	4,182
Norwegian krone	4,220	-	-	4,220
Peruvian nuevo sol	-	285	-	285
Philippines peso	-	235	-	235
Singapore dollar	2,558	-	-	2,558
South African rand	-	-	10	10
South Korean won	1,321	-	-	1,321
Swiss franc	9,767	-	-	9,767
Thai baht	1,688	-	-	1,688
Trinidad and Tobago dollar	-	140	-	140
Turkish lira	-	770	-	770
West African franc	-	216	-	216
Totals	<u>\$ 140,411</u>	<u>\$ 49,872</u>	<u>\$ 409</u>	<u>\$ 190,692</u>

### Fiduciary Funds and Similar Component Units

The Pension and Other Employee Benefit Trust Funds generally have investment policies regarding limits on the amount of foreign securities that can be held within their respective portfolios. The Trust Funds have a significantly longer time frame for achieving their investment goals, and investments in foreign securities offer an additional level of diversification, as well as provide the opportunity for increased returns. Typically, holdings in foreign currencies are used to limit losses on foreign securities due to currency fluctuations. The Trust Funds had the following foreign currency risk at June 30, 2015 (expressed in thousands):

### Foreign Currency Risk - Pension Trust Funds

Currency	Equities	Debt Instruments	Cash and Equivalents	Total
Australian dollar	\$ 113,603	\$ 11,437	\$ 499	\$ 125,539
Brazilian real	18,169	17,623	-	35,792
British pound sterling	630,941	7,649	2,707	641,297
Canadian dollar	44,758	-	167	44,925
Chilean peso	26,866	1,074	-	27,940
Danish krone	23,303	-	97	23,400
Euro	791,895	19,507	2,381	813,783
Hong Kong dollar	129,865	(272)	715	130,308
Hungarian forint	-	5,323	-	5,323
Indian rupee	-	3,485	-	3,485
Indonesian rupiah	5,839	6,236	63	12,138
Israeli shekel	4,997	-	-	4,997
Japanese yen	672,472	(5)	4,021	676,488
Malaysian ringgit	6,612	3,919	-	10,531
Mexican peso	14,574	41,902	-	56,476
New Taiwan dollar	24,011	-	-	24,011
New Turkish lira	3,064	-	28	3,092
New Zealand dollar	6,374	4,563	322	11,259
Norwegian krone	20,573	394	89	21,056
Philippines peso	5,538	2,329	-	7,867
Polish zloty	3,479	2,981	-	6,460
Qatari rial	3,782	-	-	3,782
Singapore dollar	46,094	172	166	46,432
South African rand	22,329	5,789	98	28,216
South Korean won	54,482	6,024	66	60,572
Swedish krona	77,999	-	213	78,212
Swiss franc	272,295	-	68	272,363
Thai baht	7,414	-	-	7,414
Turkish lira	3,431	-	-	3,431
UAE dirham	1,699	-	-	1,699
<b>Totals</b>	<b>\$ 3,036,458</b>	<b>\$ 140,130</b>	<b>\$ 11,700</b>	<b>\$ 3,188,288</b>

#### Securities Lending Definition

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.

#### Securities Lending Activity – Primary Government

State Statute Title 62, Section 90 authorizes the State Treasurer's Office to participate in securities lending transactions. All securities held by J.P. Morgan, 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, 2015, 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 equal at least 100% of the fair value of the securities loaned. At June 30, 2015, the fair value of the securities on loan was

approximately \$50,000,000. The underlying collateral for these securities had a fair value of approximately \$51,000,000. 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, 2015, 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, that resulted 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.

The Tobacco Trust Fund, a Permanent Fund of the state, participates in securities lending as defined by its investment policy. During the year, the Tobacco Trust lent U.S. Government securities, corporate debt, and domestic and foreign equities. Collateral was provided as cash for securities lent. Collateral must equal at least 102% of the market value of securities lent unless the principal market for the collateral is outside the United States, in which case a margin of 105% must be maintained. At June 30, 2015, the fair value of securities on loan was \$95,454,000. The collateral for securities lent had a market value of \$97,664,000. The investment made with cash collateral had an average maturity of one day and did not match the duration of the security on loan since the loans are terminable at will. There was no credit risk to borrowers.

### **Securities Lending Activity – 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. During the fiscal year ended June 30, 2015, 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. 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, 2015, the carrying amount and fair value of securities on loan was approximately \$841,638,000. The underlying collateral for these securities had a fair value of approximately \$1,162,914,000. Collateral of securities and letters of credit represented approximately \$316,424,000 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 investment pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At June 30, 2015, 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. Generally, their duration did not match the duration of the investments made with cash collateral.

### **Derivative Investments Definition**

Derivatives are often complex financial arrangements used to manage specific risks or to act as investments. Derivatives can act as hedges to more effectively manage cash flow or act as investments thereby increasing or decreasing exposure to certain types of investments.

### **Derivative Investments –Primary Government**

Certain state agencies utilize derivative investments as tools to efficiently and effectively manage domestic, international and fixed income investments within their respective portfolios. The notional amount, financial statement classification and fair value balance of derivatives outstanding at June 30, 2015 and the change in fair value of such derivatives for the year then ended are as follows (expressed in thousands):

Permanent Fund	Derivative Instrument	Notional Amount	Fair Value		Change in Fair Value	
			Classification	Amount	Classification	Amount
Tobacco Settlement Trust	Foreign Currency Forward Contracts	\$ (12,393)	Net Receivable	\$ (38)	Investment Income	\$ 4,140

### Derivative Investments – Fiduciary Funds and Similar Component Units

Several of the state's Public Employees Retirement Systems (PERS) utilize derivative investments as tools to efficiently and effectively manage domestic, international and fixed income investments within their respective portfolios. The notional amount, financial statement classification and fair value balance of derivatives outstanding at June 30, 2015 and the change in fair value of such derivatives for the year then ended are as follows (expressed in thousands):

Pension System	Derivative Instrument	Notional Amount	Fair Value		Change in Fair Value	
			Classification	Amount	Classification	Amount
Firefighters Pension and Retirement System (OFPRS)	Foreign Currency Forward Contracts	\$ 46,321	Net Payable	\$ 593	Investment Income	\$ 5,088
Teachers' Retirement System (TRS)	Foreign Currency Forward Contracts	11,098	Investment	(42)	Investment Income	1,165

The OFPRS system uses foreign currency forward contracts primarily to hedge foreign currency exposure. The receivable is net of gross receivables of \$828,000 and liabilities of \$235,000. The gross receivables are supported by collateral in investments valued at \$648,000 with a credit risk ratings of A by S&P and A2 by Moody's. The foreign currency forward contracts for the TRS subject the System to foreign currency risk because the investments are denominated in foreign currencies. The fair value of foreign currency forward contracts was determined by market rates for exchanging dollars against the contracted currencies.

### Derivative Investments- Component Units

The Component Units of the state have varied investment goals based on the demands of their specific operations and commonly have investment policies allowing for greater investment diversity and risk. Certain component units and foundations with the Higher Education Component Unit will utilize derivative investments on occasion to secure specific returns matched to maturing liabilities to mitigate overall portfolio risk.

## Note 3. Accounts Receivable

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of June 30, 2015, including the applicable allowances for uncollectible accounts, are presented below (expressed in thousands):

	General Fund	Proprietary Fund	Component Units	
	Accounts Receivable	Taxes Receivable	Accounts Receivable	Notes Receivable
Gross Receivables	\$ 117,798	\$ 132,655	\$ 783,312	\$ 589,091
Less: Allowance for Uncollectibles	(67,695)	(63,333)	(181,367)	(4,399)
Net Receivables	<u>\$ 50,103</u>	<u>\$ 69,322</u>	<u>\$ 601,945</u>	<u>\$ 584,692</u>

## Note 4. Interfund Accounts and Transfers

### A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations at June 30, 2015, is shown below (expressed in thousands):

	Due From Other Funds					Due to Other Funds				
	General Fund	Permanent Funds	Enterprise Funds	Due From Fiduciary Funds	Due From Other Component Units	General Fund	Wildlife Permanent Funds	Enterprise Funds	Due To Fiduciary Funds	Due To Component Units
<b>Governmental Funds</b>										
General Fund	\$ -	\$ 38	\$ 2	\$ 23	\$ 55,861	\$ -	\$ 112	\$ 49	\$ 66,339	\$ 35,959
Wildlife Permanent Fund	112	-	-	-	-	-	-	-	-	-
Tobacco Permanent Fund	-	-	-	-	-	38	-	-	-	-
<b>Total Governmental Funds</b>	<b>\$ 112</b>	<b>\$ 38</b>	<b>\$ 2</b>	<b>\$ 23</b>	<b>\$ 55,861</b>	<b>\$ 38</b>	<b>\$ 112</b>	<b>\$ 49</b>	<b>\$ 66,339</b>	<b>\$ 35,959</b>
<b>Enterprise Funds</b>										
Office of Management and Enterprise Services	\$ 99	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oklahoma Water Resources Board	-	-	-	-	-	-	-	-	-	-
Oklahoma Lottery Commission	-	-	-	-	-	2	-	-	-	-
<b>Total Enterprise Funds</b>	<b>\$ 99</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fiduciary Funds</b>										
Pension Trust Funds:										
Firefighters Pension and Retirement System	\$ 19,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oklahoma Law Enforcement Retirement System	2,744	-	-	-	-	-	-	-	-	-
Oklahoma Public Employees Retirement System	6,272	-	-	-	-	3	-	-	-	1
Judges and Justices Retirement System	637	-	-	-	-	-	-	-	-	-
Oklahoma Police Pension and Retirement System	7,684	-	-	-	-	6	-	-	-	-
Teachers' Retirement System of Oklahoma	29,978	-	-	-	-	14	-	-	-	23
<b>Total Fiduciary Funds</b>	<b>\$ 67,074</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24</b>
	Due From Primary Government					Due To Primary Government				
	General Fund	Permanent Funds	Enterprise Funds	Due From Fiduciary Funds	Due From Other Component Units	General Fund	Permanent Funds	Enterprise Funds	Due To Fiduciary Funds	Due To Other Component Units
<b>Major Component Units:</b>										
CompSource Oklahoma	-	-	-	-	-	-	-	-	-	461
Oklahoma Housing Finance Agency	-	-	-	-	-	2	-	-	-	-
Oklahoma Turnpike Authority	7,078	-	-	-	-	55,369	-	-	-	-
Grand River Dam Authority	40	-	-	-	1,605	48	-	-	646	-
Oklahoma Municipal Power Authority	-	-	-	-	-	-	-	-	89	1,601
Higher Education	14,871	-	-	24	3,770	440	-	-	-	2,959
<b>Nonmajor Component Units:</b>										
Multiple Injury Trust Fund	14,352	-	-	-	-	2	-	-	-	-
University Hospitals Authority	44	-	-	-	233	-	-	-	-	608
Oklahoma Development Finance Authority	33	-	-	-	201	-	-	-	-	178
<b>Total Component Units</b>	<b>\$ 36,418</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24</b>	<b>\$ 5,809</b>	<b>\$ 55,861</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 735</b>	<b>\$ 5,807</b>

A reconciliation of interfund receivables and interfund payables at June 30, 2015 follows. Timing differences occur between agencies with a June 30 year end and the component units with September 30 or December 31 year ends.

<b>Total Due From Other Funds:</b>		<b>Total Due To Other Funds:</b>	
Wildlife Lifetime Licenses	112	Tobacco Settlement Endowment	38
Enterprise Funds	99	Enterprise Funds	2
Fiduciary Funds	67,074	Fiduciary Funds	23
Component Unit Funds	36,418	Component Unit Funds	55,861
General Fund Due From Permanent Funds	38	General Fund Due To Permanent Funds	112
Due From Enterprise Funds		Due To Enterprise Funds	
General Fund	2	General Fund	49
Due From Fiduciary Funds		Due To Fiduciary Funds	
General Fund	23	General Fund	66,339
Component Unit Funds	24	Component Unit Funds	735
Due From Component Units		Due From Component Units	
General Fund	55,861	General Fund	35,959
Other Component Unit Funds	5,809	Fiduciary	24
		Component Unit Funds	5,807
<b>Total Interfund Receivables per Financial Statements</b>	<b>\$ 165,460</b>	Total Interfund Payables per Financial Statements	164,949
		Timing Differences, Fiscal Year Ending	
		December 31, 2014: Component Units	511
		<b>Total Interfund Payables</b>	<b>\$ 165,460</b>

The General Fund Due From Other Funds includes \$52,815,000 from Oklahoma Turnpike Authority (OTA) (\$52,714,000 at December 31, 2014) 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. The Wildlife Lifetime

Licenses Permanent Fund is due \$112,000 from the General Fund for legislative mandated transfer of earnings on certain funds.

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 \$16,947,000, 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. The note and line of credit are collateralized by MITF revenues and any equity or other interests available to MITF.

The Higher Education (HE) component unit has 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 \$505,643,000.

**C. Interfund Transfers**

A summary of interfund transfers for the fiscal year ended June 30, 2015, follows (expressed in thousands):

Transfers From (Out)	Transfers To (In)	For (Purpose)	Amount
<b>Governmental Funds:</b>			
General Fund	Oklahoma Water Resources Board	Payment for administrative costs	<u>65</u>
		Total transfers out of the General Fund	65
<b>Proprietary Funds:</b>			
Oklahoma Employment Security Comm	General Fund	Payment for Administrative Costs	(16,118)
Oklahoma Water Resources Board	General Fund	Restricted investment revenue	(47)
Oklahoma Lottery Commission	General Fund	Transfer for expendible earnings	<u>(60,111)</u>
		Total Transfers in to the General Fund	<u>(76,276)</u>
		Net Transfers In/Out - General Fund	\$ <u>(76,211)</u>

## Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows (expressed in thousands):

### Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,669,814	\$ 61,115	\$ (2,491)	\$ 1,728,438
Construction In Progress	188,012	25,220	(29,727)	183,505
Total capital assets, not being depreciated	<u>1,857,826</u>	<u>86,335</u>	<u>(32,218)</u>	<u>1,911,943</u>
Capital assets, being depreciated:				
Buildings and improvements	1,592,064	33,896	(10,123)	1,615,837
Equipment	529,431	49,993	(19,793)	559,631
Infrastructure	17,045,738	669,638	(23,634)	17,691,742
Total capital assets, being depreciated	<u>19,167,233</u>	<u>753,527</u>	<u>(53,550)</u>	<u>19,867,210</u>
Less accumulated depreciation for:				
Buildings and improvements	(681,047)	(32,304)	3,235	(710,116)
Equipment	(332,959)	(40,282)	13,490	(359,751)
Infrastructure	(8,997,716)	(452,261)	12,214	(9,437,763)
Total accumulated depreciation	<u>(10,011,722)</u>	<u>(524,847)</u>	<u>28,939</u>	<u>(10,507,630)</u>
Total capital assets, being depreciated, net	<u>9,155,511</u>	<u>228,680</u>	<u>(24,611)</u>	<u>9,359,580</u>
Governmental activities capital assets, net	<u>\$ 11,013,337</u>	<u>\$ 315,015</u>	<u>\$ (56,829)</u>	<u>\$ 11,271,523</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 6,666	\$ 706	\$ (63)	\$ 7,309
Total capital assets, being depreciated	<u>6,666</u>	<u>706</u>	<u>(63)</u>	<u>7,309</u>
Less accumulated depreciation for:				
Equipment	(5,251)	(207)	63	(5,395)
Total accumulated depreciation	<u>(5,251)</u>	<u>(207)</u>	<u>63</u>	<u>(5,395)</u>
Business-type activities capital assets, net	<u>\$ 1,415</u>	<u>\$ 499</u>	<u>\$ -</u>	<u>\$ 1,914</u>

Current period depreciation expense was charged to functions of the Primary Government as follows (expressed in thousands):

Governmental Activities:	
Education	\$ 1,468
Government Administration	15,739
Health Services	6,996
Legal and Judiciary	224
Museums	161
Natural Resources	8,922
Public Safety and Defense	23,252
Regulatory Services	267
Social Services	4,716
Transportation	<u>463,102</u>
Total depreciation expense - Governmental Activities	<u>\$ 524,847</u>
Business-type Activities:	
Government Administration	\$ 203
Natural resources	<u>4</u>
Total depreciation expense - Business-type Activities	<u>\$ 207</u>

## Component Units

Capital asset activity for the year ended June 30, 2015, (December 31, 2014, or September 30, 2014, 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	\$ 390,067	\$ 18,233	\$ (1,107)	\$ 407,193
Construction in Progress	596,846	486,979	(433,217)	650,608
Total capital assets, not being depreciated	<u>986,913</u>	<u>505,212</u>	<u>(434,324)</u>	<u>1,057,801</u>
Capital assets, being depreciated:				
Buildings and improvements	8,414,892	338,997	(41,584)	8,712,305
Equipment	1,830,910	138,146	(39,941)	1,929,115
Infrastructure	2,378,546	245,624	(1,830)	2,622,340
Total capital assets, being depreciated	<u>12,624,348</u>	<u>722,767</u>	<u>(83,355)</u>	<u>13,263,760</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,127,991)	(231,711)	15,138	(3,344,564)
Equipment	(1,278,641)	(129,127)	35,877	(1,371,891)
Infrastructure	(1,463,976)	(82,492)	1,824	(1,544,644)
Total accumulated depreciation	<u>(5,870,608)</u>	<u>(443,330)</u>	<u>52,839</u>	<u>(6,261,099)</u>
Total capital assets, being depreciated, net	<u>6,753,740</u>	<u>279,437</u>	<u>(30,516)</u>	<u>7,002,661</u>
Capital assets, net	<u>\$ 7,740,653</u>	<u>\$ 784,649</u>	<u>\$ (464,840)</u>	<u>\$ 8,060,462</u>

## 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, and second injury workers' compensation. The state is also self-insured against tort and auto liability and property losses, with commercial insurance policies for losses that fall outside of coverage limits or are in excess of the self-insured retention.

Coverage for health care claims and workers' compensation is provided by two entities of the state. The Employees Group Insurance Department (EGID), a department of the Office of Management and Enterprise Services (OMES) manages a legal trust which provides group health, life, dental, and disability benefits to the state's employees and certain other eligible participants. Effective January 1, 2015, Risk Management Department, part of Capital Assets Management, a division of the Office of Management and Enterprise Services, was authorized to handle Workers' Compensation for all state agencies when HB 2009 was signed into law during 2014. The Risk Management Department Consolidated Workers' Compensation Program began operating on July 1, 2015.

CompSource Oklahoma (CSO) administers claim payments and provides excess-of-loss coverage to certain governmental entities. The premiums and fees received in connection with these transactions are included in sales revenue and were approximately \$15,323,000 in 2014. The liability for claims in excess of the self-insured entities' respective retention limits included in unpaid losses and loss adjustment expenses was approximately \$89,842,000 at December 31, 2014.

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 \$1,986,000 in 2014. No losses have been ceded under these agreements. Reinsurance receivables with a single reinsurer of \$1,386,000 at December 31, 2014, 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 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, 2014, have been charged to operations for the year ended December 31, 2014. At year end, the MITF loss liability exceeded net position. 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.

Coverage for liability and property losses is provided by the Risk Management Department of OMES. The Risk Management Department administers a self-insurance program to protect the state, its agencies, colleges, and universities against tort and auto liability claims. Coverage and limits under this program correspond directly with the Oklahoma Governmental Tort Claims Act (GTCA). The Risk Management Department purchases commercial liability insurance for losses that fall outside of the GTCA. The Risk Management Department also provides a Property Insurance program for all agencies, colleges, and universities through a combination of a high self-insured retention and commercial insurance policies in excess of the self-insured retention. Coverage limits are \$1 billion for each occurrence subject to coverage terms and conditions. Commercial insurance is purchased to protect the state's fine arts and physical damage to its automobiles. Additionally, the Risk Management Department purchases a Government Crime Policy, i.e., Employee Dishonesty policy.

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. None of the funds have included non-incremental claims adjustment expense as part of accrued liabilities. 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 Department of OMES represents an estimate of amounts to be paid from economic financial resources.

The following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 2015, (December 31, 2014, for CSO, EGID, and MITF) 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 -						
Office of Management and Enterprise Services	\$ 26,434	\$ 8,261	\$ (9,623)	\$ 25,072	\$ 15,449	\$ 9,623
Proprietary Fund -						
Office of Management and Enterprise Services	\$ 112,877	\$ 929,382	\$ (914,466)	\$ 127,793	\$ 10,436	\$ 117,357
Component Units:						
CompSource Oklahoma	\$ 1,146,595	\$ 260,751	\$ (188,772)	\$ 1,218,574	\$ 1,016,029	\$ 202,545
Multiple Injury Trust Fund	368,887	70,464	(53,060)	386,291	384,597	1,694
Total Component Units*	<u>\$ 1,515,482</u>	<u>\$ 331,215</u>	<u>\$ (241,832)</u>	<u>\$ 1,604,865</u>	<u>\$ 1,400,626</u>	<u>\$ 204,239</u>

\* The Higher Education Component Unit's claims and judgments (\$4,161 – 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 - Office of Management and Enterprise Services	\$ 49,356	\$ 3,142	\$ (26,064)	\$ 26,434	\$ 370	\$ 26,064
Proprietary Fund - Office of Management and Enterprise Services	\$ 109,656	\$ 873,842	\$ (870,621)	\$ 112,877	\$ 11,685	\$ 101,192
Component Units:						
CompSource Oklahoma	\$ 1,053,060	\$ 297,530	\$ (203,995)	\$ 1,146,595	\$ 929,403	\$ 217,192
Multiple Injury Trust Fund	294,263	107,396	(32,772)	368,887	352,532	16,355
Total Component Units	\$ 1,347,323	\$ 404,926	\$ (236,767)	\$ 1,515,482	\$ 1,281,935	\$ 233,547

### Public Entity Risk Pool – Employees Group Insurance Department

The state operates the Employees Group Insurance Department of the Office of Management and Enterprise Services (Plan), a Public Entity Risk Pool.

#### A. Description of Plan

The Plan provides group health, dental, life, and disability benefits to active state employees and local government employees, as well as varying coverages for active education employees and certain participants of the state's retirement systems, survivors, and persons covered by COBRA. Disability coverage is available only to active state employees and local government employees. The Plan is self-insured and provides participants with the option of electing coverage from certain 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 224,000 primary participants and dependents, approximately 27,000 primary participants and 20,000 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 (305 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	OPERS	COBRA
Health	X	X	X	X	X	X
Dental	X	X	X	X	X	X
Life	X	X	X	X	X	
Disability	X	X				
Medicare Supplement				X	X	X
Health Care Participants:						
Primary	23,000	8,000	52,000	-----	39,000	-----
Dependents			-----	55,000	-----	-----

#### 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 three types of coverages: health and dental, life, and disability (expressed in thousands):

	Health and Dental	Life	Disability	Total
	Fiscal Year 12/31/2014	Fiscal Year 12/31/2014	Fiscal Year 12/31/2014	Fiscal Year 12/31/2014
Reserves at beginning of period	\$ 91,003	\$ 7,070	\$ 14,804	\$ 112,877
Incurred claims:				
Provision for insured events of current period	908,574	25,615	4,604	938,793
Changes in provisions for insured events of prior periods	<u>(7,795)</u>	<u>791</u>	<u>(2,407)</u>	<u>(9,411)</u>
	<u>900,779</u>	<u>26,406</u>	<u>2,197</u>	<u>929,382</u>
Payments:				
Claims attributable to insured events of current period	804,541	22,064	629	827,234
Claims attributable to insured events of prior periods	<u>79,178</u>	<u>5,137</u>	<u>2,917</u>	<u>87,232</u>
	<u>883,719</u>	<u>27,201</u>	<u>3,546</u>	<u>914,466</u>
Reserves at end of period	<u>\$ 108,063</u>	<u>\$ 6,275</u>	<u>\$ 13,455</u>	<u>\$ 127,793</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, 2015, are as follows (expressed in thousands):

	General Fund	Fiduciary Funds	Component Units
2016	\$ 74	\$ 339	\$ 4,103
2017	27	-	3,548
2018	11	-	2,981
2019	-	-	2,616
2020	-	-	2,608
2021 - 2025	-	-	19,185
Total Future Minimum Lease Payments	<u>\$ 112</u>	<u>\$ 339</u>	<u>\$ 35,041</u>
Operating lease commitments for building rental for year ended June 30, 2016	\$ 24,193	\$ 451	\$ 25,797
Rent expenditures/expenses for operating leases for year ended June 30, 2015	\$ 24,251	\$ 612	\$ 68,459

## Note 8. Lessor Agreements

### Primary Government

#### Direct Financing Leases

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 various railroad companies with the longest lease term ending in 2025. 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 by the Department of Transportation in future years is approximately \$16,202,000, which is also the net investment in direct financing leases at June 30, 2015. The following schedule represents minimum lease payments receivable for direct financing leases for each of the five succeeding fiscal years (expressed in thousands):

	2016	2017	2018	2019	2020	Total
Department of Transportation	\$ 4,197	\$ 3,608	\$ 3,172	\$ 2,383	\$ 1,778	\$ 15,138
Oklahoma Capital Improvement Authority	38,451	40,592	42,176	43,642	12,272	177,133
Total	<u>\$ 42,648</u>	<u>\$ 44,200</u>	<u>\$ 45,348</u>	<u>\$ 46,025</u>	<u>\$ 14,050</u>	<u>\$ 192,271</u>

The Oklahoma Capital Improvement Authority (OCIA) has capital lease agreements with the higher education component unit for the lease of various facilities, equipment and improvements. At June 30, 2015, the total minimum lease payments to be received by OCIA from the higher education component unit are \$505,643,000. These lease agreements end in fiscal year 2035.

#### Operating Leases

The state has operating leases maintained by various state agencies consisting primarily of state land leased to non-state entities, as well as a small amount of state owned buildings which are also leased to non-state entities. Due to the passage of time, the state's historical cost of the leased land is not reasonably determinable. The leased buildings consist of sub-leased office space under an operating lease. Since the state does not have a cost basis in the building, no depreciation expense is recognized. The Primary Government's total operating leases receivable recognized in the current fiscal year is approximately \$22,000. Minimum future rentals receivable from these operating leases is presented in the following schedule (expressed in thousands):

2016	2017	2018	2019	2020	Total
\$ 387	\$ 235	\$ 175	\$ 159	\$ 143	\$ 1,099

In addition, the leasing operations of the Commissioners of the Land Office consist of leasing approximately 740,000 acres of land principally for agricultural purposes. The lease terms are generally 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 noncancelable leasing of these lands (expressed in thousands):

2016	2017	2018	2019	2020	Total
\$ 11,003	\$ 8,169	\$ 5,230	\$ -	\$ -	\$ 24,402

### Component Units

The Oklahoma Municipal Power Authority (Authority) executed a Power Purchase Agreement with FPL Energy Oklahoma Wind, LLC (FPLE Oklahoma), for the development of a wind generation facility in northwestern Oklahoma. Under the agreement, FPLE Oklahoma was responsible for acquiring, constructing and installing the wind project. The Authority issued taxable limited obligation notes which were payable solely from lease payments made by FPLE Oklahoma. The Authority used the proceeds of the notes to finance the Authority's acquisition of the wind project and has leased the wind project to FPLE Oklahoma under a long-term capital lease agreement for an amount sufficient to pay the debt service, principal and interest, on the notes. The Power Purchase Agreement has a term of approximately 25 years and power is sold on a take and pay basis. FPLE Oklahoma retains the operational risk related to the wind project. The following schedule lists the components of the lease agreement as of December 31, 2014 (expressed in thousands):

Total minimum lease payments to be received	\$ 63,234
Less: Amounts representing interest included in total minimum lease payments	<u>(21,251)</u>
Net investment in direct financing leases	<u>\$ 41,983</u>

### Operating Leases

The Oklahoma Turnpike 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 University Hospital Authority has leased substantially all capital assets, except construction-in-progress, to the joint operations of OU Medical Center and OU Health Sciences Center. The University Hospital Authority carries receipts through 2050. The following schedule presents minimum future rentals receivable from these contracts (expressed in thousands):

	2016	2017	2018	2019	2020	Thereafter	Total
University Hospitals Authority	\$ 1,276	\$ 1,011	\$ 730	\$ 712	\$ 707	\$ 20,035	\$ 24,471
Oklahoma Turnpike Authority	1,060	1,085	1,090	1,009	1,019	13,810	19,073
Total	<u>\$ 2,336</u>	<u>\$ 2,096</u>	<u>\$ 1,820</u>	<u>\$ 1,721</u>	<u>\$ 1,726</u>	<u>\$ 33,845</u>	<u>\$ 43,544</u>

The cost, carrying amount and depreciation of the Oklahoma Turnpike Authority leased property for the year ended December 31, 2014 is \$24,499,000, \$16,511,000 and \$7,988,000, respectively. The cost, carrying amount and related depreciation of the University Hospitals Authority leased property for the year ended June 30, 2015 (expressed in thousands):

Land	\$ 4,009
Buildings	335,001
Equipment	129,220
Infrastructure	<u>7,701</u>
Cost	475,931
Less Accumulated Depreciation	<u>(271,641)</u>
Net Leased Property	<u>\$ 204,290</u>

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

Long-term obligations at June 30, 2015, and changes for the fiscal year then ended (expressed in thousands):

	Issue Date	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds Payable from Tax Revenue:								
Oklahoma Bldg 2010A, Refunding	2011	2.00%-5.00%	2019	\$ 102,335	\$ -	\$ 3,760	\$ 98,575	\$ 24,395
Oklahoma Bldg 2013, Refunding	2013	2.00%-5.00%	2019	29,620	-	20,800	8,820	900
Total				<u>131,955</u>	<u>-</u>	<u>24,560</u>	<u>107,395</u>	<u>25,295</u>
Revenue Bonds Payable from Lease Rentals:								
OCIA 2003E, State Facilities	2004	2.00%-4.00%	2016	2,895	-	1,420	1,475	1,475
OCIA 2004A, Refunding	2005	2.50%-5.00%	2015	69,760	-	69,760	-	-
OCIA 2005A, Revenue	2005	3.00%-4.35%	2021	845	-	415	430	430
OCIA 2005B, Revenue	2005	3.00%-4.05%	2026	370	-	180	190	190
OCIA 2005C, Revenue	2005	3.00%-5.00%	2028	2,840	-	1,395	1,445	1,445
OCIA Series 2005D	2006	3.00%-4.38%	2031	1,475	-	725	750	750
OCIA Series 2005E	2006	3.70%-5.00%	2026	285	-	140	145	145
OCIA Series 2005F	2006	3.38%-5.00%	2031	22,045	-	10,770	11,275	11,275
OCIA Series 2006A	2006	3.55%-4.38%	2027	17,880	-	1,075	16,805	1,115
OCIA Series 2006B	2006	3.50%-4.25%	2027	13,850	-	835	13,015	865
OCIA Series 2006C	2006	4.00%-4.50%	2027	16,300	-	965	15,335	1,005
OCIA Series 2006D	2006	1.00%-5.00%	2015	93,525	-	93,525	-	-
OCIA Series 2006E	2006	4.00%-4.50%	2027	4,740	-	280	4,460	295
OCIA Series 2008A	2009	2.90%-5.30%	2026	20,510	-	1,330	19,180	1,385
OCIA Series 2008B	2009	2.70%-5.48%	2030	10,000	-	435	9,565	455
OCIA Series 2009A	2009	1.00%-4.20%	2025	19,550	-	1,475	18,075	1,530
OCIA Series 2009AA	2010	2.00%-4.00%	2025	47,455	-	8,910	38,545	9,155
OCIA Series 2009B	2010	5.04%-5.34%	2025	68,830	-	-	68,830	-
OCIA Series 2010, Refunding/Revenue	2011	1.77%-5.61%	2031	126,975	-	5,190	121,785	5,325
OCIA Series 2010A, Refunding	2011	2.00%-5.00%	2019	87,260	-	-	87,260	5,350
OCIA Series 2010B, Capitalized Interest	2011	2.03%-2.48%	2016	30,105	-	17,550	12,555	12,555
OCIA Series 2010A DOT	2011	2.00%-5.00%	2021	88,960	-	11,340	77,620	11,730
OCIA Series 2010B DOT	2011	4.24%-4.79%	2026	92,075	-	-	92,075	-
OCIA Series 2012 DOT	2012	2.00%-2.54%	2026	53,715	-	3,535	50,180	3,665
OCIA Series 2013A	2013	2.00%-4.00%	2025	22,050	-	2,040	20,010	2,085
OCIA Series 2013B	2013	0.50%	2015	160	-	160	-	-
OCIA Series 2013C	2014	0.75%-1.00%	2015	5,955	-	5,955	-	-
OCIA Series 2014A	2014	2.00%-5.00%	2031	220,725	-	-	220,725	175
OCIA Series 2014B	2015	2.00%-5.00%	2025	-	55,505	-	55,505	10,000
OCIA Series 2014C	2015	2.00%-5.00%	2035	-	83,745	-	83,745	1,845
OCIA Series 2015A	2015	2.00%-5.00%	2025	-	50,000	-	50,000	11,550
Corrections 2006, Central OK (ODFA)	2006	3.75%-4.50%	2026	3,035	-	200	2,835	205
Corrections 2013, Central OK (ODFA)	2013	1.40%-5.00%	2023	19,966	-	2,887	17,079	1,945
DHS-Logan/Okla Co. 2004A (ODFA)	2004	1.00%-3.85%	2019	3,295	-	3,295	-	-
DHS-2004B (ODFA)	2005	1.60%-5.13%	2020	2,255	-	2,255	-	-
DHS-2008 (ODFA)	2008	3.25%-4.15%	2023	15,155	-	1,460	13,695	1,505
DHS-2012 (ODFA)	2012	0.40%-5.00%	2022	11,690	-	1,330	10,360	1,370
DHS-2014 (ODFA)	2014	2.00%	2019	4,410	-	845	3,565	865
Veterans Series 2005 (ODFA)	2005	2.65%-3.65%	2015	910	-	910	-	-
Law Enforcement Education/Train (ODFA)	2013	2.50%-4.00%	2020	15,267	-	940	14,327	1,002
OMES 2009 (ODFA)	2009	2.50%-5.00%	2035	38,870	-	1,255	37,615	1,295
Total				<u>1,255,988</u>	<u>189,250</u>	<u>254,782</u>	<u>1,190,456</u>	<u>103,982</u>
Notes Payable from Tax Revenue (Tourism) and Grant Revenue (ODOT):								
ODOT 2004A, Grant Anticipation	2004	1.00%-5.00%	2015	18,895	-	18,895	-	-
ODOT 2005A, Grant Anticipation	2006	3.00%-5.00%	2016	26,515	-	23,080	3,435	3,435
ODOT 2007A, Grant Anticipation	2007	3.25%-5.00%	2017	61,800	-	49,670	12,130	5,905
ODOT 2008A, Grant Anticipation	2009	3.00%-5.00%	2019	66,775	-	35,095	31,680	7,385
Total				<u>173,985</u>	<u>-</u>	<u>126,740</u>	<u>47,245</u>	<u>16,725</u>
Capital Leases				8,271	816	2,561	6,526	2,324
Compenstated Absences				157,750	96,011	93,256	160,505	2,755
Net Pension Liability				1,021,446	-	837,947	183,499	-
Bond Issue Premiums				90,769	18,398	16,541	92,626	12,069
Claims and Judgements Payable				26,434	8,261	9,623	25,072	9,623
Other Postemployment Benefits				517	337	214	640	-
Total Long-Term Obligations				<u>\$ 2,867,115</u>	<u>\$ 313,073</u>	<u>\$ 1,366,224</u>	<u>\$ 1,813,964</u>	<u>\$ 172,773</u>

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2015, which have scheduled debt service amounts (expressed in thousands):

	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031-2035	Total
<b>General Obligation Bonds:</b>									
Oklahoma Bldg 2010A Refunding	\$ 28,093	\$ 28,910	\$ 28,030	\$ 21,941	\$ -	\$ -	\$ -	\$ -	\$ 106,974
Oklahoma Bldg 2013 Refunding	1,293	384	1,212	7,240	-	-	-	-	10,129
Less: Interest	4,091	3,069	1,898	650	-	-	-	-	9,708
Total Principal	25,295	26,225	27,344	28,531	-	-	-	-	107,395
<b>Revenue Bonds:</b>									
OCIA 2003E State Facilities	1,505	-	-	-	-	-	-	-	1,505
OCIA 2005A Revenue	439	-	-	-	-	-	-	-	439
OCIA 2005B Revenue	194	-	-	-	-	-	-	-	194
OCIA 2005C Revenue	1,472	-	-	-	-	-	-	-	1,472
OCIA 2005D Revenue	764	-	-	-	-	-	-	-	764
OCIA 2005E Revenue	148	-	-	-	-	-	-	-	148
OCIA 2005F Revenue	11,528	-	-	-	-	-	-	-	11,528
OCIA 2006A Revenue	1,787	1,788	1,786	1,787	1,785	8,896	3,550	-	21,379
OCIA 2006B Revenue	1,381	1,382	1,382	1,379	1,379	6,881	2,743	-	16,527
OCIA 2006C Revenue	1,659	1,656	1,652	1,655	1,649	8,236	3,283	-	19,790
OCIA 2006E Revenue	482	480	477	479	479	2,389	951	-	5,737
OCIA 2008A Revenue	2,277	2,276	2,269	2,266	2,266	11,293	2,248	-	24,895
OCIA 2008B Revenue	925	922	921	923	918	4,584	4,554	-	13,747
OCIA 2009A Revenue	2,189	2,180	2,189	2,180	2,181	10,875	-	-	21,794
OCIA 2009AA Revenue	10,409	10,376	10,366	10,356	-	-	-	-	41,507
OCIA 2009B Revenue	3,588	3,588	3,588	3,588	13,872	66,179	-	-	94,403
OCIA Series 2010 Refunding/Revenue	11,403	11,386	11,372	11,348	11,340	56,520	56,159	11,180	180,708
OCIA Series 2010A Refunding	9,138	21,669	33,687	32,894	-	-	-	-	97,388
OCIA Series 2010B Capitalized Interest	12,710	-	-	-	-	-	-	-	12,710
OCIA 2010A DOT	14,746	14,707	14,722	14,682	14,656	14,622	-	-	88,135
OCIA 2010B DOT	4,229	4,229	4,229	4,229	4,229	78,183	30,371	-	129,699
OCIA 2012 DOT	5,812	5,807	5,812	5,807	5,811	29,050	5,809	-	63,908
OCIA 2013A Revenue	2,667	2,669	2,665	2,666	2,670	9,714	-	-	23,051
OCIA 2014A Revenue	9,848	24,660	12,655	12,995	12,796	105,260	126,020	23,650	327,884
OCIA 2014B Revenue	11,723	12,635	12,618	11,201	11,182	1,609	-	-	60,968
OCIA 2014C Revenue	5,298	5,974	5,959	5,946	6,376	31,869	31,814	31,675	124,911
OCIA 2015A Revenue	13,114	11,890	4,228	4,233	4,228	21,150	-	-	58,843
Corrections 2006, Central OK (ODFA)	328	330	331	331	331	1,657	330	-	3,638
Corrections 2013, Central OK (ODFA)	2,642	2,648	2,647	2,650	2,651	7,458	-	-	20,696
DHS-2008	2,031	2,030	2,030	2,032	1,880	6,244	-	-	16,247
DHS-2012	1,794	1,798	1,797	1,795	1,697	3,235	-	-	12,116
DHS-2014	936	939	936	934	-	-	-	-	3,745
Law Enforcement Education/Train (ODFA)	1,484	1,465	1,463	1,467	1,464	7,319	2,808	-	17,470
Finance 2009 (ODFA)	2,918	2,922	2,916	2,917	2,912	14,531	14,444	14,367	57,927
Less: Interest	153,568	152,406	144,697	142,740	108,752	507,754	285,084	80,872	1,575,873
Total Principal	49,586	46,444	42,619	38,474	34,550	124,762	43,482	5,500	385,417
Total Principal	103,982	105,962	102,078	104,266	74,202	382,992	241,602	75,372	1,190,456
<b>Notes Payable:</b>									
ODOT 2005A Grant Anticipation	3,515	-	-	-	-	-	-	-	3,515
ODOT 2007A Grant Anticipation	6,359	6,374	-	-	-	-	-	-	12,733
ODOT 2008A Grant Anticipation	8,731	8,713	8,694	8,693	-	-	-	-	34,831
Less: Interest	18,605	15,087	8,694	8,693	-	-	-	-	51,079
Total Principal	1,880	1,142	609	203	-	-	-	-	3,834
Total Principal	16,725	13,945	8,085	8,490	-	-	-	-	47,245
<b>Capital Leases</b>									
Less: Interest	242	161	102	63	21	-	-	-	589
Less: Executory Cost	12	12	1	1	-	-	-	-	26
Total Principal	2,324	1,816	1,017	846	523	-	-	-	6,526
Total	\$ 148,326	\$ 147,948	\$ 138,524	\$ 142,133	\$ 74,725	\$ 382,992	\$ 241,602	\$ 75,372	\$ 1,351,622
<b>Long-Term Debt without scheduled debt service:</b>									
Compensated Absences									160,505
Net Pension Liability									183,499
Bond Issue Premiums									92,626
Claims and Judgements Payable									25,072
Other Postemployment Benefits									640
Total Long-Term Obligations									\$ 1,813,964

## A. General Obligation Bonds

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

## B. Revenue Bonds

The Oklahoma Capitol Improvement Authority (OCIA) has twenty-seven 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. The 2004A series bonds were refunded with funds from the 2014B series bonds and resulted in a projected savings of approximately \$6,577,000. The 2006D series multi-modal variable rate demand bonds were refunded September 30,

2014. The 2006D bonds were refunded to save administrative costs associated with variable rate bonds and to lock in favorable fixed interest rates.

The Oklahoma Development Finance Authority (ODFA) has issued lease revenue bonds to provide lease financing for the Department of Corrections, the Department of Human Services, the Department of Veterans Affairs, the Council for Law Enforcement Education and Training, and the Office of Management and Enterprise Services. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

**C. Notes Payable**

The Oklahoma Department of Transportation (ODOT) has issued several series of Grant Anticipation Notes for the purpose of financing certain qualified federal aid transportation projects in the state. The notes are secured by federal revenue received from the Federal Highway Administration (FHWA) and have a final maturity in 2019. Total revenue received from the FHWA in fiscal year 2015 was \$622,566,000 with a portion of that amount, \$51,079,000, reserved as security for the notes. Current year note obligations for principal and interest totaled \$18,605,000. ODOT also reported defeased notes payable, outstanding at June 30, 2015, totaling \$114,387,000 for principal, interest and trustee fees.

**D. Capital Leases**

The state has entered into agreements to lease 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 equipment under capital leases in capital assets at June 30, 2015, includes the following (expressed in thousands):

	Buildings	Equipment	Total
Cost	\$ 7,662	\$ 6,263	\$ 13,925
Less: Accumulated depreciation	(1,921)	(4,473)	(6,394)
Total	<u>\$ 5,741</u>	<u>\$ 1,790</u>	<u>\$ 7,531</u>

**E. 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 Oklahoma Law Enforcement Retirement System and the Uniform Retirement System for Judges and Justices. These plans are single-employer plans that provide retirement, disability, and death benefits to the plan members and their beneficiaries. These pension obligations do not have scheduled future debt service requirements. The Wildlife Pension Plan obligation will be liquidated by the General Fund. The pension liability for the Oklahoma Law Enforcement Retirement System and the Uniform Retirement System for Judges and Justices will be liquidated by the respective pensions.

**F. Authorized Unissued Bonds**

The Oklahoma Capital Improvement Authority (OCIA) has been authorized to issue bonds in the amount of \$9,000,000 for the Department of Tourism and Recreation to acquire, construct and renovate offices. OCIA also has authorization to issue \$6,000,000 of bonds for the Department of Mental Health/Substance Abuse Services pending matching funding. OCIA has been authorized to issue \$70,000,000 of 10-year term bonds to repair the state capitol building. The Oklahoma Water Resources Board (OWRB) has been authorized to issue general obligation bonds in the amount of \$300,000,000 to be used as credit for other OWRB loan programs. During the 2015 legislative session, OCIA was authorized to issue \$25,000,000 of bonds for the Oklahoma Historical Society to fund construction and furnish the Museum of Popular Culture in Tulsa and, if certain conditions are met, to issue \$25,000,000 of bonds to provide funding for the completion of the Native American Indian Cultural Center and Museum in Oklahoma City.

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

The Oklahoma Water Resources Board (Board) along with the Department of Environmental Quality has issued 31 series of revenue bonds. These bonds 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. Six of the revenue bonds have a variable or floating rate and are also subject to mandatory sinking fund redemption. The remaining revenue bonds are held at a fixed rate.

Long-term obligations at June 30, 2015, and changes for the fiscal year then ended are as follows (expressed in thousands):

	Issue Date	Issue Amount	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds Payable from User Fees:									
1989-2014 Issues	1989-2014	\$1,342,445	0.188-6.30%	2043	\$ 758,203	\$ 29,595	\$ 45,878	\$ 741,920	\$ 43,560
Adjusted for: Bond Premiums and Discounts					42,956	25	6,101	36,880	-
Revenue Bonds Payable Net of Bond Premiums and Discounts					801,159	29,620	51,979	778,800	43,560
Other Noncurrent Liabilities					11,685	-	1,249	10,436	-
Compensated Absences					1,100	169	98	1,171	250
Pension Obligation					-	166	-	166	-
Total Long-Term Obligations					\$ 813,944	\$ 29,955	\$ 53,326	\$ 790,573	\$ 43,810

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2015, which have scheduled debt service amounts (expressed in thousands):

	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045	Total
Revenue Bonds:											
1989-2014 Issues	\$ 73,376	\$ 70,895	\$ 69,588	\$ 69,569	\$ 68,102	\$ 302,102	\$ 225,587	\$ 122,075	\$ 42,817	\$ 11,464	\$ 1,055,575
Less: Interest	29,816	28,645	27,373	25,895	24,242	96,397	54,811	21,130	4,671	675	313,655
Principal	43,560	42,250	42,215	43,674	43,860	205,705	170,776	100,945	38,146	10,789	741,920
Total	\$ 43,560	\$ 42,250	\$ 42,215	\$ 43,674	\$ 43,860	\$ 205,705	\$ 170,776	\$ 100,945	\$ 38,146	\$ 10,789	\$ 741,920
Adjusted for: Bond and Note Premium and Discounts											36,880
Long-Term Obligations without scheduled debt service:											
Other Noncurrent Liabilities											10,436
Compensated Absences											1,171
Pension Obligation											166
Total Long-Term Obligations											\$ 790,573

Several of the bonds bear interest at variable rates, initially set at 0.25% to 5.00% and are periodically adjusted, pursuant to the provisions of the bond indentures, to a maximum rate of 14% per year. Variable rates are reset semiannually by the remarketing agent. The interest rate on the bonds was 0.25% at June 30, 2015. 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.

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

Long-term obligations at June 30, 2015 (September 30, 2014, for Oklahoma Housing Finance Agency and December 31, 2014, for Oklahoma Turnpike 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	2001-2005	2.50 - 5.20%	2022	\$ 45,575	\$ -	\$ 690	\$ 44,885	\$ 720
Total Before Adjustments				45,575	-	690	44,885	
Adjusted for: Bond Premiums				30	(5)	-	25	
Total General Obligation Bonds Payable Net of Bond Premiums and Deferrals				45,605	(5)	690	44,910	720
Revenue Bonds Payable from User Fees:								
Student Loan Authority	1995-2013	0.15 - 6.35%	2041	465,201	-	83,445	381,756	-
Development Finance Auth.	1996	2.50%	2031	9,999	-	-	9,999	-
Housing Finance Agency	1991-2014	0.70 - 7.35%	2044	495,715	66,694	144,282	418,127	11,145
Turnpike Authority	2006-2012	0.20 - 5.00%	2031	1,035,950	-	49,775	986,175	51,780
Grand River Dam Authority	2002-2014	1.80 - 7.16%	2040	814,371	375,480	36,306	1,153,545	22,965
Municipal Power Authority	1992-2014	0.06 - 6.44%	2047	744,045	123,180	148,605	718,620	20,015
University Hospitals Authority	2005	0.09 - 0.22%	2036	47,795	8	1,243	46,560	1,310
Higher Education	1997-2015	2.00 - 10.00%	2045	1,415,312	38,609	53,171	1,400,750	47,852
Total Before Discounts/Deferrals				5,028,388	603,971	516,827	5,115,532	
Adjusted for: Bond (Discount) Premiums				87,632	12,490	(29,076)	129,198	
Total Revenue Bonds Payable Net of Bond (Discounts) Premiums and Deferrals				5,116,020	616,461	487,751	5,244,730	155,067
Notes Payable:								
Multiple Injury Trust Fund	2000-2001	7.00%	2022	18,612	-	1,665	16,947	1,785
OETA Foundation	2014	3.00%	2019	1,107	-	748	359	-
Oklahoma Turnpike Authority	2009-2010	1.01%	2016	18,000	15,000	18,000	15,000	15,000
Student Loan Authority	1995-2004	0.20 - 1.24%	2035	31,400	-	8,400	23,000	-
OSU Medical Authority	2014	4.12 - 4.78%	2021	16,605	-	2,150	14,455	1,818
Municipal Power Authority	2003	6.00%	2028	43,868	-	1,885	41,983	1,998
Higher Education	2001-2015	2.00 - 8.00%	2046	114,374	12,506	18,688	108,192	76,601
Total				243,966	27,506	51,536	219,936	97,202
Capital Leases:								
OSU Medical Authority				855	-	544	311	266
Higher Education				1,058,403	169,175	140,938	1,086,640	77,279
Total				1,059,258	169,175	141,482	1,086,951	77,545
Claims and Judgments				1,503,863	361,790	254,202	1,611,451	206,664
Due to Primary Government				52,658	4,354	1,151	55,861	3,046
Compensated Absences				122,236	92,224	90,848	123,612	85,934
Net Pension Liability				-	1,397,539	10,515	1,387,024	-
Other Noncurrent Liabilities				877,545	330,925	168,094	1,040,376	566,032
Total Long-Term Obligations				\$9,021,151	\$2,999,969	\$1,206,269	\$10,814,851	\$1,192,210

### A. General Obligation Bonds

Oklahoma Industrial Finance Authority (OIFA) has six series of general obligation bonds outstanding. 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.

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2015 (September 30, 2014, for Oklahoma Housing Finance Agency and December 31, 2014, for Oklahoma Transportation Authority, Grand River Dam Authority and Municipal Power Authority), which have scheduled debt service amounts (expressed in thousands):

	2016	2017	2018	2019	2019	2021-2025	2026-2030	2031-2035	2036-2040	2040-2045	2046-2050	Total
<b>General Obligation Bonds:</b>												
Industrial Finance Authority	\$ 1,944	\$ 1,943	\$ 1,946	\$ 11,753	\$ 21,376	\$ 11,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,275
	1,944	1,943	1,946	11,753	21,376	11,313	-	-	-	-	-	50,275
Less: Interest	1,224	1,188	1,151	923	506	398	-	-	-	-	-	5,390
Total Principal	720	755	795	10,830	20,870	10,915	-	-	-	-	-	44,885
<b>Revenue Bonds:</b>												
Student Loan Authority	3,841	3,841	3,841	3,841	3,841	19,206	36,166	156,217	141,440	98,368	-	470,602
Development Finance Auth.	250	250	250	1,250	1,250	10,562	-	-	-	-	-	13,812
Housing Finance Agency	27,842	27,930	28,170	28,084	28,087	138,851	134,017	119,551	91,747	38,433	-	662,712
Turnpike Authority	95,338	95,336	95,339	90,824	90,824	442,696	388,275	70,062	-	-	-	1,368,694
Grand River Dam Authority	75,653	75,582	75,496	86,935	86,896	433,416	432,075	387,159	213,119	17,418	-	1,883,749
Municipal Power Authority	47,541	52,745	52,585	52,506	50,937	240,604	201,316	159,602	152,622	157,370	94,424	1,262,252
University Hospitals Authority	2,131	2,165	2,224	2,272	2,323	12,467	13,790	15,362	3,287	-	-	56,021
Higher Education	110,134	111,394	107,702	108,174	105,090	514,948	467,585	384,463	243,203	78,955	-	2,231,648
	362,730	369,243	365,607	373,886	369,248	1,812,750	1,673,224	1,292,416	845,418	390,544	94,424	7,949,490
Less: Interest	207,663	205,449	198,828	192,213	184,412	787,010	543,287	308,990	148,837	49,890	7,379	2,833,958
Total Principal	155,067	163,794	166,779	181,673	184,836	1,025,740	1,129,937	983,426	696,581	340,654	87,045	5,115,532
<b>Notes Payable:</b>												
Multiple Injury Trust Fund	2,925	2,925	2,925	2,925	2,924	7,300	-	-	-	-	-	21,924
OETA - Foundation	11	11	11	11	364	-	-	-	-	-	-	408
Oklahoma Turnpike Authority	15,155	-	-	-	-	-	-	-	-	-	-	15,155
Student Loan Authority	46	46	14,429	17	17	86	8,604	-	-	-	-	23,245
OSU Medical Authority	2,425	2,425	2,425	2,425	2,425	4,856	-	-	-	-	-	16,981
Municipal Power Authority	4,517	4,517	4,517	4,517	4,517	22,582	18,066	-	-	-	-	63,233
Higher Education	84,862	10,226	9,417	721	2,033	8,684	1,087	1,087	1,087	1,087	217	120,508
	109,941	20,150	33,724	10,616	12,280	43,508	27,757	1,087	1,087	1,087	217	261,454
Less: Interest	12,738	4,904	3,829	3,733	3,029	9,247	3,024	489	346	169	10	41,518
Total Principal	97,203	15,246	29,895	6,883	9,251	34,261	24,733	598	741	918	207	219,936
<b>Capital Leases:</b>												
OSU Medical Authority	273	47	-	-	-	-	-	-	-	-	-	320
Higher Education	123,554	122,880	122,535	101,744	79,441	420,286	348,291	177,412	60,977	25,275	-	1,582,395
	123,827	122,927	122,535	101,744	79,441	420,286	348,291	177,412	60,977	25,275	-	1,582,715
Less: Interest	46,282	43,119	40,276	37,362	35,485	165,789	79,395	34,318	11,320	2,418	-	495,764
Total Principal	77,545	79,808	82,259	64,382	43,956	254,497	268,896	143,094	49,657	22,857	-	1,086,951
Total	\$330,535	\$259,603	\$279,728	\$263,768	\$258,913	\$1,325,413	\$1,423,566	\$1,127,118	\$746,979	\$364,429	\$ 87,252	\$ 6,467,304
Adjusted for: Net Discounts and Deferred Debits on Refundings												129,223
<b>Long-Term Obligations without scheduled debt service:</b>												
Claims and Judgments												1,611,451
Due to Primary Government												55,861
Compensated Absences												123,612
Net Pension Liability												1,387,024
Other Noncurrent Liabilities												1,040,376
Total Long-Term Obligations												<u>\$ 10,814,851</u>

## B. Revenue Bonds

The Oklahoma Student Loan Authority (OSLA) has issued eight series of revenue bonds with outstanding balances. The bonds were 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, 2015, the variable interest rates ranged from 0.3% to 1.5%.

The Oklahoma Development Finance Authority (ODFA) has issued revenue bonds to fund loans to various investment enterprises in connection with the Quality Jobs Investment Program. The bonds are 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 rates are variable and equal to the Oklahoma Industrial Finance Authority's cost of funds on its outstanding variable rate bond issues. The interest rate at June 30, 2015 was 2.5%.

The Oklahoma Housing Finance Agency (OHFA) has issued 23 series of revenue bonds with outstanding balances at year end. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multifamily construction projects, and establish debt service reserves as required by the various trust indentures.

The Oklahoma Turnpike Authority (OTA) has four series of revenue bonds outstanding with an original issue amount of \$1,364,930,000. 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 Grand River Dam Authority (GRDA) has six series of revenue bonds outstanding with an original issue amount of \$1,190,170,000. Oklahoma statutes have authorized GRDA to issue revenue bonds with the aggregate outstanding indebtedness not to exceed \$1,410,000,000.

The Oklahoma Municipal Power Authority (OMPA) has ten series of revenue bonds outstanding. The bonds were 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 series of the bonds have a variable interest rate which is established either by auction or a weekly index. The maximum rate is 14%.

The University Hospitals Authority (UHA) has issued two revenue bond series (2005A-Tax Exempt and 2005B- Taxable) with an original issue amount of \$55,460,000. The proceeds were used to finance construction of new pediatric ambulatory care facilities and a basic research center.

Thirteen of the state's colleges and universities within the Higher Education component unit have authorized and issued 79 series of revenue bonds with an original issue amount of \$1,518,040. 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, 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 assets of the trusts and the liabilities for the defeased bonds are not included in the accompanying financial statements. OMPA had defeased bonds outstanding at June 30, 2015 (December 31, 2014 for OMPA) totaling \$36,430,000.

### **D. Notes Payable**

The Multiple Injury Trust Fund (MITF) component unit reports a note payable to CompSource Oklahoma component unit of \$16,947,000 as permitted by statute. Included in this note payable is a \$6,000,000 advance on a line of credit. The note and line of credit bear interest at a 7% rate and are payable over 30 years in quarterly installments. 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 year end the variable interest rate was 0.2%.

The Oklahoma Municipal Power Authority (OMPA) has issued \$57,739,000 in a taxable limited obligation note. The note is payable solely from lease payments made by FPL Energy Oklahoma Wind, LLC with no recourse to OMPA. The note bears an interest rate of 6%, and annual principal and interest payments are due through December 31, 2028.

The Higher Education component unit has entered into various notes payable agreements. Lease payments, a pledge of "Section Thirteen Fund State Educational Institutions" moneys, the equipment purchased, and the facilities constructed are pledged as collateral on the notes.

### **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. In fiscal year 1999, the Higher Education component unit signed capital lease agreements with OCIA totaling \$49,178,000 and additional agreements totaling \$515,350,000 during fiscal year 2006. In fiscal year 2011, additional agreements with OCIA totaling \$249,440,000 were added. In fiscal year 2014, lease agreements for \$177,055,000 were added. During

fiscal year 2015, lease agreements for \$95,713,000 were added. The outstanding principal balance for the OCIA leases at June 30, 2015, is \$505,643,000. Only the principal balance of the leases is recognized since it is equivalent to the value of the items leased. The OCIA agreements are aggregated with the other capital lease obligations on the statement of net position for year end.

Oklahoma State University Medical Authority has capital leases totaling \$311,000 for equipment through fiscal year 2017.

Leased assets under capital leases in capital assets at June 30, 2015, included the following (expressed in thousands):

	Construction				Total
	Land	In Progress	Buildings	Equipment	
Cost	\$ -	\$ 7,755	\$244,586	\$302,342	\$554,683
Less: Accumulated depreciation	-	-	(44,727)	(107,363)	(152,090)
Total	\$ -	\$ 7,755	\$199,859	\$194,979	\$402,593

#### 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 balance in its bond redemption account. This results in \$44,115,000 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 \$42,000,000 for various construction, renovation and acquisition of property.

## Note 12. Net Position/Fund Balance

### Beginning Net Position and Other Restatements

#### Primary Government

Beginning net position related to Governmental Activities on the Statement of Activities have been restated due to a cumulative change in accounting principle (Adoption of GASB 68 resulting in a decrease of \$897,259,000), and correction of accounting errors (decrease of \$50,686,000) at July 1, 2014. This restatement decreased beginning net position by \$947,945,000.

The Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds has been restated due to correction of accounting errors. Total beginning net position for Governmental funds decreased \$54,400,000.

#### Component Units

Beginning net position for Component Units has been restated due to accounting errors (decrease of \$1,323,000), cumulative change in accounting principle (adoption of GASB 68 resulting in a decrease of \$1,684,592,000), and reclassification of funds (decrease of \$7,317,000). The net effect of the restatements decreased beginning net position by \$1,693,232,000 as of July 1, 2014.

## Proprietary Funds

Beginning net position for the Statement of Revenues, Expenses and Changes in Net Position for Proprietary Funds decreased by \$4,024,000 as a result of the correction of accounting errors at the Employment Security Commission and a cumulative change in accounting principle (adoption of GASB 68 resulting in a decrease of \$753,000) by the Oklahoma Lottery Commission. The net effect of the restatement decreased net position by \$4,777,000 as of July 1, 2014.

## Governmental Fund Balance

The governmental fund financial statements present fund balance at the aggregate level of detail within the categories defined by GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The table below represents the detailed amount of fund balance available to each functional level of government within those categories. This table also contains a separate detailed categorization for the state's stabilization, or "Rainy Day" fund if a balance is available at the end of fiscal year (expressed in thousands):

	General	Permanent Funds			Total Governmental Funds
		Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	
<b>Nonspendable</b>					
Inventories	\$ 75,903	\$ -	\$ -	\$ -	\$ 75,903
Prepays	949	-	-	-	949
Permanent Fund Principal	-	2,278,198	78,545	871,616	3,228,359
<b>Restricted</b>					
Education	21,365	1,265	-	-	22,630
General Government	1,179,112	-	-	-	1,179,112
Health Services	27,446	-	-	-	27,446
Legal and Judiciary	19,120	-	-	-	19,120
Museums	3,167	-	-	-	3,167
Natural Resources	16,709	-	-	-	16,709
Safety and Defense	2,405	-	-	-	2,405
Regulatory Services	8,551	-	-	-	8,551
Social Services	5,276	-	-	-	5,276
Transportation	425	-	-	-	425
Stabilization Fund (Rainy Day)	288,889	-	-	-	288,889
<b>Committed</b>					
Education	(861,607)	-	-	-	(861,607)
General Government	1,691,339	-	-	46,191	1,737,530
Health Services	(89,663)	-	-	-	(89,663)
Legal and Judiciary	76,277	-	-	-	76,277
Museums	(371)	-	-	-	(371)
Natural Resources	217,608	-	2,776	-	220,384
Safety and Defense	96,948	-	-	-	96,948
Social Services	153,311	-	-	-	153,311
Regulatory Services	311,381	-	-	-	311,381
Transportation	610,754	-	-	-	610,754
Assigned	1,045	-	-	79,460	80,505
<b>Unassigned</b>					
Stabilization Fund (Rainy Day)	96,297	-	-	-	96,297
<b>Total Fund Balances</b>	<b>\$ 3,952,636</b>	<b>\$ 2,279,463</b>	<b>\$ 81,321</b>	<b>\$ 997,267</b>	<b>\$ 7,310,687</b>

Nonspendable fund balance represents amounts that are not in spendable form. These amounts are not expected to be converted to cash. The state's primary forms of nonspendable fund balance are inventories and prepaid items such as rent or postage. Nonspendable fund balance also includes principal amounts within each respective permanent fund that is legally required to be maintained into perpetuity.

Restricted fund balance represents amounts that have constraints upon their use through either outside creditors, grantors, contributors or other governments as well as those amounts restricted through constitutional provisions or enabling legislation that can be legally enforced by parties outside the government. The state's general fund restricted fund balance is primarily comprised of amounts yet to be expended under federal grant awards, imminent payments on outstanding bond issues, long-term receivables that must be used for debt repayment, and 75% of any available balance in the stabilization or "Rainy Day" fund. The Commissioners of the Land Office Permanent Fund is restricted for educational systems. Fund balance as restricted by the various constraints in the general fund for the fiscal year ended June 30, 2015 were as follows (expressed in thousands):

	General Fund - Restricted			
	For Debt Service Only	Federal Cash	By Enabling Legislation	Restricted Fund Balance
Restricted				
Education	\$ -	\$ 21,365	\$ -	\$ 21,365
Government Administration	1,170,954	8,158	-	1,179,112
Health Services	1,358	26,088	-	27,446
Legal and Judiciary	-	19,120	-	19,120
Museums	904	2,263	-	3,167
Natural Resources	546	16,163	-	16,709
Safety and Defense	175	2,230	-	2,405
Social Services	4,489	787	-	5,276
Regulatory Services	7,591	960	-	8,551
Transportation	-	425	-	425
Stabilization Fund (Rainy Day)	-	-	288,889	288,889
Total Fund Balances	\$ 1,186,017	\$ 97,559	\$ 288,889	\$ 1,572,465

Committed fund balance is presented for each respective function of government as directed by the state's highest level of decision making authority. Along with ratification by the governor, the Senate and the House of Representatives write, prepare and approve legislative bills to allocate the state's available resources each fiscal year. This process is a formal legislative action constituting the highest level of decision making authority. Once this authority has been exercised, the same action must be taken to modify or rescind a previously approved bill or allocation of resources.

Under GAAP reporting, the nonspendable and restricted fund balance categories are considered to be restricted fund balance. The committed, assigned and unassigned fund balances are considered to be unrestricted fund balance. Generally, when the state has both restricted and unrestricted resources available, the restricted balances will be used first as expenditures are incurred as long as conditions that created the restriction are met. When unrestricted fund balance is used, the order of use would generally be committed, then assigned, and finally unassigned.

Article 10, Section 23 of the State Constitution establishes a stabilization arrangement (Constitutional Reserve or Rainy Day Fund) under certain conditions where revenues collected exceed estimates made by the State Board of Equalization. Each year the Board determines the amount available for allocation by the legislature not to exceed 95% of the Board's estimate, or General Revenue Fund certification amount. In any year in which amounts collected exceed 100% of the Board's estimated revenues, the excess is placed in the Constitutional Reserve Fund until the fund reaches 15% of the General Revenue Fund certification amount for the preceding fiscal year. Up to 37.5% of the balance in the fund at the beginning of the year may be appropriated for the forthcoming fiscal year when the Equalization Board's estimate is lower than the current fiscal year certification. An additional 37.5% of the Constitutional Reserve Fund at the beginning of the year may be appropriated for the current year if the Equalization Board determines that a revenue failure has occurred with respect to the General Revenue Fund for the current year. The remaining 25% of the balance in the Constitutional Reserve Fund may be appropriated upon a declaration by the governor that emergency conditions exist with concurrence by a two-thirds vote within the Senate and House of Representatives. This same 25% may also be appropriated through a joint declaration of emergency by both the Senate and House of Representatives with a concurrent 3/4ths vote by each legislative body. Due to the different methods for accessing the Constitutional Reserve Fund, any balance with the fund at year end is presented as 75% restricted and 25% unassigned. This split in presentation most

closely aligns the government's ability to access these funds with the proper fund balance classification. The total Constitutional Reserve Fund balance at June 30, 2015 was \$385,186,000, with \$288,889,000 presented as restricted fund balance and \$96,297,000 as unassigned fund balance.

The Tobacco Trust Fund's assigned fund balance classification reflects amounts that are constrained by the Fund's intent to be used for specific purposes. For purposes of assigned fund balance, the Fund's Board of Directors has authority to assign funds for specific purposes. Prior to 2012, the Board of Directors had determined that 10% of the unassigned fund balance would be designated as a reserve for future periods, should annual earnings prove insufficient to cover expenses. In November 2011, the Board of Directors chose to limit yearly expenditures of certified earnings to no more than 5% of the corpus of the Fund, with any unexpended certified earnings added to the reserve. For the fiscal year ended June 30, 2015, the assigned fund balance was \$79,460,000.

As explained in Note 1, *Summary of Significant Accounting Policies* section J, the General Fund inventory includes \$767,000 in food commodities which is also included in deferred revenue. Therefore, nonspendable fund balance for inventory/prepaid on the balance sheet is \$767,000 less than the total of inventory and prepaid items.

## **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 September 30, 2014 OHFA had three series of multifamily bonds outstanding with an aggregate principal amount payable of approximately \$11,263,000. These financings are not 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 multifamily 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, 2015, there were approximately \$36,600,000 of outstanding financial obligations insured by ODFA. At year end, the Fund has accrued a reserve for losses of approximately \$633,000 to cover potential losses from outstanding financial obligations insured by the Fund. Through June 30, 2015, 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

### A. Plan Description

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.

OFPRS, OPERS, OPPRS, and TRS are all cost-sharing, multi-employer defined benefit retirement systems. URSJJ, OLERS and WCRP 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. The information and schedules which follow are the representation of the respective state and local governmental employer pension plans which are administered through trusts.

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

Firefighters Pension and Retirement 6601 Broadway Extension, Suite 100 Oklahoma City, OK 73116 <a href="http://www.ok.gov/fprs/">http://www.ok.gov/fprs/</a>	Law Enforcement Retirement 421 N.W. 13th Street, Suite 100 Oklahoma City, OK 73103-3701 <a href="http://www.olders.state.ok.us/">http://www.olders.state.ok.us/</a>	Police Pension and Retirement 1001 N.W. 63rd Street, Suite 305 Oklahoma City, OK 73116-7335 <a href="http://www.ok.gov/OPPRS/">http://www.ok.gov/OPPRS/</a>
Public Employees Retirement P.O. Box 53007 Oklahoma City, OK 73152-3007 <a href="http://www.opers.ok.gov/">http://www.opers.ok.gov/</a>	Uniform Retirement System for Judges and Justices P.O. Box 53007 Oklahoma City, OK 73152-3007 <a href="http://www.opers.ok.gov/">http://www.opers.ok.gov/</a>	Teachers' Retirement System 2500 N. Lincoln Boulevard, 5th Floor Oklahoma City, OK 73105-4209 <a href="http://www.ok.gov/TRS/">http://www.ok.gov/TRS/</a>
	Department of Wildlife Conservation P.O. Box 53465 Oklahoma City, OK 73152 <a href="http://www.wildlifedepartment.com">http://www.wildlifedepartment.com</a>	

### B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the respective pension plans and additions to/deductions from plans fiduciary net position have been determined on the same basis as they are reported by each pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

### C. Eligibility Factors and Benefit Provisions

#### Provisions

#### OFPRS as of 7/1/14

- |                            |  |
|----------------------------|--|
| a. Eligible to Participate | All eligible firefighters of a participating municipality or a fire protection district who perform the essential functions of fire suppression, prevention and life safety duties in a fire department. |
| b. Period Required to Vest | Ten years of credited service if employed prior to November 1, 2013. Eleven years of credited service if employed after November 1, 2013.  |

- c. Eligibility for Distribution  
Normal retirement 20 years of service if employed prior to November 1, 2013. Age 50 with 20 years of service if employed after November 1, 2013. Disability retirement upon disability. Death benefit of \$5,000 payable to the qualified spouse or designated recipient upon the participant's death.
- d. Benefit Determination Base  
Final average salary - the average paid gross salary of the fire fighter for normally scheduled hours over the highest salaried thirty consecutive months of the last sixty months of credited service.
- e. Benefit Determination Methods:
  - Normal Retirement  
Paid firefighters: 50% of the firefighter's final average salary. Volunteer firefighters: \$150.60 per month, effective July 1, 2008.
  - Disability Retirement Paid Firefighters  
2.5% of the firefighter's final average salary per year of service, with a minimum service credit of twenty years and maximum of thirty years. For disabilities not in the line of duty, final average monthly compensation is based on 60 months instead of 30 months.
  - Volunteer Firefighters  
\$7.53 per month per years of service, with a maximum of 30 years. For disabilities or deaths in the line of duty, there is a minimum service credit of 20 years.
- f. Benefit Authorization  
Benefits are established in accordance with Title 11 of the Oklahoma Statutes, Section 49-100.1 through 49-143.6 as amended.
- g. Form of Benefit Payments  
Straight life annuity. Survivor Benefit: Joint and 100% Survivor Annuity if firefighter was married 30 months prior to death.

Provisions

OLERS as of 7/1/14

- a. Eligible to Participate  
All law enforcement officers of the Oklahoma Highway Patrol (OHP) and Capitol Patrol of Department of Public Safety, Oklahoma State Bureau of Investigation (OSBI), Oklahoma State Bureau of Narcotics and Dangerous Drugs Control (OBNDD), Alcoholic Beverage Laws Enforcement Commission (ABLE), members of the DPS Communications Division (Communications), DPS Waterways Lake Patrol, Tourism and Recreation Department (Rangers), Inspectors of the Oklahoma State Board of Pharmacy (Pharmacy Inspectors), and Gun Smiths of DPS are eligible upon employment.
- b. Period Required to Vest  
Ten years of credited service.
- c. Eligibility for Distribution  
Normal retirement 20 years of service or age 62 with 10 years of service. Maximum of age 60 with 20 years of service, unless considered physically able to continue. Disability benefit upon determination of disability

incurred in the line of duty. For disability not in the line of duty after three years of service. Death benefit of \$5,000 payable to the designated beneficiary.

- d. Benefit Determination Base Final average salary – the average of the highest thirty consecutive complete months of compensation.
- e. Benefit Determination Methods:
- Normal Retirement 2.5% of member’s final average salary multiplied by the years of credited service. No maximum on service.
- Disability Retirement:  
Duty The greater of: 1. 2.5% of the greater of the final average salary times years and completed months of credited service, or 2. 50% of final average salary.
- Non-Duty 2.5% of the final average salary times years and completed months of credited service.
- f. Benefit Authorization Benefits are established in accordance with Title 47 of the Oklahoma Statutes, Chapter 2, Article III, Section 2-300 through 2-315 as amended.
- g. Form of Benefit Payments 100% Joint and Survivor Annuity.

Provisions

OPERS as of 7/1/14

- a. Eligible to Participate All permanent employees of the State of Oklahoma, and any other employer such as a county, county hospital, city or town, conservation districts, circuit engineering districts, and any trust in which a county, city, or town participates and is the primary beneficiary, are eligible to join if:
- The employee is not eligible for or participating in another retirement system authorized under Oklahoma law, is covered by Social Security and not participating in the U.S. Civil Service Retirement System.
  - The employee is scheduled for 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for state employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees).
- b. Period Required to Vest Eight years of credited service.
- c. Eligibility for Distribution Normal retirement :
- Member before November 1, 2011 one of the following:  
  
Age 62 with 6 years of credited service. For elected officials age 60.

80 points- The sum of age and years of service equals 80 if member before July 1, 1992.

90 points- The sum of age and years of service equals 90 if member after July 1, 1992.

- Member after November 2, 2011 one of the following:

Age 65 with 6 years of credited service. For elected officials age 65 with 8 years of elected service.

90 points – At least age 60 and the sum of Age and years of service equals 90.

Disability benefit after 8 years of service, provided member qualifies for disability benefits from the Social Security Administration or the Railroad Retirement Board.

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.

d. Benefit Determination Base

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

e. Benefit Determination Methods:

Normal Retirement

2% of member's final average salary multiplied by the years of credited service.

Disability Retirement

Same as normal retirement.

f. Benefit Authorization

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

g. Form of Benefit Payments

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

Provisions

USRJ as of 7/1/14

a. Eligible to Participate

Any Justice or Judge of the Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals or District Court who serves as Justice or judge of any of said courts in the State of Oklahoma.

b. Period Required to Vest

Eight years of credited service.

- c. Eligibility for Distribution
- Normal retirement :
- Member before January 1, 2012 one of the following:
    - Age 60 with 10 years of credited service.
    - Age 65 with 8 years of credited service.
    - 80 points- The sum of age and years of service equals 80.
  - Member after January 1, 2012 one of the following:
    - Age 62 with 10 years of credited service
    - Age 67 with 8 years of credited service.
- Disability benefit at age 55 and 15 years of continuous judicial service.
- Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.
- d. Benefit Determination Base
- Final average salary – average monthly salary based on the highest 3 years of active service.
- e. Benefit Determination Methods:
- Normal Retirement
- 4% of member’s final average compensation multiplied by years of credited service not to exceed 100% of final average salary.
- Disability Retirement
- Same as normal retirement.
- f. Benefit Authorization
- Benefits are established in accordance with Title 20 of the Oklahoma Statutes, Chapter 16, Section 1101 through 1111 as amended.
- g. Form of Benefit Payments
- Single-life, Joint and 50% Survivor, Joint and 100% Survivor.

Provisions

OPPRS as of 7/1/14

- a. Eligible to Participate
- All eligible officers of a participating municipality and any person hired by a participating municipality who is undergoing police training to become a permanent police officer.
- b. Period Required to Vest
- Ten years of credited service.
- c. Eligibility for Distribution
- Normal retirement upon completing 20 years of credited service.
- Total Disability: Duty; upon determination of total disability. Non-Duty; upon determination of disability after 10 years of service.

- Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.
- d. Benefit Determination Base  
Final average salary – average base salary for normally scheduled hours over the highest salaried 30 consecutive months of the last 60 months of credited service.
- e. Benefit Determination Methods:
- Normal Retirement  
2.5% of member’s final average salary multiplied by years of credited service not to exceed 30 years.
- Disability Retirement  
Total Disability (Duty): 50% of final average salary.  
Total Disability (Non-Duty): 2.5% of final average salary multiplied by years of credited service not to exceed 30 years.  
Partial Disability (Duty): 50% of final average salary reduced by the % of impairment, as outlined in the “American Medical Association’s Guide to the Evaluation of Permanent Impairment”.  
Partial Disability (Non-Duty): 2.5% of final average salary multiplied by years of credited service (maximum of 30 years) reduced by the percentage of impairment, as outlined in the “American Medical Association’s Guide to the Evaluation of Permanent Impairment”.
- f. Benefit Authorization  
Benefits are established in accordance with Title 11 of the Oklahoma Statutes, Chapter 1, Section 50-101 through 50-136.8 as amended.
- g. Form of Benefit Payments  
Straight life annuity

Provisions

TRS as of 7/1/14

- a. Eligible to Participate  
All employees of any public school in Oklahoma, including public colleges and universities.
- b. Period Required to Vest  
Five years of credited service.
- c. Eligibility for Distribution  
Normal retirement :
- Member after July 1, 1967 and before November 1, 2011 – age 62 with 5 years of service
  - Member after October 31, 2011 – age 65 with 5 years of service or age 60 and the number of years of service totals 90.
  - Member before July 1, 1992 age and the number of years of creditable service total 80.

- Member on or after July 1, 1992 but prior to November 1, 2011 – age and the number of years totals 90.

Early retirement:

- Member prior to November 1, 2011 - Age 55 and 5 years of service or upon completion of 30 years of service.
- Member after October 31, 2011 – Age 60 and 5 years of service.

Disability benefit after 10 years of service.

d. Benefit Determination Base

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.

Final average salary – For those becoming members before July 1, 1992 the compensation for the three years on which the highest contributions are paid. For persons becoming members after June 30, 1992 the compensation for the five years on which the highest contributions are paid.

e. Benefit Determination Methods:

Normal Retirement

2% of member’s final average salary subject to the compensation limits in Title 70, Chapter 1, Article 17, Section 17-101(28) and 17-116.2C.

Disability Retirement

Same as normal retirement.

f. Benefit Authorization

Benefits are established in accordance with Title 70 of the Oklahoma Statutes, Chapter 1, Article 17, Section 17-101 through 17-122.1 as amended.

g. Form of Benefit Payments

Straight Life Annuity, Joint and 50% Survivor, Joint and 100% Survivor.

Provisions

WCRP as of 7/1/14

a. Eligible to Participate

Employees with a hire date prior to July 1, 2010. Plan was frozen as of July 1, 2010.

b. Period Required to Vest

Ten years of credited service.

c. Eligibility for Distribution

Normal retirement – Age 65  
Early retirement:

- Age 55 and 15 years of service. Benefit reduced 2% for each year benefit received prior to age 62.
- Age 55 and sum of age and years of continuous

service equals 85.

- d. **Benefit Determination Base** Final average salary – Highest 3 years annual covered compensation received during the last 10 years of participating service
- e. **Benefit Determination Methods:**
- Normal Retirement 2.5% of member’s final average salary multiplied by years of credited service. Employees hired after July 1, 1995, the maximum benefit is 85% of final average salary with minimum benefit of \$50 per month.
- Disability Retirement Information not available.
- f. **Benefit Authorization** Benefits are established in accordance with Title 29 of the Oklahoma Statutes, Chapter 1, Article 3, Section 3-306.
- g. **Form of Benefit Payments** Information not available.

**D. Employees Covered by Benefit Terms**

	<u>OFPRS</u>	<u>OLERS</u>	<u>OPERS</u>	<u>URSJJ</u>	<u>OPPRS</u>	<u>TRS</u>	<u>WCRP</u>
Active Employees	12,436	1,270	43,947	274	5,320	89,570	262
Deferred Vested Former Employees	1,467	60	5,671	18	162	10,704	24
Retirees or Retiree Beneficiaries	10,020	1,289	31,833	235	3,320	56,389	200
Total	<u>23,923</u>	<u>2,619</u>	<u>81,451</u>	<u>527</u>	<u>8,802</u>	<u>156,663</u>	<u>486</u>

**E. Contribution Requirements**

**OFPRS:** The authority to set and amend contribution rates is established by ordinance for OFPRS defined benefit plan in accordance with Title 11 of the Oklahoma Statutes, Section 49-100.6. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 9% for employees of their covered salary and 14% for employers of covered payroll as of 7/1/14 and 7/1/13. Municipalities with revenues in excess of \$25,000 contribute \$60.00 per year for each volunteer firefighter. Prior to 11/1/13 the rate was 8% for employees, 13% for employers, and municipalities contributed \$60.00 per year for each volunteer firefighter. The state contributes a portion of the insurance premium tax collected through its taxing authority. Currently, this contribution is 36% of insurance premium tax collected by the state. Prior to 11/1/13 the contribution rate was 34%. For the year ended June 30, 2014 OFPRS recognized \$137,707,000 in contributions to the plan based on covered payroll of \$271,572,000.

**OLERS:** The authority to set and amend contribution rates is established by ordinance for OLERS defined benefit plan in accordance with Title 47 of the Oklahoma Statutes, Chapter 2, Article 3, Section 2-303.1. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 8% for employees of their covered salary and 11% for employers of covered payroll as of 7/1/14 and 7/1/13. The state contributes a portion of driver’s license taxes, motor vehicle inspection fees, and insurance premium tax collected through its taxing authority. Currently this contribution is 1.2% of driver’s license taxes, motor vehicle inspection fees equal to 50 cents per motor vehicle inspection sticker less \$850,000, and 5% of insurance premium tax. For the year ended June 30, 2014 OLERS recognized \$35,519,000 in contributions to the plan based on covered payroll of \$76,838,000.

**OPERS:** The authority to set and amend contribution rates is established by ordinance for OPERS defined benefit plan in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 908. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate for state employees is 3.5% of their covered salary and 16.5% of covered payroll for state agencies as of 7/1/14 and 7/1/13. Contributions for participating county and local

agencies total 20% for employees and employers as of 7/1/14 and 7/1/13. For the year ended June 30, 2014 OPERS recognized \$350,572,000 in contributions to the plan based on covered payroll of \$1,744,042,000.

URSJJ: The authority to set and amend contribution rates is established by ordinance for URSJJ defined benefit plan in accordance with Title 20 of the Oklahoma Statutes, Chapter 16, Section 1108. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate for employees is 8% of their covered salary and 14.5% of covered payroll for employers as of 7/1/14. For the year ended 7/1/13 the rate for employees is 8% of covered salary and 13% of covered payroll for employers. For the year ended June 30, 2014 URSJJ recognized \$7,155,000 in contributions to the plan based on covered payroll of \$34,282,000.

OPPRS: The authority to set and amend contribution rates is established by ordinance for OPPRS defined benefit plan in accordance with Title 11 of the Oklahoma Statutes, Chapter 1, Article 50, Section 50-106. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 8% for employees of their covered salary and 13% for employers of covered payroll as of 7/1/14 and 7/1/13. The state contributes a portion of the insurance premium tax collected through its taxing authority. Currently, this contribution is 14% of insurance premium tax collected by the state. For the year ended June 30, 2014 OPPRS recognized \$89,007,000 in contributions to the plan based on covered payroll of \$289,502,000.

TRS: The authority to set and amend contribution rates is established by ordinance for TRS defined benefit plan in accordance with Title 70 of the Oklahoma Statutes, Chapter 1, Article 17, Section 17-106. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 7% for employees of their covered salary and 9.5% for employer entities other than comprehensive and four year universities as of 7/1/14 and 7/1/13. The rate for comprehensive and four year universities is 8.55% as of 7/1/14 and 7/1/13. The state contributes 5% of revenues from sales taxes, use taxes, corporate and individual income taxes. Beginning in FY 2006, the state also contributes 5% of lottery proceeds. For the year ended June 30, 2014 TRS recognized \$1,008,353,000 in contributions to the plan based on covered payroll of \$4,002,884,000.

WCRP: The authority to set and amend contribution rates is established by ordinance for WCRP defined benefit plan in accordance with Title 29 of the Oklahoma Statutes, Chapter 1, Article 3, Section 3-306. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 5% for employees of their covered salary. For the year ended June 30, 2014 WCRP recognized \$4,981,000 in contributions to the plan based on covered payroll of \$13,599,000.

## F. Actuarial Assumptions

### Oklahoma Firefighters Pension and Retirement System

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	3.5% - 9.0%
d. Post retirement cost-of-living increase	Half of the dollar amount of a 3% assumed increase in base pay for firefighters with 20 years of service as of May 26, 1983. No COLA assumed for members not eligible for this increase.
e. Inflation Rate	3%
f. Mortality table	Active employees (pre and post retirement): RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males 3 years older than females
i. Turnover	Varies from 0.4% to 3.5%
j. Date of last experience study	June 30, 2012 for the period from July 1, 2007 to June 30, 2012.

## Oklahoma Law Enforcement Retirement System

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	3.75% - 7.8%
d. Post retirement cost-of-living increase	3% for eligible members
e. Inflation Rate	3%
f. Mortality table	Active employees (pre and post retirement): RP-2000 Blue Collar Healthy Combined with Generation Projection. Disabled pensioners: RP-2000 Blue Collar Table.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males 3 years older than females
i. Turnover	Varies from 1% to 15%
j. Date of last experience study	July 2007 to June 2011

## Oklahoma Public Employees Retirement System

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	4.5% - 8.4%
d. Post retirement cost-of-living increase	None
e. Inflation Rate	3%
f. Mortality table	Active employees (pre and post retirement): RP-2000 Healthy Combined projected to 2010 using Scale AA. Disabled pensioners: RP-2000 Healthy Combined projected to 2010 using Scale AA set forward 15 years for disabled experience.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males 4 years older than females
i. Turnover	Varies from 1% -22%
j. Date of last experience study	May 9, 2014 for the 3 year period from July 1, 2010 to June 30, 2013

## Uniform Retirement System for Justices and Judges

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	5.0%
d. Post retirement cost-of-living increase	None
e. Inflation Rate	3%
f. Mortality table	Active employees (pre and post retirement): RP-2000 Healthy Combined projected to 2010 using Scale AA setback 1 year. Disabled pensioners: RP-2000 Healthy Combined Projected to 2010 using Scale AA set forward 14 years for disabled experience.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males 4 years older than females
i. Turnover	2%
j. Date of last experience study	May 9, 2014 for the 3 year period from July 1, 2010 to June 30, 2013

## Oklahoma Police Pension and Retirement System

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	4.5% to 17.0%
d. Post retirement cost-of-living increase	Officers eligible to receive COLA according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3%.
e. Inflation Rate	3%
f. Mortality table	Active employees pre-retirement: RP-2000 Blue Collar Healthy Combined fully generational using Scale AA with age set back 4 years. Post-retirement: RP-2000 Blue Collar Healthy Combined fully generational using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined with age set forward 4 years.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males 3 years older than females
i. Turnover	Varies from 1% to 20%
j. Date of last experience study	Five year period from July 1, 2007 to June 30, 2012.

## Teachers' Retirement System

Date of Last Actuarial Valuation	June 30, 2014
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	8%
c. Projected salary increase	4%
d. Post retirement cost-of-living increase	None
e. Inflation Rate	3%
f. Mortality table	Active employees - pre-retirement: RP-2000 Employee Mortality tables with male rates multiplied by 60% and females rates multiplied by 50%. Post-retirement: RP-2000 Combined Mortality table projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females. Disabled pensioners: RP-2000 Mortality tables with male rates multiplied by 75%, no set back, and female rates multiplied by 100%, no set back.
g. Percent of married employees	80% Males; 80% Females
h. Spouse age difference	Males 3 years older than females
i. Turnover	Varies from 1% to 30%
j. Date of last experience study	September 2010 for a 5 year period ending June 30, 2009.

## Wildlife Conservation Retirement Plan

Date of Last Actuarial Valuation	July 1, 2014
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7%
c. Projected salary increase	4.5% to 7.0%
d. Post retirement cost-of-living increase	none
e. Inflation Rate	3.5%
f. Mortality table	Active and retired employees: RP-2000 Combined table with Blue Collar Adjustment with projection to 10 years beyond valuation date using Scale AA. Disabled members: RP-2000 Disabled Annuitant.
g. Percent of married employees	Not available
h. Spouse age difference	Not available
i. Turnover	Not available
j. Date of last experience study	July 1, 2003 to June 30, 2008

### G. Discount Rate:

#### Oklahoma Firefighters Pension and Retirement System

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by state statutes.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20%	5.48%
Equity	65%	9.42%
Alternative Investments	15%	7.32%
Total	100%	

#### Oklahoma Law Enforcement Retirement System

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes and other state sources will be made at the current contribution rates as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	30%	3.18%
Equity	60%	8.99%
Alternative Investments	10%	4.76%
Total	<u>100%</u>	

### **Oklahoma Public Employees Retirement System**

The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	32%	0.97%
Equity	44%	5.45%
Alternative Investments	24%	6.00%
Total	<u>100%</u>	

### **Uniform Retirement System for Justices and Judges**

The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	32%	0.97%
Equity	44%	5.45%
Alternative Investments	24%	6.00%
Total	100%	

### **Oklahoma Police Pension and Retirement System**

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by state statutes.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	25%	2.83%
Equity	60%	6.47%
Alternative Investments	15%	4.29%
Total	100%	

### **Teachers' Retirement System**

The projection of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the state's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 8.00% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	24%	3.30%
Equity	45%	6.70%
International Equity	18%	7.00%
Alternative Investments	14%	7.10%
Total	<u>100%</u>	

### **Wildlife Conservation Retirement Plan**

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the department will be at least 100% of the department's required contribution.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.0% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	40%	0.78%
Equity	50%	8.68%
Alternative Investments	10%	2.34%
Total	<u>100%</u>	

**H. Changes in Net Pension Liability** – The total pension liability for the various pension systems were determined based on actuarial valuations performed as of July 1, 2014 which is also the measurement date. There were no changes in assumptions or changes between the measurement date of July 1, 2014 and the state's report ending date of June 30, 2015, that would have had a significant impact on the net pension liability. The following tables report the components of changes in net pension liability:

## Oklahoma Law Enforcement Retirement System

### Schedule of Changes in Net Pension Liability Increases (Decreases)

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance Beginning of Year</b>	\$ 890,555,000	\$ 773,690,000	\$ 116,865,000
<b>Changes for the Year:</b>			
Service Cost	20,294,000	-	20,294,000
Interest	64,959,000	-	64,959,000
Difference between expected and actual return	(9,771,000)	-	(9,771,000)
Contributions-Employer	-	8,566,000	(8,566,000)
Contributions-State of Oklahoma a non-employer contributing entity	-	21,165,000	(21,165,000)
Contributions-Employee	-	5,788,000	(5,788,000)
Net Investment Income	-	121,402,000	(121,402,000)
Benefit payments, including refunds	(49,777,000)	(49,777,000)	-
Administrative expense	-	(927,000)	927,000
Other changes	-	-	-
<b>Net Changes</b>	<u>25,705,000</u>	<u>106,217,000</u>	<u>(80,512,000)</u>
<b>Balances at June 30, 2014</b>	<u>\$ 916,260,000</u>	<u>\$ 879,907,000</u>	<u>\$ 36,353,000</u>

## Uniform Retirement System for Justices and Judges

### Schedule of Changes in Net Pension Liability Increases (Decreases)

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance Beginning of Year</b>	\$ 254,409,000	\$ 263,231,000	\$ (8,822,000)
<b>Changes for the Year:</b>			
Service Cost	9,489,000	-	9,489,000
Interest	18,529,000	-	18,529,000
Difference between expected and actual return	(7,597,000)	-	(7,597,000)
Contributions-Employer	-	4,611,000	(4,611,000)
Contributions-Employee	-	2,544,000	(2,544,000)
Net Investment Income	-	46,211,000	(46,211,000)
Benefit payments, including refunds	(14,996,000)	(14,996,000)	-
Administrative expense	-	(132,000)	132,000
Other changes	(1,046,000)	-	(1,046,000)
<b>Net Changes</b>	<u>4,379,000</u>	<u>38,238,000</u>	<u>(33,859,000)</u>
<b>Balances at June 30, 2014</b>	<u>\$ 258,788,000</u>	<u>\$ 301,469,000</u>	<u>\$ (42,681,000)</u>

**Wildlife Conservation Retirement Plan**

Schedule of Changes in Net Pension Liability  
Increases (Decreases)

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance Beginning of Year</b>	\$ 104,810,000	\$ 84,180,000	\$ 20,630,000
<b>Changes for the Year:</b>			
Service Cost	1,930,000	-	1,930,000
Interest	7,296,000	-	7,296,000
Difference between expected and actual return	293,000	-	293,000
Contributions-Employer	-	4,300,000	(4,300,000)
Contributions-Employee	-	681,000	(681,000)
Net Investment Income	-	12,370,000	(12,370,000)
Benefit payments, including refunds	(5,032,000)	(5,032,000)	-
Administrative expense	-	(38,000)	38,000
Other changes	-	-	-
<b>Net Changes</b>	<u>4,487,000</u>	<u>12,281,000</u>	<u>(7,794,000)</u>
<b>Balances at June 30, 2014</b>	<u>\$ 109,297,000</u>	<u>\$ 96,461,000</u>	<u>\$ 12,836,000</u>

**I. Sensitivity of the net pension liability to changes in the discount rate:**

The following presents the net pension liability, calculated using the discount rate, as well as what net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage-point higher than the current rate:

**Oklahoma Law Enforcement Retirement System**

	1% Decrease in Discount rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability (Asset)	<u>\$ 157,424,000</u>	<u>\$ 36,353,000</u>	<u>\$ (62,792,000)</u>

**Oklahoma Public Employees Retirement System**

	1% Decrease in Discount rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability (Asset)	<u>\$ 916,170,000</u>	<u>\$ 147,158,000</u>	<u>\$ (506,612,000)</u>

**Uniform Retirement System for Justices and Judges**

	1% Decrease in Discount rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability (Asset)	\$ (18,446,000)	\$ (42,682,000)	\$ (63,753,000)

**Oklahoma Police Pension and Retirement System**

	1% Decrease in Discount rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability (Asset)	\$ 429,000	\$ (72,000)	\$ (494,000)

**Teachers' Retirement System**

	1% Decrease in Discount rate (7.0%)	Current Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Net Pension Liability (Asset)	\$ 1,893,254,000	\$ 1,347,638,000	\$ 887,119,000

**Wildlife Conservation Retirement Plan**

	1% Decrease in Discount rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Net Pension Liability (Asset)	\$ 25,416,000	\$ 12,836,000	\$ 2,082,000

**J. Deferred Outflows/Inflows of Resources:**

**Oklahoma Law Enforcement Retirement System**

At June 30, 2014 OLERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 8,061,000
Net difference between projected and actual plan investment earnings	-	51,147,000
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions made since measurement date	38,689,000	
	<u>\$ 38,689,000</u>	<u>\$ 59,208,000</u>

### Oklahoma Public Employees Retirement System

At June 30, 2014 OPERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 48,720,000
Net difference between projected and actual plan investment earnings	-	491,796,000
Changes in Assumptions	8,421,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions made since measurement date	292,197,000	-
	<u>\$ 300,618,000</u>	<u>\$ 540,516,000</u>

### Uniform Retirement State Judges and Justices

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	N/A
Net difference between projected and actual plan investment earnings	-	-
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions made since measurement date	8,001,000	-
	<u>\$ 8,001,000</u>	<u>N/A</u>

### Oklahoma Police Pension and Retirement System

At June 30, 2014 OPERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 32,000
Net difference between projected and actual plan investment earnings	-	254,000
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions made since measurement date	173,000	-
	<u>\$ 173,000</u>	<u>\$ 286,000</u>

**Teachers' Retirement System**

At June 30, 2014 TRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 22,060,000
Net difference between projected and actual plan investment earnings	-	323,907,000
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions made since measurement date	184,726,000	
	<u>\$ 184,726,000</u>	<u>\$ 345,967,000</u>

**Wildlife Conservation Retirement Plan**

At June 30, 2014 WCRP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 247,000	\$ -
Net difference between projected and actual plan investment earnings	-	5,185,000
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions made since measurement date	4,962,000	-
	<u>\$ 5,209,000</u>	<u>\$ 5,185,000</u>

**K. Amortization of Pension Deferrals:**

Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows:

For year ended June 30, 2014

	Law Enforcement Retirement System	Public Employees Retirement System	Retirement System Judges and Justices	Police Pension and Retirement System	Teacher's Retirement System	Wildlife Conservation
2015	\$ (14,498,000)	\$ (141,780,000)	\$ -	\$ (70,000)	\$ (85,123,000)	\$ (823,000)
2016	(14,498,000)	(141,780,000)	-	(70,000)	(85,123,000)	(823,000)
2017	(14,498,000)	(125,586,000)	-	(70,000)	(85,123,000)	(823,000)
2018	(14,498,000)	(122,949,000)	-	(70,000)	(85,123,000)	(823,000)
2019	(1,215,000)	-	-	(6,000)	(4,147,000)	(823,000)
2020	-	-	-	-	(1,327,000)	(823,000)
<b>Total</b>	<b>(59,207,000)</b>	<b>(532,095,000)</b>	<b>-</b>	<b>(286,000)</b>	<b>(345,966,000)</b>	<b>(4,938,000)</b>

- L. Payables to the Pension Plans** – The amounts presented below represent the amount payable from the State of Oklahoma to the pension plans at the measurement date. This includes both contributions payable and dedicated taxes that had yet to be paid.

	Payable at Fiscal Year End
Firefighters Pension and Retirement Plan	\$ 19,759,000
Law Enforcement Retirement System	5,063,000
Public Employees Retirement System	6,272,000
Retirement System Judges and Justices	637,000
Police Pension and Retirement System	7,684,000
Teacher's Retirement System	29,978,000
<b>Total</b>	<b>69,393,000</b>

- M. State General Fund Portion** -- The amounts presented below represent Net Pension Liability, Deferred Inflows, Deferred Outflows, and Pension Expense related to the various pension systems recorded to Governmental Activities on the Government-Wide Statement of Net Position. These amounts were determined based on actuarial valuations performed as of July 1, 2014 which is also the measurement date.

	General Fund Portion	Pension Assets	Pension Liabilities	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Law Enforcement Retirement System	93.279%	\$ 820,768,000	\$ 854,678,000	\$ 33,910,000	\$ 55,228,000	\$ 36,089,000	\$ 7,860,000
Public Employees Retirement System	75.045%	6,431,435,000	6,569,191,000	137,756,000	505,981,000	286,253,000	9,379,000
Retirement System Judges and Justices	100.000%	301,469,000	258,788,000	(42,681,000)	-	8,001,000	270,000
Police Pension and Retirement System	0.214%	4,790,000	4,718,000	(72,000)	286,000	173,000	26,000
Teachers Retirement System	0.771%	109,666,000	151,416,000	41,750,000	10,722,000	4,965,000	2,455,000
Wildlife Commission Retirement Plan	100.000%	96,461,000	109,297,000	12,836,000	5,185,000	5,209,000	213,000
<b>Total</b>		<b>7,764,589,000</b>	<b>7,948,088,000</b>	<b>183,499,000</b>	<b>577,402,000</b>	<b>340,690,000</b>	<b>20,203,000</b>

N. Changes Subsequent to Measurement Date – The following changes have been made to pension plan policy since the measurement date. These changes could potentially change the calculation of Net Pension Liability.

- Oklahoma Law Enforcement Retirement System: House Bill 2622 reset the amortization period of the unfunded actuarial liability to 15 years effective July 1, 2014.

**O. Defined Contribution Plan**

The Oklahoma Department of Wildlife Conservation’s (ODWC) defined contribution plan ( the “DC Plan”) is a single-employer plan that covers the employees of the ODWC with a hire date of July 1, 2010, or later. The DC Plan provides retirement benefits to plan members and their beneficiaries. At June 30, 2015 there were 87 plan members. Plan members are required to contribute 5% of compensation annually. The ODWC’s annual contribution is based on the employee’s number of completed years of credited service with the ODWC, defined as follows:

<u>Percent of Compensation Years of Credited Service</u>	<u>Contributed by the Employer</u>
Less than 5	6%
At least 5 but less than 10	8%
At least 10 but less than 15	10%
At least 15 or more	12%

Employees vest in 100% of ODWC’s contributions after 5 years of credited service.

For the years ended June 30, 2015, the ODWC contributed \$152,000, and eligible employees contributed \$127,000 to the DC Plan.

**Note 15. Other Postemployment Benefits (OPEB)**

**1. General Description of the Other Postemployment Benefits**

The Employees Group Insurance Division (EGID), a division of the Office of Management and Enterprise Services (OMES) manages a legal trust which provides group health, life, dental and disability benefits for active employees and retirees (should they so elect) of state agencies, school districts and other governmental units. EGID, as a multi-line insurance provider, receives OPEB payments on behalf of retiree’s from several of the state’s pension plans and the Department of Wildlife.

The Department of Wildlife Conservation, part of the Primary Government, at its expense, provides a health insurance allowance (OPEB) to retirees for the payment of health insurance premiums at retirement where the retiree elects continued coverage through EGID. This allowance is reduced when the retiree is eligible for Medicare. The coverage amount is established by the Department on an annual basis and can be discontinued at the Board’s discretion.

As mandated by statute, several of the state’s pension plans provide an OPEB benefit to retirees should a retiree make such an election at retirement to continue health coverage through the state’s provider, EGID. This contribution is for a fixed, limited amount that varies slightly from pension to pension. This benefit is included in the pension systems’ actuarial valuations to determine both funded and unfunded liabilities, but is not considered material to each respective pension as a whole.

**2. Funding Policy**

The Employees Group Insurance Department, operates as an insurance company and as an access provider to other health and dental plans, primarily board approved health maintenance organizations (HMOs) and dental maintenance organizations (DMOs). EGID receives monthly premium contributions directly from retirees except for the nominal amount received from the participating pension plans and the Department of Wildlife Conservation. Employers make no contribution on a retiree’s behalf, and have no liability to EGID once an employee enters retirement.

The state has one department of the Primary Government that makes payments to EGID on behalf of retirees, the Department of Wildlife Conservation. The Department provides \$150 per month as established by its board toward health insurance coverage should retirees so elect at retirement. These contributions are made on a pay-as-you go basis, and no separate account has been established to pre-fund these costs. For the fiscal years 2015, 2014, and 2013 the department paid into EGID as follows, representing 100% of the Department's board mandated contributions to EGID:

	FY 2015 Contributions	FY 2014 Contributions	FY 2013 Contributions
<b>Primary Government</b>			
Dept. of Wildlife Conservation	<u>\$ 213,000</u>	<u>\$ 203,000</u>	<u>\$ 187,000</u>

The state has two cost-sharing multi-employer retirement systems that make payments to EGID on behalf of retirees should a retiree so elect. These plans are the Oklahoma Public Employees Retirement System (OPERS) and the Teachers' Retirement System of Oklahoma (TRS). The state also has two single employer retirement systems that make payments to EGID on behalf of retirees, the Uniform Retirement System for Judges and Justices (URSJJ) and the Oklahoma Law Enforcement Retirement System (OLERS). As mandated by statute, these plans pay between \$100 and \$105 per month to EGID on behalf of retirees if so elected. For fiscal years 2015, 2014, and 2013 the retirement systems paid into EGID as follows, representing 100% of the state's legislatively required contributions to EGID:

	FY 2015 Contributions	FY 2014 Contributions	FY 2013 Contributions
<b>Fiduciary Component Units</b>			
OPERS (a)	\$ 18,723,000	\$ 18,722,000	\$ 18,721,000
TRS (a)	30,363,000	30,136,000	27,314,000
URSJJ (b)	168,000	164,000	164,000
OLERS (b)	833,000	822,000	814,000
	<u>\$ 50,087,000</u>	<u>\$ 49,844,000</u>	<u>\$ 47,013,000</u>

(a) - Cost Sharing Multi-Employer Retirement Plan

(b) - Single Employer Retirement Plan

### Component Units

Sixteen of the institutions included in the Higher Education Component Unit sponsor single-employer OPEB plans as designated by each institution's governing Board of Regents. These independent trust plans primarily provide supplemental health, dental, and life insurance benefits to participating retirees. Eligibility requirements and benefits differ significantly between the participating higher education institutions. Current year benefit expenditures, funded primarily on a pay-as-you-go basis, totaled approximately \$22,026,000 in fiscal year 2015 for sixteen participating institutions. Complete disclosure for each higher education institution can be obtained from the Oklahoma State Regents for Higher Education, 655 Research Parkway, Suite 200, Oklahoma City, OK 73104.

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

The Department of Wildlife Conservation's annual OPEB cost is calculated based on its annual required contribution (ARC), an actuarially determined amount in accordance with GAAP. It represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period of 30 years. The annual OPEB cost and net OPEB obligation for the current year was as follows (expressed in thousands):

	<u>Wildlife OPEB</u>
Normal cost	\$ 76
Amortization of actuarial accrued liability (AAL)	270
Annual required contribution (ARC)	<u>346</u>
Interest on net OPEB obligation	20
ARC adjustment	<u>(29)</u>
Annual OPEB cost	337
Actual amount of net employer disbursements	<u>(213)</u>
Increase in net OPEB obligation	124
Net OPEB obligation, beginning of year	<u>516</u>
Net OPEB obligation, end of year	<u>\$ 640</u>
Actuarial Assumptions:	
Investment rate of return	4.0%
Inflation rate	0.0%
Annual healthcare cost	5.0%
Actuarial cost method	Entry age normal
Amortization method	30 years, level dollar, open period

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the substantive OPEB plan, and the net OPEB obligation were as follows:

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 337	63%	\$ 640
6/30/2014	331	61%	516
6/30/2013	324	58%	388

The following Required Supplementary Information for the Department of Wildlife Conservation was determined as part of the actuarial valuation for the dates indicated.

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c</u>
7/1/2015	\$ -	\$ 4,817	\$ 4,817	0.0%	\$ 16,620	29.0%
7/1/2014	-	4,760	4,760	0.0%	15,778	30.2%
7/1/2013	-	4,621	4,621	0.0%	15,580	29.7%

The Department's OPEB is not funded and there are no OPEB plan assets as it is a substantive plan. As of July 1, 2015, the most recent actuarial valuation date, the AAL for benefits was approximately \$4.8 million and the actuarial value of assets was zero, resulting in an UAAL of \$4.8 million.

The actuarial valuation for this substantive plan (the plan as currently understood by the employer and the plan members), involves estimates of the value of reported amounts and assumptions about the probability of events occurring far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Projections include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods used are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective.

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

The Teacher's Retirement System (TRS) of Oklahoma receives 5% of the state's sales, use, corporate and individual income taxes collected as dedicated tax. Senate Bill 1376, which became law in July 2002, provides that the percentage of the state's collected dedicated taxes allocated to the TRS increased from 4.5% to 5.0% on July 1, 2007 and thereafter. The System receives 1% of the cigarette taxes collected by the state and receives 5% of the net lottery proceeds collected by the state. The System received approximately \$312,000,000 from the state for the year ended June 30, 2015.

The Firefighters Pension and Retirement System (OFPRS) of Oklahoma received 36% of the state's insurance premium tax revenue. OFPRS received approximately \$91,000,000 from the state for the year ended June 30, 2015. Of the same insurance premium tax revenue, the Police Pension and Retirement System (OPPRS) of Oklahoma and Law Enforcement Retirement System (OLERS) received 14% and 5% respectively. OPPRS and OLERS received approximately \$35,000,000 and \$13,000,000 from the state for the year ended June 30, 2015 respectively.

## **Note 17. Commitments**

### **Primary Government**

For the year ended June 30, 2015, the General Fund had encumbrances of \$545,668,000 within the restricted and committed fund balances of the governmental funds.

The Department of Transportation had contractual commitments at June 30, 2015, of approximately \$996,032,000 for the 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 \$42,607,000 for the General Fund.

### **Component Units**

The University of Oklahoma had outstanding commitments under construction contracts totaling \$9,992,000 at June 30, 2015.

Oklahoma State University had outstanding commitments under construction contracts of approximately \$104,276,000 at June 30, 2015.

The Oklahoma Turnpike Authority (OTA) had commitments outstanding at December 31, 2014, relating to equipment orders and supplies of approximately \$9,129,000. At December 31, 2014, OTA had commitments outstanding relating to construction and maintenance contracts of approximately \$51,697,000.

The Oklahoma Municipal Power Authority (OMPA) purchased approximately \$19,261,000 of power pursuant to several long-term purchase agreements during 2014. OMPA is obligated to purchase, at a minimum, approximately \$19,153,000 of power in 2015.

The Grand River Dam Authority (Authority) makes and receives commitments for purchases of coal and other materials. The Authority had contractual commitments at December 31, 2014 for long-term coal and freight purchases under contracts through 2020 with estimated minimum obligations for the next fiscal year ending December 31, 2015 of \$130,726,000, and total obligations of \$922,727,000 through 2020.

## **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, 2015.

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, 2015, the state is unable to estimate what liabilities may result from such audits.

### **Primary Government**

Through the normal course of operations there are many legal cases which involve the state as a party. Most of these cases are currently deemed to have a remote chance of loss or will result in a gain to the state. The assessment of several cases indicates there is the reasonably possible or probable chance of a loss occurring to the state. Current estimates for these losses range from \$10,000 to \$750,000.

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, the reimbursement of expenditures is highly probable. At June 30, 2015, DOT had project expenditures totaling \$106,000 that will be reimbursed pending approval of the Federal Government.

The Tax Commission incurred a loss of \$1,264,000 after June 30, 2015 due to the protest of an additional tax based on disallowance of venture capital company credits.

### **Component Units**

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 OCIB guarantee. As of June 30, 2015, OCIB had a maximum commitment line of credit of \$25,000,000. As of June 30, 2015, the line of credit had an outstanding balance of \$15,070,000. All of the outstanding balance is classified as long-term debt. In addition to the debt, OCIB reported June 30, 2015 net position deficit of \$4,473,000.

The credits and OCIB's right to transfer the credits expire if not utilized by June 30, 2020. As of June 30, 2015, \$30,915,000 of tax credits had been transferred. Four entities currently have signed agreements to purchase up to an aggregate of \$8,000,000 of tax credits per year at the sole discretion of OCIB. OCIB has the authority to issue up to \$20,000,000 of tax credits per year with an overall maximum of \$100,000,000. The remaining \$69,085,000 of tax credits were not considered impaired at June 30, 2015, as there was sufficient time remaining for the tax credits to be utilized before they expire.

## **Note 19. Subsequent Events**

### **Component Units**

Oklahoma Capital Improvement Authority has authorized but not issued lease revenue bonds totaling \$39,535,000 to refund outstanding tax-exempt issues.

Oklahoma Water Resources Board has authorized but not issued bonds totaling \$21,540,000 for the state loan program.

Oklahoma Development Finance Authority (ODFA) has authorized but not issued bonds totaling \$175,766,000 for the Master Real Property Lease Program and has authorized but not issued bonds totaling \$9,440,000 for the Master Equipment Lease Program.

Oklahoma Housing Finance Authority has authorized but not issued bonds totaling \$4,020,000 for capital projects.

Oklahoma University has authorized but not issued general revenue bonds totaling \$255,760,000.



REQUIRED SUPPLEMENTARY INFORMATION  
AND BUDGET SCHEDULE

Budgetary Comparison Schedule  
 Budget to Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 For the Fiscal Year Ended June 30, 2015  
 (expressed in thousands)

	GENERAL FUND				
	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		
<b>EDUCATION</b>					
<b>State Arts Council</b>					
01 Duties	3,785	-	3,785	2,129	1,656
11 FY14 Carryover	-	342	342	177	165
Agency Total	3,785	342	4,127	2,306	1,821
<b>Department of Education</b>					
01 Financial support of Public Schools	1,054,008	-	1,054,008	1,054,008	-
01 Financial support of Public Schools (Min Lea)	3,800	-	3,800	3,800	-
02 Financial support of Public Schools (Min Lea)	1,032	-	1,032	1,032	-
02 Public School Activities	546,202	-	546,202	538,748	7,454
17 Textbooks	33,000	-	33,000	32,995	5
04 Administrative and Support Functions	22,399	-	22,399	17,939	4,460
01 Ad Valorem reimbursement	-	28,284	28,284	28,284	-
41 FY14 Carryover - Financial Support of Public Schools	-	229	229	229	-
42 FY14 Carryover - Public School Activities	-	3,094	3,094	899	2,195
44 FY14 Carryover - Administrative Support Function	-	4,641	4,641	4,317	324
Agency Total	1,660,441	36,248	1,696,689	1,682,251	14,438
<b>Office of Educational Quality and Accountability</b>					
01 Duties	1,929	-	1,929	1,294	635
11 FY14 Carryover	-	745	745	745	-
Agency Total	1,929	745	2,674	2,039	635
<b>Commission of the Land Office</b>					
01 Duties	8,539	-	8,539	3,399	5,140
11 FY14 Carryover	-	4,475	4,475	3,343	1,132
Agency Total	8,539	4,475	13,014	6,742	6,272
<b>Department of Libraries</b>					
01 Duties	5,567	-	5,567	5,252	315
11 FY14 Carryover	-	158	158	136	22
Agency Total	5,567	158	5,725	5,388	337
<b>Physician Manpower Training Commission</b>					
01 Duties	3,734	-	3,734	3,499	235
02 Duties	400	-	400	400	-
11 FY13 Carryover	-	1	1	1	-
11 FY14 Carryover	-	6	6	6	-
Agency Total	4,134	7	4,141	3,906	235

## GENERAL FUND

	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		
<b>Center for Advancement of Science and Technology</b>					
01 Duties	16,811	-	16,811	16,756	55
11 FY 14 Carryover	-	96	96	96	-
Agency Total	16,811	96	16,907	16,852	55

**Oklahoma School of Science and Math**

01 Duties	6,325	-	6,325	5,455	870
11 FY 14 Carryover	-	415	415	405	10
Agency Total	6,325	415	6,740	5,860	880

**Department of Career and Technology Education**

08 Duties	134,885	-	134,885	124,940	9,945
58 FY 13 Carryover	-	1,665	1,665	1,665	-
18 FY 14 Carryover	-	7,293	7,293	6,824	469
Agency Total	134,885	8,958	143,843	133,429	10,414

**Education Total**

	1,842,416	51,444	1,893,860	1,858,773	35,087
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**GENERAL GOVERNMENT****Office of Management and Enterprise Services**

01 Duties	13,854	-	13,854	12,596	1,258
03 Duties	25,000	-	25,000	21,251	3,749
01 For transfer to Bldg & Fac Revolv ( Fund 245)	1,991	-	1,991	1,825	166
02 For transfer to Bldg & Fac Revolv ( Fund 245)	1,940	-	1,940	1,940	-
04 Lease payments for FY-2015	-	711	711	-	711
05 Lease payments for FY-2016	-	18,388	18,388	-	18,388
11 FY 14 Carryover	-	1,225	1,225	695	530
Agency Total	42,785	20,324	63,109	38,307	24,802

**Department of Commerce**

01 Duties	21,509	-	21,509	15,320	6,189
02 Duties - NACEA	6,725	-	6,725	6,006	719
11 FY 14 Carryover	-	1,724	1,724	1,724	-
12 FY 14 Carryover (NACEA)	-	641	641	396	245
Agency Total	28,234	2,365	30,599	23,446	7,153

**State Election Board**

01 Duties	5,299	-	5,299	3,341	1,958
02 Duties	2,500	-	2,500	2,240	260
23 FY 13 Carryover	-	5	5	5	-
21 FY 13 Carryover	-	61	61	61	-
11 FY 14 Carryover	-	1,604	1,604	1,454	150
Agency Total	7,799	1,670	9,469	7,101	2,368

**Ethics Commission**

01 Duties	737	-	737	725	12
Agency Total	737	-	737	725	12

**Merit Protection Commission**

01 Duties	463	-	463	242	221
11 FY 14 Carryover	-	200	200	198	2
Agency Total	463	200	663	440	223

GENERAL FUND					
	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		
<b>State Auditor and Inspector</b>					
01 Duties	4,154	-	4,154	4,132	22
02 County Govt Personnel Educ & Trng	289	-	289	265	24
21 FY13 Carryover	-	51	51	51	-
11 FY14 Carryover	-	14	14	14	-
Agency Total	4,443	65	4,508	4,462	46
<b>Governor</b>					
01 Duties	2,105	-	2,105	1,917	188
11 FY14 Carryover	-	120	120	120	-
Agency Total	2,105	120	2,225	2,037	188
<b>Lieutenant Governor</b>					
01 Duties	478	-	478	224	254
11 FY14 Carryover	-	209	209	209	-
Agency Total	478	209	687	433	254
<b>State Bond Advisor</b>					
01 Duties	135	-	135	135	-
Agency Total	135	-	135	135	-
<b>Tax Commission</b>					
30 Duties	44,282	-	44,282	40,903	3,379
Agency Total	44,282	-	44,282	40,903	3,379
<b>Treasurer</b>					
01 Duties	3,254	-	3,254	1,635	1,619
03 State Land Reimbursements	100	-	100	100	-
11 FY14 Carryover	-	1,459	1,459	899	560
Agency Total	3,354	1,459	4,813	2,634	2,179
<b>General Government Total</b>					
	134,815	26,412	161,227	120,623	40,604
<b>HEALTH SERVICES</b>					
<b>Department of Health</b>					
01 Duties	60,632	-	60,632	49,968	10,664
31 FY14 Carryover - FQHC New	-	270	270	236	34
Agency Total	60,632	270	60,902	50,204	10,698
<b>Mental Health and Substance Abuse</b>					
01 Duties	313,169	-	313,169	287,672	25,497
02 Duties	25,523	-	25,523	25,523	-
Agency Total	338,692	-	338,692	313,195	25,497
<b>Health Services Total</b>					
	399,324	270	399,594	363,399	36,195

## GENERAL FUND

BUDGET			ACTUAL	VARIANCE
ORIGINAL	Amendments	FINAL		

**LEGAL AND JUDICIARY****Indigent Defense System**

01 Duties	16,080	-	16,080	14,390	1,690
21 FY13 Carryover	-	42	42	42	-
21 FY14 Carryover	-	578	578	578	-
Agency Total	16,080	620	16,700	15,010	1,690

**Attorney General**

01 Duties	13,676	-	13,676	11,125	2,551
02 For transfer to the Legal Services Rev Fund	904	-	904	904	-
21 FY13 Carryover	-	493	493	493	-
21 FY14 Carryover	-	2,772	2,772	2,073	699
22 FY13 Carryover (Water Rights)	-	3,000	3,000	365	2,635
Agency Total	14,580	6,265	20,845	14,960	5,885

**Court of Criminal Appeals**

01 Duties	3,630	-	3,630	3,135	495
11 FY14 Carryover	-	187	187	182	5
Agency Total	3,630	187	3,817	3,317	500

**District Courts**

01 Duties - District Courts	8,596	-	8,596	8,594	2
11 FY14 Carryover	-	32	32	32	-
Agency Total	8,596	32	8,628	8,626	2

**District Attorney's Council**

01 Duties (w/ allowance to transfer \$491,014 to 22500)	39,139	-	39,139	38,758	381
11 FY14 Carryover	-	351	351	351	-
Agency Total	39,139	351	39,490	39,109	381

**Workers' Compensation Court of Existing Claims**

01 Duties	2,747	-	2,747	2,741	6
Agency Total	2,747	-	2,747	2,741	6

**Supreme Court**

01 Duties	7,291	-	7,291	6,635	656
21 FY13 Carryover	-	74	74	74	-
11 FY14 Carryover	-	1,900	1,900	1,694	206
Agency Total	7,291	1,974	9,265	8,403	862

**Legal and Judiciary Total**

	92,063.00	9,429.00	101,492.00	92,166.00	9,326.00
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**MUSEUMS****Historical Society**

01 Duties	12,006	-	12,006	11,565	441
Agency Total	12,006	-	12,006	11,565	441

## GENERAL FUND

	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		
<b>Will Rogers Memorial Commission</b>					
01 Duties	699	-	699	685	14
11 FY14 Carryover	-	8	8	8	-
Agency Total	699	8	707	693	14
<b>Museums Total</b>	12,705	8	12,713	12,258	455
<b>NATURAL RESOURCES</b>					
<b>Department of Agriculture</b>					
01 Duties	21,973	-	21,973	20,034	1,939
07 Duties	3,870	-	3,870	3,870	-
11 FY14 Carryover	-	450	450	140	310
16 FY14 Carryover	-	9	9	-	9
Agency Total	25,843	459	26,302	24,044	2,258
<b>Department of Environmental Quality</b>					
01 Duties	7,134	-	7,134	6,983	151
Agency Total	7,134	-	7,134	6,983	151
<b>Department of Tourism and Recreation</b>					
01 Duties	20,654	-	20,654	14,041	6,613
11 FY14 Carryover	-	4,300	4,300	3,250	1,050
Agency Total	20,654	4,300	24,954	17,291	7,663
<b>Scenic Rivers Commission</b>					
01 Duties	271	-	271	271	-
Agency Total	271	-	271	271	-
<b>Conservation Commission</b>					
01 Duties	10,367	-	10,367	9,336	1,031
Agency Total	10,367	-	10,367	9,336	1,031
<b>Water Resources Board</b>					
01 Duties	6,607	-	6,607	5,773	834
11 FY14 Carryover	-	1,416	1,416	1,024	392
Agency Total	6,607	1,416	8,023	6,797	1,226
<b>Natural Resources Total</b>	70,876	6,175	77,051	64,722	12,329
<b>PUBLIC SAFETY AND DEFENSE</b>					
<b>Oklahoma Military Department</b>					
01 Duties	9,357	-	9,357	8,414	943
02 Duties	2,500	-	2,500	609	1,891
01 Duties (Armory)	-	1,000	1,000	-	1,000
11 FY14 Carryover	-	824	824	368	456
Agency Total	11,857	1,824	13,681	9,391	4,290

	GENERAL FUND				
	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		
<b>Alcohol Beverage Laws Enforcement</b>					
01 Duties	3,051	-	3,051	3,022	29
Agency Total	3,051	-	3,051	3,022	29
<b>Department of Corrections</b>					
30 Duties	451,007	-	451,007	425,649	25,358
04 Duties	19,894	-	19,894	19,894	-
31 FY14 Carryover	-	1,739	1,739	1,739	-
Agency Total	470,901	1,739	472,640	447,282	25,358
<b>Pardon and Parole Board</b>					
01 Duties	2,467	-	2,467	1,911	556
12 FY14 Carryover	-	75	75	75	-
11 FY14 Carryover	-	211	211	203	8
Agency Total	2,467	286	2,753	2,189	564
<b>State Bureau of Investigation</b>					
01 Duties	14,353	-	14,353	14,353	-
Agency Total	14,353	-	14,353	14,353	-
<b>Department of Emergency Management</b>					
01 Duties	615	-	615	590	25
Agency Total	615	-	615	590	25
<b>State Fire Marshal</b>					
01 Duties	1,746	-	1,746	1,725	21
Agency Total	1,746	-	1,746	1,725	21
<b>Board of Medicolegal Investigations</b>					
01 Duties	10,207	-	10,207	7,209	2,998
11 FY14 Carryover	-	1,771	1,771	1,664	107
Agency Total	10,207	1,771	11,978	8,873	3,105
<b>Council on Law Enforcement, Education, and Training</b>					
01 Duties	3,180	-	3,180	2,731	449
02 Duties	4	-	4	4	-
01 Duties	371	-	371	261	110
11 FY14 Carryover	-	305	305	301	4
Agency Total	3,555	305	3,860	3,297	563
<b>Bureau of Narcotics and Dangerous Drugs</b>					
01 Duties	3,762	-	3,762	3,762	-
Agency Total	3,762	-	3,762	3,762	-
<b>Department of Public Safety</b>					
01 Duties	95,709	-	95,709	88,427	7,282
11 FY14 Carryover	-	253	253	244	9
Agency Total	95,709	253	95,962	88,671	7,291
<b>Public Safety and Defense Total</b>	<b>618,223</b>	<b>6,178</b>	<b>624,401</b>	<b>583,155</b>	<b>41,246</b>

GENERAL FUND

	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		
<b>REGULATORY SERVICES</b>					
<b>Department of Mines</b>					
01 Duties	878	-	878	793	85
11 FY 14 Carryover	-	50	50	-	50
Agency Total	878	50	928	793	135
<b>Corporation Commission</b>					
01 Duties	10,775	-	10,775	10,046	729
11 FY 14 Carryover	-	490	490	319	171
Agency Total	10,775	490	11,265	10,365	900
<b>Oklahoma Horse Racing Commission</b>					
01 Duties	1,974	-	1,974	1,843	131
11 FY 14 Carryover	-	17	17	17	-
Agency Total	1,974	17	1,991	1,860	131
<b>Insurance Department</b>					
01 Duties	1,769	-	1,769	1,769	-
Agency Total	1,769	-	1,769	1,769	-
<b>Department of Labor</b>					
01 Duties	2,061	-	2,061	2,001	60
02 Duties	493	-	493	488	5
01 Duties	575	-	575	575	-
Agency Total	3,129	-	3,129	3,064	65
<b>Workers' Compensation Commission</b>					
01 Duties	2,747	-	2,747	2,332	415
Agency Total	2,747	-	2,747	2,332	415
<b>Regulatory Services Total</b>					
	21,272	557	21,829	20,183	1,646
<b>SOCIAL SERVICES</b>					
<b>Commission on Children and Youth</b>					
10 Duties	2,127	-	2,127	1,779	348
11 FY 14 Carryover	-	199	199	173	26
Agency Total	2,127	199	2,326	1,952	374
<b>Office of Disability Concerns</b>					
01 Duties	300	-	300	277	23
11 FY 14 Carryover	-	7	7	7	-
Agency Total	300	7	307	284	23
<b>Office of Juvenile Affairs</b>					
01 Duties	96,499	-	96,499	88,123	8,376
11 FY 14 Carryover	-	813	813	813	-
Agency Total	96,499	813	97,312	88,936	8,376
<b>Department of Veterans Affairs</b>					
01 Duties	34,397	-	34,397	32,787	1,610
11 FY 14 Carryover	-	385	385	385	-
Agency Total	34,397	385	34,782	33,172	1,610

GENERAL FUND

	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		

**J.D. McCarty Center**

10 Duties	4,412	-	4,412	3,654	758
11 FY14 Carryover	-	78	78	48	30
Agency Total	4,412	78	4,490	3,702	788

**Department of Rehabilitation Services**

01 Duties (to disbursing funds)	30,545	-	30,545	30,545	-
Agency Total	30,545	-	30,545	30,545	-

**Health Care Authority**

01 Duties (to Disbursing Funds 200 and 340)	838,227	-	838,227	838,227	-
04 Duties (to Disbursing Funds 200 and 340)	4,591	-	4,591	4,591	-
05 Duties (to Disbursing Funds 200 and 340)	48,297	-	48,297	48,297	-
Agency Total	891,115	-	891,115	891,115	-

**University Hospitals Authority**

9 01 Duties	42,069	-	42,069	37,964	4,105
Agency Total	42,069	-	42,069	37,964	4,105

**Department of Human Services**

01 Duties (to Disbursing Funds)	594,106	-	594,106	594,106	-
02 Duties (to Disbursing Funds)	2,850	-	2,850	2,850	-
03 Duties (to Disbursing Funds)	11,430	-	11,430	11,430	-
02 Duties (to Disbursing Funds)	66,483	-	66,483	66,483	-
Agency Total	674,869	-	674,869	674,869	-

**Social Services Total**

	1,776,333	1,482	1,777,815	1,762,539	15,276
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**TRANSPORTATION**

**Oklahoma Space Industry Development Auth.**

01 Duties to Space Industries Dev.	372	-	372	372	-
Agency Total	372	-	372	372	-

**Transportation Total**

	372	-	372	372	-
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**General Fund Total**

	\$ 4,968,399	\$ 101,955	\$ 5,070,354	\$ 4,878,190	\$ 192,164
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**SUMMARY OF REVENUE BY FUNTION OF GOVERNMENT**

<b>Education Revenue Total</b>	73,265	-	73,265	76,360	3,095
<b>General Government Revenue Total</b>	6,140,251	-	6,140,251	6,013,606	(126,645)
<b>Public Safety and Defense Total</b>	3,347	-	3,347	3,304	(43)
<b>Regulatory Services Total</b>	2,170	-	2,170	2,061	(109)
<b>Revenue Total</b>	\$ 6,219,033	-	\$ 6,219,033	\$ 6,095,331	\$ (123,702)

# Notes to Required Supplementary Information - Budgetary Reporting

## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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. The Schedule represents budgetary comparisons at the legal level of budgetary control (i.e. line item level). The schedule is prepared on a cash basis plus encumbrances where the expenditures are expected to be presented by November 15<sup>th</sup> in the following fiscal year. Certain appropriations are transferred to continuing funds for expenditure. Unexpended amounts 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).

### Reconciliation of Budgetary Fund Balance to GAAP Fund Balance

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, 2015, is presented below (expressed in thousands) for the General Fund:

Budgetary Basis Fund Balance, June 30, 2014	\$	(86,616)
Excess of total sources over total uses of financial resources (Budgetary Basis)		<u>517,251</u>
Budgetary Basis Fund Balance, June 30, 2015		430,635
Entity and Perspective Differences:		
Non-budgeted Funds and Capital Funds		2,882,892
Encumbrances		379,806
Basis Differences:		
Add: Net accrued revenues, related receivables, and deferred revenues		1,280,943
Less: Net accrued expenditures and related liabilities		<u>(1,021,640)</u>
GAAP Basis Fund Balance, June 30, 2015	\$	<u><u>3,952,636</u></u>

# Schedules of Required Supplementary Information Pension Schedules of Related Ratios

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The following information presented for pension plans that are reported as fiduciary component units of the State of Oklahoma are required by the Governmental Accounting Standards Board, Statement 68. For more complete information, including the annual money-weighted rate of return, and schedule of funding progress, audited annual statements can be acquired by contacting the pension plan:

Firefighters Pension and Retirement  
6601 Broadway Extension, Suite 100  
Oklahoma City, OK 73116  
<http://www.ok.gov/fprs/>

Law Enforcement Retirement  
421 N.W. 13th Street, Suite 100  
Oklahoma City, OK 73103-3701  
<http://www.olders.state.ok.us/>

Police Pension and Retirement  
1001 N.W. 63rd Street, Suite 305  
Oklahoma City, OK 73116-7335  
<http://www.ok.gov/OPPRS/>

Public Employees Retirement  
P.O. Box 53007  
Oklahoma City, OK 73152-3007  
<http://www.opers.ok.gov/>

Uniform Retirement System for Judges and Justices  
P.O. Box 53007  
Oklahoma City, OK 73152-3007  
<http://www.opers.ok.gov/>

Teachers' Retirement System  
2500 N. Lincoln Boulevard, 5th Floor  
Oklahoma City, OK 73105-4209  
<http://www.ok.gov/TRS/>

Department of Wildlife Conservation  
P.O. Box 53465  
Oklahoma City, OK 73152  
<http://www.wildlifedepartment.com>

## Single Employer Plans

### A. General Fund

#### Wildlife Commission Retirement Plan

**Schedules of Required Supplementary Information  
Wildlife Commission Retirement Plan  
Schedule of Related Ratios  
Last Ten Fiscal Years  
(Expressed in thousands)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 4,307	\$ 4,267	\$ 3,802	\$ 3,180	\$ 4,414	\$ 3,406	\$ 3,118	\$ 2,895	\$ 2,637	\$ 2,120
Contributions in relation to the actuarially determined contribution	4,300	4,100	4,100	3,180	4,414	3,410	3,008	3,009	2,508	2,508
Contribution deficiency (excess)	<u>\$ 7</u>	<u>\$ 167</u>	<u>\$ (298)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 110</u>	<u>\$ (114)</u>	<u>\$ 129</u>	<u>\$ (388)</u>
Covered employee payroll	\$ 13,599	\$ 14,300	\$ 14,662	\$ 14,633	\$ 14,839	\$ 14,811	\$ 14,462	\$ 13,492	\$ 13,311	\$ 13,237
Contributions as percentage of covered-employee payroll	31.62%	28.67%	27.96%	21.73%	29.74%	23.02%	20.80%	22.30%	18.84%	18.95%

**Schedules of Required Supplementary Information**  
**Wildlife Commission Retirement Plan**  
**Schedule of Net Pension Liability**  
Last Two Fiscal Years  
(Expressed in thousands)

	2014	2013
<b>Total Pension Liability</b>		
Service cost	\$ 1,930	\$ 1,988
Interest	7,296	7,057
Benefit changes	-	-
Differences between expected and actual experience	293	(844)
Changes of assumptions	-	-
Benefit payments	(5,032)	(4,445)
Net Change in Total Pension Liability	4,487	3,756
Plan Fiduciary Net Position - Beginning	104,810	101,054
Plan Fiduciary Net Position - Ending	\$ 109,297	\$ 104,810
 <b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 4,300	\$ 4,100
Contributions - nonemployer	-	-
Contributions - member	681	698
Net investment income	12,370	7,483
Benefit payments	(5,032)	(4,445)
Administrative expense	(38)	(38)
Other	-	-
Net change in plan fiduciary net position	12,281	7,798
Plan fiduciary net position - beginning	84,180	76,382
Plan fiduciary net position - ending	96,461	84,180
Net pension liability	\$ 12,836	\$ 20,630
 Total pension liability	\$ 109,297	\$ 104,810
Plan fiduciary net position	96,461	84,180
Net pension liability (asset)	\$ 12,836	\$ 20,630
Ratio of plan fiduciary net position to total pension liability	88.26%	80.32%
Covered employee payroll	\$ 13,599	\$ 14,300
Net pension liability as a percentage of covered-employee payroll	94.39%	144.27%

**Notes to Schedules:**

*GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.*

Actuarially Determined Contributions:

The annual required contribution for fiscal year 2014 was determined as part of the July 1, 2014, actuarial valuation using the individual entry age normal method. The actuarial assumptions included a) a 7.0% investment rate of return (net of administrative expense) and b) projected salary increases of 4.5%-7.0%. The assumptions did not include a cost-of-living allowances for active, disabled, or retired members.

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

**B. Component Units**

**Oklahoma Law Enforcement Retirement System**

**Schedules of Required Supplementary Information  
Oklahoma Law Enforcement Retirement System  
Schedule of Related Ratios  
Last 10 Fiscal Years  
(Expressed in thousands)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 43,775	\$ 44,734	\$ 48,634	\$ 50,094	\$ 48,103	\$ 36,616	\$ 32,668	\$ 32,503	\$ 30,006	\$ 25,285
Contributions in relation to the actuarially determined contribution	8,566	8,296	7,414	7,694	7,779	7,686	7,501	6,553	6,307	5,356
Contributions--State of Oklahoma insurance premium tax	21,165	19,807	18,836	16,965	15,456	17,311	17,670	18,162	16,152	16,045
Total Contribution	29,731	28,103	26,250	24,659	23,235	24,997	25,171	24,715	22,459	21,401
Contribution deficiency (excess)	\$ 14,044	\$ 16,631	\$ 22,384	\$ 25,435	\$ 24,868	\$ 11,619	\$ 7,497	\$ 7,788	\$ 7,547	\$ 3,884
Covered employee payroll	\$ 76,838	\$ 73,423	\$ 71,598	\$ 70,967	\$ 73,400	\$ 75,320	\$ 73,508	\$ 63,764	\$ 57,116	\$ 50,901
Contributions as percentage of covered-employee payroll	38.69%	38.28%	36.66%	34.75%	31.66%	33.19%	34.24%	38.76%	39.32%	42.04%

**Schedules of Required Supplementary Information**  
**Oklahoma Law Enforcement Retirement System**  
**Schedule of Net Pension Liability**  
Last Fiscal Year  
(Expressed in thousands)

	2014
<b>Total Pension Liability</b>	
Service cost	\$ 20,294
Interest	64,959
Benefit changes	-
Differences between expected and actual experience	(9,771)
Changes of assumptions	-
Benefit payments	(49,777)
Net Change in Total Pension Liability	25,705
Plan Fiduciary Net Position - Beginning	890,555
Plan Fiduciary Net Position - Ending	\$ 916,260
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 8,566
Contributions - nonemployer	21,165
Contributions - member	5,787
Net investment income	121,403
Benefit payments	(49,777)
Administrative expense	(927)
Other	-
Net change in plan fiduciary net position	106,217
Plan fiduciary net position - beginning	773,689
Plan fiduciary net position - ending	\$ 879,906
Net pension liability	\$ 36,354
Total pension liability	916,260
Plan fiduciary net position	879,906
Net pension liability (asset)	\$ 36,354
Ratio of plan fiduciary net position to total pension liability	96.03%
Covered employee payroll	\$ 76,838
Net pension liability as a percentage of covered-employee payroll	47.31%

**Schedules of Required Supplementary Information**  
**Oklahoma Law Enforcement Retirement System**  
**Schedule of Contributions**  
Last Fiscal Year  
(Expressed in thousands)

	2014
Actuarially determined employer contribution	\$ 43,775
Actual employer contributions	29,731
Annual contribution deficiency (excess)	\$ 14,044
Actual contributions as a percentage of covered-employee payroll	38.69%

## Notes to Schedule:

*GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.*

### Actuarially Determined Contributions:

The annual required contribution for fiscal year 2014 was determined as part of the July 1, 2014, actuarial valuation using the individual entry age normal method. The actuarial assumptions included a) a 7.5% investment rate of return (net of administrative expense) b) projected salary increases of 3.75%-7.80%. The assumptions did not include a cost-of-living allowance for active, disabled, or retired members and c) an inflation rate of 3%.

### Benefit Changes:

- 2014: House Bill 2622 reset the amortization period of the unfunded actuarial liability to 15 years effective July 1, 2014.
- 2012: Senate Bill No. 1001 was enacted, which increased the agency contribution to 11% of pay as of November 1, 2012. In addition, the bill eliminated the half-pay benefit for certain members hired on or after November 1, 2012.
- 2011: The Oklahoma Pension Legislation Actuarial Analysis Act was modified to change the Definition of non-fiscal retirement bill and by removing a certain provision that allows a Cost-of-living adjustment (COLA) to be considered non-fiscal, thereby requiring that COLAs be concurrently funded by the Legislature at the time they are enacted.
- 2010: SB 2130 eliminated the mandatory retirement age of sixty years for members.
- 2008: House Bill 3112 provides a 4% COLA for retired members. Senate Bill 565 states that Beginning July 1, 2010, the amount of insurance premium tax revenue apportioned to the System will be applied prior to calculation of the Home Office Credit.
- 2007: Senate Bill 695 brings the System into compliance with IRS requirements as it relates to the direct payment of qualified health insurance premiums and the rollover of distributions of a non-spouse beneficiary. House Bill 2070 subjects the System to the Oklahoma Pension Legislation Actuarial Analysis Act.

### Changes in Actuarial Assumptions:

#### 7/1/2012 Valuation:

- Healthy mortality was changed from the RP-2000 Table with Blue Collar adjustment (Active rates before age 50, Annuitant rates after age 49) with generational mortality improvement to the RP-2000 Combined Table with Blue Collar adjustment with generational mortality improvement.
- Post- disability mortality was changed from RP-2000 Table with Blue Collar Adjustment set forward seven years to RP-2000 Combined Table with Blue Collar adjustment.
- The retirement, disability, and withdrawal rates were changed.
- The inflation assumption was changed from 3.25% to 3.00%.
- The salary increase assumption was changed.

#### 7/1/2007 Valuation:

- The retirement, disability, and withdrawal rates were changed.
- The salary increase assumption was changed.
- The rate of inflation assumption was increased to 3.25% per year.
- A COLA assumption of 4% every other year was added.

**Uniform Retirement System for Judges and Justices**

**Schedules of Required Supplementary Information  
Uniform Retirement System for Judges and Justices  
Schedule of Net Pension Liability**

Last Fiscal Year  
(Expressed in thousands)

	<u>2014</u>
<b>Total Pension Liability</b>	
Service cost	\$ 9,489
Interest	18,529
Benefit changes	-
Differences between expected and actual experience	(7,597)
Changes of assumptions	(1,046)
Benefit payments	(14,939)
Refunds of contributions	<u>(57)</u>
Net Change in Total Pension Liability	4,379
Plan Fiduciary Net Position - Beginning	<u>254,409</u>
Plan Fiduciary Net Position - Ending	<u><u>\$ 258,788</u></u>
 <b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 4,611
Contributions - nonemployer	-
Contributions - member	2,544
Net investment income	46,211
Benefit payments	(14,939)
Administrative expense	(132)
Refunds of contributions	(57)
Other	<u>-</u>
Net change in plan fiduciary net position	\$ 38,238
 Plan fiduciary net position - beginning	<u>263,231</u>
Plan fiduciary net position - ending	<u><u>\$ 301,469</u></u>
Net pension liability	<u><u>\$ (42,681)</u></u>

**Schedules of Required Supplementary Information  
Uniform Retirement System for Judges and Justices  
Schedule of Related Ratios**

Last Fiscal Year  
(Expressed in thousands)

	<u>2014</u>
Total pension liability	\$ 258,788
Plan fiduciary net position	301,469
Net pension liability (asset)	\$ (42,681)
Ratio of plan fiduciary net position to total pension liability	116.49%
Covered employee payroll	\$ 34,325
Net pension liability as a percentage of covered-employee payroll	-124.34%

**Schedules of Required Supplementary Information**  
**Uniform Retirement System for Judges and Justices**  
**Schedule of Contributions**  
 Last Fiscal Year  
 (Expressed in thousands)

	2014
Actuarially determined contribution	\$ 7,215
Actual Employer Contributions	4,611
Contribution deficiency (excess)	\$ 2,604
Covered employee payroll	\$ 34,325
Contributions as percentage of covered-employee payroll	13.43%

**Notes to Schedule:**

*GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.*

Actuarially Determined Contributions:

The annual required contribution for fiscal year 2014 was determined as part of the July 1, 2014, actuarial valuation using the individual entry age normal method. The actuarial assumptions included a) a 7.5% investment rate of return (net of administrative expense) b) projected salary increases of 5.00%. The assumptions did not include a cost-of-living allowance for active, disabled, or retired members and c) an inflation rate of 3%.

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

**Cost Sharing Pension Plans**

**A. Component Units**

**Oklahoma Firefighters Pension and Retirement System**

**Schedules of Required Supplementary Information**  
**Oklahoma Firefighters Pension and Retirement System**  
**Schedule of Related Ratios**  
 Last Six Fiscal Years  
 (Expressed in thousands)

	2014	2013	2012	2011	2010	2009
Plan fiduciary position as a percentage of the total pension liability	68.12%	61.62%	59.22%	63.18%	46.99%	45.20%
Covered employee payroll	\$ 271,572	\$ 253,955	\$ 256,250	\$ 243,684	\$ 248,520	\$ 246,816
Net pension liability as a percentage of covered payroll	378.66%	465.75%	459.40%	417.04%	671.78%	682.74%
State portion of net pension liability	\$ -	N/A	N/A	N/A	N/A	N/A
State employer portion of net pension liability	0%	N/A	N/A	N/A	N/A	N/A

**Schedules of Required Supplementary Information**  
**Oklahoma Firefighters Pension and Retirement System**  
**Schedule of Contributions**  
Last Fiscal Year  
(Expressed in thousands)

	2015
Contractually required employer contributions	\$ -
Statutorily required employer contributions	91,236
Total required contributions	91,236
Actual employer contribution	-
State of Oklahoma, non employer contributions	91,236
Total Contributions	91,236
Annual contribution deficiency (excess)	\$ -
Employer portion of net pension liability	0.00%
Covered employee payroll	\$ -
Actual contributions as a percentage of employee payroll	N/A

Notes to Schedule:

*GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.*

Benefit Changes:

2013: HB 2078 and SB 1101 made certain changes to the benefits of members hired on or after November 1, 2013, including the following:

- Increased the eligibility to retire to age 50 with 22 years of service.
- Increased the eligibility for a vested benefit to 11 years.
- Changed the interest earned to DROP accounts to be the rate earned by System assets, less one percentage point, once the member has left active DROP.

Changes in Actuarial Assumptions:

7/1/13 Valuation:

- The retirement, disability, and withdrawal rates were changes.
- The salary increase assumption was changed.
- The mortality rates were changed.

7/1/2011 Valuation:

- No assumption for future ad-hoc cost-of-living adjustments due to the adoption of the Oklahoma Pension Legislation Actuarial Analysis Act.

Changes in Actuarial Funding Methods:

2013: HB 2078 increased the amount of gross salary contributed by paid firefighters from 8% to 9%, effective November 1, 2013. In addition, the bill increased the amount of gross salary contributed by municipalities and fire districts from 13% to 14%, effective November 1, 2013. The bill also increased the portion of statewide insurance premium tax allocated to the System from 34% to 36%.

**Oklahoma Public Employees Retirement System**

**Schedules of Required Supplementary Information  
Oklahoma Public Employees Retirement System  
Schedule of Related Ratios  
Last Fiscal Year  
(Expressed in thousands)**

	<u>2014</u>
Plan fiduciary position as a percentage of the total pension liability	97.90%
Covered employee payroll	\$ 1,695
Net pension liability as a percentage of covered payroll	10.83%
State portion of net pension liability	\$ 147,158
State employer portion of net pension liability	80.17%

**Schedules of Required Supplementary Information  
Oklahoma Public Employees Retirement System  
Schedule of Contributions  
Last Fiscal Year  
(Expressed in thousands)**

	<u>2015</u>
Contractually required employer contribution	\$ 292,197
Actual employer contribution	<u>292,197</u>
Annual contribution deficiency (excess)	<u>\$ -</u>
Employer portion of net pension liability	80.17%
Covered employee payroll	\$ 1,398,146
Actual contributions as a percentage of employee payroll	20.90%

**Notes to Schedule:**

*GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.*

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

**Oklahoma Police Pension and Retirement System**

**Schedules of Required Supplementary Information  
Oklahoma Police Pension and Retirement System  
Schedule of Related Ratios  
Last Six Fiscal Years  
(Expressed in thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Plan fiduciary position as a percentage of the total pension liability	101.53%	92.75%	87.72%	92.42%	66.54%	63.56%
Covered employee payroll	\$ 289,502	\$ 279,014	\$ 266,038	\$ 257,505	\$ 249,583	\$ 253,956
Net pension liability as a percentage of covered payroll	(11.63%)	55.31%	93.87%	57.67%	313.67%	323.22%
State portion of net pension liability	(72)	N/A	N/A	N/A	N/A	N/A
State Employer portion of NPL	0.21%	N/A	N/A	N/A	N/A	N/A

**Schedules of Required Supplementary Information  
Oklahoma Police Pension and Retirement System  
Schedule of Contributions  
Last Fiscal Year  
(Expressed in thousands)**

	<u>2015</u>
Contractually required employer contributions	\$ 173
Statutorily required employer contributions	35,490
Total required contributions	<u>35,663</u>
Actual employer contribution	173
State of Oklahoma, non employer contributions	35,490
Total contributions	<u>35,663</u>
Annual contribution deficiency (excess)	<u>\$ -</u>
Employer portion of net pension liability	0.21%
Covered employee payroll	\$ 632
Actual contributions as a percentage of employee payroll	5642.88%

**Notes to Schedule:**

*GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.*

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

**Teacher's Retirement System**

**Schedules of Required Supplementary Information  
Teacher's Retirement System  
Schedule of Related Ratios  
Last Fiscal Year  
(Expressed in thousands)**

	<u>2014</u>
Plan fiduciary position as a percentage of the total pension liability	72.43%
Covered employee payroll	\$ 4,304,297
Net pension liability as a percentage of covered payroll	125.85%
State portion of net pension liability	\$ 1,347,638
State employer portion of net pension liability	24.88%

**Schedules of Required Supplementary Information  
Teacher's Retirement System  
Schedule of Contributions  
Last Fiscal Year  
(Expressed in thousands)**

	<u>2015</u>
Contractually required employer contributions	\$ 184,726
Statutorily required employer contributions	<u>336,391</u>
Total required contributions	<u>521,117</u>
Actual employer contribution	184,726
State of Oklahoma, non employer contributions	<u>336,391</u>
Total Contributions	<u>521,117</u>
Annual contribution deficiency (excess)	<u>\$ -</u>
Employer portion of net pension liability	24.88%
Covered employee payroll	\$ 1,079,239
Actual contributions as a percentage of employee payroll	48.29%

**Notes to Schedule:**

*GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.*

**Benefit Changes:**

2011: Senate Bill 377 – changes the eligibility conditions for both normal and early retirement for members hired on or after November 1, 2011. Members will be eligible for normal retirement at the earlier of age 65 with 5 years of service or when their age plus service equals 90 (Rule of 90) with a minimum age of 60. Members will be eligible for early (reduced) retirement at age 60 with 5 years of service.

House Bill 2132- changes the definition of a nonfiscal retirement bill to exclude cost of living adjustments (COLA) even if such COLAs are assumed in the annual actuarial valuation.

Senate Bill 782 eliminates the requirement that statewide retirement systems report a second set of actuarial valuation results to the Oklahoma State Pension Commission using specified actuarial assumptions.

2010: House Bill 1935 – Allows a retiree electing one of the optional benefit forms (i.e. not life only) to make a one-time irrevocable change in the benefit option within 60 days of retirement. The Beneficiary may not be changed.

Senate Bill 859-allows a retiree who chose a life annuity at retirement to change to Retirement Option 2 or 3 (100% joint survivor annuity and 50% joint survivor annuity respectively) within a year of marriage.

2008: A 2.00% ad hoc cost-of-living adjustment (COLA) was provided, effective July 1, 2008. All retirees who retired before July 1, 2007 were eligible, including disabled retirees, special retirees and beneficiaries receiving payments.

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COMBINING FINANCIAL STATEMENTS

## Description of 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 position held in a trustee capacity for the benefit of the Plan members.

#### WILDLIFE CONSERVATION RETIREMENT PLAN

P.O. Box 53465, Oklahoma City, Oklahoma 73152

[www.wildlifedepartment.com/careers/benefits](http://www.wildlifedepartment.com/careers/benefits)

This Plan is part of the Primary Government. The Plan accounts for transactions, assets, liabilities, and net position 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

6601 Broadway Ext Suite 100, Oklahoma City, Oklahoma 73105

[www.ok.gov/fprs](http://www.ok.gov/fprs)

The System provides retirement benefits for municipal firefighters in the State of Oklahoma.

#### OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM

421 NW 13<sup>th</sup> St., Suite 100, Oklahoma City, Oklahoma 73103

[www.olders.state.ok.gov](http://www.olders.state.ok.gov)

The System provides retirement benefits for qualified law enforcement officers in the State of Oklahoma.

#### OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 53007, Oklahoma City, Oklahoma 73152

[www.opers.ok.gov](http://www.opers.ok.gov)

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

P.O. Box 53007, Oklahoma City, Oklahoma 73152

[www.opers.ok.gov/uniform-retirement-system-for-justices-judges](http://www.opers.ok.gov/uniform-retirement-system-for-justices-judges)

The System provides retirement benefits for justices and judges in the State of Oklahoma.

#### OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

1001 N.W. 63<sup>rd</sup> Street, Suite 305, Oklahoma City, Oklahoma 73116

[www.ok.gov/opprs](http://www.ok.gov/opprs)

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 73152

[www.ok.gov/trs](http://www.ok.gov/trs)

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 non-state parties.

**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 (3) Workers' Compensation Claims Under Appeal maintained by the Workers' Compensation Court, (4) Unsettled Premium Tax Suits, an escrow account maintained by the Oklahoma Insurance Department for depositing of 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) Funds in escrow at the Attorney General's Office 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 Department of Human Capital Management for the Office of Management and Enterprise Services (OMES) for payment of employee claims against SoonerFlex flexible spending accounts, (2) deposits held by Capital Asset Management of OMES for bid process documents, (3) donations held by the District Attorney's Council for the Murrah Crime Victims Compensation Fund, (4) funds held by the Department of Transportation which had accrued to its former health insurance rate stabilization account and is being returned to the accounts contributors.

State of Oklahoma  
Combining Statement of Fiduciary Net Position  
Pension Trust Funds  
(Including Similar Component Units)  
For the fiscal year ended June 30, 2015  
(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	\$ 2,557	\$ 45,725	\$ 11,409	\$ 197,028	\$ 3,303	\$ 48,062	\$ 432,670	\$ 740,754
Investments, at fair value								
Equity Securities	31,459	1,464,393	531,837	2,651,343	0	874,124	9,751,823	15,304,979
Governmental Securities	31,505	117,127	59,224	1,713,990	63,568	22,177	797,593	2,805,184
Debt Securities	3,758	91,117	188,086	990,386	35,033	348,873	2,067,019	3,724,272
Mutual Funds	30,652	0	0	3,317,594	207,967	0	0	3,556,213
Other Investments	0	538,551	112,143	0	0	962,707	1,487,868	3,101,269
Securities Lending Investments	0	166,427	76,250	583,954	15,129	0	4,730	846,490
Interest and Investment Revenue Receivable	0	3,474	789	16,677	371	3,030	43,739	68,080
Contributions Receivable:								
Employer	0	536	1,755	4,817	0	1,478	20,487	29,073
Employee	0	344	564	1,540	0	904	13,755	17,107
Due from Broker	0	5,618	0	256,220	8,678	1,334	100,033	371,883
Due from Other Funds	0	19,759	2,744	6,272	637	7,684	29,978	67,074
Capital Assets, Net	0	24	6	728	0	101	3,649	4,508
Other Assets	0	0	21	290	0	0	0	311
<b>Total Assets</b>	<b>99,931</b>	<b>2,453,095</b>	<b>984,828</b>	<b>9,740,839</b>	<b>334,686</b>	<b>2,270,474</b>	<b>14,753,344</b>	<b>30,637,197</b>
<b>Liabilities</b>								
Accounts Payable and Accrued Liabilities	0	2,962	786	0	0	722	0	4,470
Securities Lending Payable	0	166,427	76,250	583,954	15,129	0	4,730	846,490
Due to Broker	0	0	9,995	520,439	18,261	860	206,796	756,351
Due to Other Funds	0	0	0	3	0	6	14	23
Due to Component Units	0	0	0	1	0	0	23	24
Benefits in the Process of Payment	0	0	2,610	0	0	3,762	79,561	85,933
Other Liabilities	0	139	46	0	0	128	12,714	13,027
<b>Total Liabilities</b>	<b>0</b>	<b>169,528</b>	<b>89,687</b>	<b>1,104,397</b>	<b>33,390</b>	<b>5,478</b>	<b>303,838</b>	<b>1,706,318</b>
<b>Net Position Reserved for Employees' Pension Benefits</b>	<b>\$ 99,931</b>	<b>\$ 2,283,567</b>	<b>\$ 895,141</b>	<b>\$ 8,636,442</b>	<b>\$ 301,296</b>	<b>\$ 2,264,996</b>	<b>\$ 14,449,506</b>	<b>\$ 28,930,879</b>

State of Oklahoma  
Combining Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
(Including Similar Component Units)  
June 30, 2015  
(expressed in thousands)

	Primary	Fiduciary Component Units						Total
	Government	Oklahoma 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	
<b>Additions</b>								
Contributions								
Employer Contributions	\$ 4,307	\$ 38,876	\$ 6,390	\$ 292,185	\$ 5,295	\$ 37,261	\$ 392,051	\$ 776,365
Employee Contributions	655	24,311	9,438	73,145	2,706	22,867	303,677	436,799
Other Contributions	0	91,236	22,861	0	0	35,490	336,391	485,978
Total Contributions	4,962	154,423	38,689	365,330	8,001	95,618	1,032,119	1,699,142
Investment Income								
Net Appreciation in Fair Value of Investments	2,562	105,723	26,933	156,381	6,135	65,594	136,014	499,342
Interest and Investment Revenue	1,725	25,605	12,083	118,300	2,172	22,244	362,751	544,880
	4,287	131,328	39,016	274,681	8,307	87,838	498,765	1,044,222
Less Investment Expenses	190	15,403	4,214	10,392	134	13,284	69,909	113,526
Net Investment Income	4,097	115,925	34,802	264,289	8,173	74,554	428,856	930,696
Total Additions	9,059	270,348	73,491	629,619	16,174	170,172	1,460,975	2,629,838
<b>Deductions</b>								
Administrative and General Expenses	5,540	2,029	1,069	5,183	144	1,949	4,359	20,273
Benefit Payments and Refunds	49	181,857	57,188	558,099	16,203	141,693	1,236,591	2,191,680
Total Deductions	5,589	183,886	58,257	563,282	16,347	143,642	1,240,950	2,211,953
Net Increase	3,470	86,462	15,234	66,337	(173)	26,530	220,025	417,885
<b>Net Position Reserved for</b>								
<b>Employees' Pension Benefits</b>								
<b>Beginning of Year (as restated)</b>	96,461	2,197,105	879,907	8,570,105	301,469	2,238,466	14,229,481	28,512,994
<b>End of Year</b>	\$ 99,931	\$ 2,283,567	\$ 895,141	\$ 8,636,442	\$ 301,296	\$ 2,264,996	\$ 14,449,506	\$28,930,879

State of Oklahoma  
 Combining Statement of Assets and Liabilities  
 Agency Funds  
 June 30, 2015  
 (expressed in thousands)

	Taxes Held for Outside Entity	Assets Held in Escrow	Assets Held for Beneficiaries	Other	Total
<b>Assets</b>					
Cash/Cash Equivalents	\$ 548,038	\$ 71,903	\$ 5,849	\$ 46,529	\$ 672,319
Investments	0	0	85	0	85
Accounts Receivable	0	0	6	0	6
Inventory	0	0	0	7,785	7,785
Total Assets	<u>548,038</u>	<u>71,903</u>	<u>5,940</u>	<u>54,314</u>	<u>680,195</u>
<b>Liabilities</b>					
Account Payable	0	7	59	0	66
Tax Refunds Payable	76,034	0	0	0	76,034
Deferred Revenue	0	0	1	0	1
Due to Others	472,004	71,896	5,880	54,314	604,094
Total Liabilities	<u>\$ 548,038</u>	<u>\$ 71,903</u>	<u>\$ 5,940</u>	<u>\$ 54,314</u>	<u>\$ 680,195</u>

State of Oklahoma  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2015  
(expressed in thousands)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>Taxes Held for Outside Entities</b>				
Assets				
Cash/Cash Equivalents	\$ 519,626	\$ 818,984	\$ 790,572	\$ 548,038
Total Assets	<u>519,626</u>	<u>818,984</u>	<u>790,572</u>	<u>548,038</u>
Liabilities				
Tax Refunds Payable	63,418	76,034	63,418	76,034
Due to Others	456,208	742,950	727,154	472,004
Total Liabilities	<u>519,626</u>	<u>818,984</u>	<u>790,572</u>	<u>548,038</u>
<b>Funds Held in Escrow</b>				
Assets				
Cash/Cash Equivalents	70,608	25,324	24,029	71,903
Accounts Receivable	3	0	3	0
Total Assets	<u>70,611</u>	<u>25,324</u>	<u>24,032</u>	<u>71,903</u>
Liabilities				
Account Payable	0	7	0	7
Due to Others	70,611	25,317	24,032	71,896
Total Liabilities	<u>70,611</u>	<u>25,324</u>	<u>24,032</u>	<u>71,903</u>
<b>Assets Held for Beneficiaries</b>				
Assets				
Cash/Cash Equivalents	61,027	458,989	514,167	5,849
Investments	85	85	85	85
Accounts Receivable	18	6	18	6
Total Assets	<u>61,130</u>	<u>459,080</u>	<u>514,270</u>	<u>5,940</u>
Liabilities				
Account Payable	323	59	323	59
Deferred Revenue	3	1	3	1
Due to Others	60,804	459,020	513,944	5,880
Total Liabilities	<u>61,130</u>	<u>459,080</u>	<u>514,270</u>	<u>5,940</u>
<b>Other</b>				
Assets				
Cash/Cash Equivalents	43,714	145,257	142,442	46,529
Inventory	8,587	7,785	8,587	7,785
Total Assets	<u>52,301</u>	<u>153,042</u>	<u>151,029</u>	<u>54,314</u>
Liabilities				
Due to Others	52,301	153,042	151,029	54,314
Total Liabilities	<u>52,301</u>	<u>153,042</u>	<u>151,029</u>	<u>54,314</u>
<b>Total - All Agency Funds</b>				
Assets				
Cash/Cash Equivalents	694,975	1,448,554	1,471,210	672,319
Investments	85	85	85	85
Accounts Receivable	21	6	21	6
Inventory	8,587	7,785	8,587	7,785
Total Assets	<u>703,668</u>	<u>1,456,430</u>	<u>1,479,903</u>	<u>680,195</u>
Liabilities				
Account Payable	323	66	323	66
Tax Refunds Payable	63,418	76,034	63,418	76,034
Deferred Revenue	3	1	3	1
Due to Others	639,924	1,380,329	1,416,159	604,094
Total Liabilities	<u>\$ 703,668</u>	<u>\$ 1,456,430</u>	<u>\$ 1,479,903</u>	<u>\$ 680,195</u>

## NONMAJOR COMPONENT UNITS

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

### OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

P.O. Box 14190, Oklahoma City, Oklahoma 73113  
[www.oeta.tv](http://www.oeta.tv)

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

### OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

9220 N. Kelley Ave., Oklahoma City, Oklahoma 73118  
[www.ok.gov/oifa](http://www.ok.gov/oifa)

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.

### MULTIPLE INJURY TRUST FUND

421 NW 13<sup>th</sup> Street Suite 105, Oklahoma City, Oklahoma 73103  
[www.ok.gov/mitf](http://www.ok.gov/mitf)

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

### UNIVERSITY HOSPITALS AUTHORITY

P.O. Box 26307, Oklahoma City, Oklahoma 73126  
[www.uhatok.com](http://www.uhatok.com)

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

5900 N. Classen Ct., Oklahoma City, Oklahoma 73118  
[www.ok.gov/odfa](http://www.ok.gov/odfa)

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

13905 Quail Pointe Drive, Suite A, Oklahoma City, Oklahoma 73134  
[www.ocib.org](http://www.ocib.org)

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 STATE UNIVERSITY MEDICAL AUTHORITY

1111 W. 17<sup>th</sup> Street, Tulsa, Oklahoma 74107  
[www.healthsciences.okstate.edu/osuma](http://www.healthsciences.okstate.edu/osuma)

The Authority is charged with overseeing the 50-year Academic Affiliation Agreement signed between Tulsa Regional Medical Center and OSU Center for Health Sciences. The agreement provides for funding, teaching and training facilities to the graduate medical program associated with the Oklahoma State University Center for Health Sciences.

State of Oklahoma  
Combining Statement of Net Position  
NonMajor Component Units  
June 30, 2015  
(expressed in thousands)

	Oklahoma Educational Television Authority	Oklahoma Industrial Finance Authority	Multiple Injury Trust Fund	University Hospitals Authority	Oklahoma Development Finance Authority	Oklahoma Capital Investment Board	Oklahoma State Univ. Medical Authority	Nonmajor Component Units Total
<b>Assets</b>								
<b>Current Assets</b>								
Cash/Cash Equivalents								
Unrestricted	\$ 6,360	\$ 39,615	\$ 9,788	\$ 99,784	\$ 14,673	\$ 11	\$ 21,439	\$ 191,670
Investments	26,782	0	0	1,945	202	0	0	28,929
Accounts Receivable	193	0	0	70,616	0	0	15,915	86,724
<b>Interest and Investment</b>								
Revenue Receivable	34	157	20	18	20	0	0	249
Other Receivables	297	0	0	0	0	0	1,116	1,413
Notes Receivable	0	372	0	0	0	0	0	372
Due from Other Component Units	0	0	0	233	201	0	0	434
Due from Primary Government	0	0	14,352	44	33	0	0	14,429
Prepaid Items	235	0	0	3	0	0	1,757	1,995
Other Current Assets	0	0	0	0	414	0	5,438	5,852
<b>Total Current Assets</b>	<b>33,901</b>	<b>40,144</b>	<b>24,160</b>	<b>172,643</b>	<b>15,543</b>	<b>11</b>	<b>45,665</b>	<b>332,067</b>
<b>Noncurrent Assets</b>								
<b>Cash/Cash Equivalents -</b>								
Restricted	2,836	14	0	538	0	0	0	3,388
Investments - Restricted	0	0	0	884	0	10,662	0	11,546
Long-Term Notes Receivable, Net	0	3,154	0	0	1,188	0	0	4,342
Long-Term Investments-Unrestricted	0	17,063	0	0	0	0	0	17,063
<b>Capital Assets</b>								
Depreciable, Net	12,794	45	43	225,681	1,361	0	29,887	269,811
Land	26	75	0	4,009	286	0	0	4,396
Construction in Progress	0	0	0	53,538	0	0	4,489	58,027
<b>Other Noncurrent Assets</b>								
Unrestricted	0	0	0	20,083	0	0	0	20,083
Restricted	0	0	0	36	0	0	0	36
<b>Total Noncurrent Assets</b>	<b>15,656</b>	<b>20,351</b>	<b>43</b>	<b>304,769</b>	<b>2,835</b>	<b>10,662</b>	<b>34,376</b>	<b>388,692</b>
<b>Total Assets</b>	<b>49,557</b>	<b>60,495</b>	<b>24,203</b>	<b>477,412</b>	<b>18,378</b>	<b>10,673</b>	<b>80,041</b>	<b>720,759</b>
<b>Deferred Outflows</b>								
Advance Refunding of Bonds	0	76	0	0	0	0	0	76
Deferred Outflows from Pensions	385	74	0	191	0	0	0	650
<b>Total Deferred Outflows</b>	<b>385</b>	<b>150</b>	<b>0</b>	<b>191</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>726</b>
<b>Liabilities</b>								
<b>Liabilities</b>								
<b>Current Liabilities</b>								
<b>Accounts Payable and</b>								
Accrued Liabilities	460	0	31	88,851	39	0	8,975	98,356
Claims and Judgements	0	0	1,693	0	0	0	0	1,693
Interest Payable	0	264	297	0	0	76	326	963
Unearned Revenue	0	0	0	119	173	0	0	292
Due to Other Component Units	0	0	0	608	178	0	0	786
Due to Primary Government	0	0	2	0	0	0	0	2
Capital Leases	0	0	0	0	0	0	266	266
Compensated Absences	210	48	73	0	0	0	0	331
Notes Payable	0	0	1,785	0	0	0	1,818	3,603
General Obligation Bonds	0	720	0	0	0	0	0	720
Revenue Bonds	0	0	0	1,310	0	0	0	1,310
Other Current Liabilities	20	12,145	0	163	320	0	7,763	20,411
<b>Total Current Liabilities</b>	<b>690</b>	<b>13,177</b>	<b>3,881</b>	<b>91,051</b>	<b>710</b>	<b>76</b>	<b>19,148</b>	<b>128,733</b>
<b>Noncurrent Liabilities</b>								
<b>Claims and Judgements</b>								
Net Pension Liability	237	47	0	117	0	0	0	401
Compensated Absences	59	0	0	0	0	0	0	59
Notes Payable	359	0	15,162	0	0	0	12,637	28,158
General Obligation Bonds	0	44,190	0	0	0	0	0	44,190
Capital Leases	0	0	0	0	0	0	45	45
Revenue Bonds	0	0	0	45,138	9,999	0	0	55,137
Other Noncurrent Liabilities	0	0	0	0	0	15,070	6,162	21,232
<b>Total Noncurrent Liabilities</b>	<b>655</b>	<b>44,237</b>	<b>399,759</b>	<b>45,255</b>	<b>9,999</b>	<b>15,070</b>	<b>18,844</b>	<b>533,819</b>
<b>Total Liabilities</b>	<b>1,345</b>	<b>57,414</b>	<b>403,640</b>	<b>136,306</b>	<b>10,709</b>	<b>15,146</b>	<b>37,992</b>	<b>662,552</b>
<b>Deferred Inflows of Resources</b>								
Deferred Inflows from Pensions	867	172	0	430	0	0	0	1,469
<b>Total Deferred Inflows</b>	<b>867</b>	<b>172</b>	<b>0</b>	<b>430</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,469</b>
<b>Net Position</b>								
<b>Invested in Capital Assets,</b>								
Net of Related Debt	12,821	0	0	236,780	1,647	0	19,610	270,858
<b>Other Special Purpose</b>								
Expendable	4,949	14	0	1,458	0	0	0	6,421
Unrestricted	29,960	3,045	(379,437)	102,629	6,022	(4,473)	22,439	(219,815)
<b>Total Net Position</b>	<b>\$ 47,730</b>	<b>\$ 3,059</b>	<b>\$ (379,437)</b>	<b>\$ 340,867</b>	<b>\$ 7,669</b>	<b>\$ (4,473)</b>	<b>\$ 42,049</b>	<b>\$ 57,464</b>

State of Oklahoma  
 Combining Statement of Activities  
 NonMajor Component Units  
 For the Fiscal Year Ended June 30, 2015  
 (expressed in thousands)

	Program Revenues			General Revenue			Net Position Beginning of Year	Net Position End of Year
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government	Change in Net Asset		
Nonmajor Component Units:								
Oklahoma Educational Television Authority	\$ 14,914	\$ 8,764	\$ 1,657	\$ (4,493)	\$ 4,574	\$ 81	\$ 47,649	\$ 47,730
Oklahoma Industrial Finance Authority	1,456	1,487	0	31	0	31	3,028	3,059
Multiple Injury Trust Fund	73,842	162	0	(73,680)	59,478	(14,202)	(365,235)	(379,437)
University Hospitals Authority	234,994	230,601	0	(4,393)	42,069	37,676	303,191	340,867
Oklahoma Development Finance Authority	1,049	1,064	0	15	0	15	7,654	7,669
Oklahoma Capital Investment Board	905	(192)	0	(1,097)	0	(1,097)	(3,376)	(4,473)
Oklahoma State Univ. Medical Authority	158,939	148,737	5,138	(5,064)	12,270	7,206	34,843	42,049
<b>Total Nonmajor Component Units</b>	<b>\$ 486,099</b>	<b>\$ 390,623</b>	<b>\$ 6,795</b>	<b>\$ (88,681)</b>	<b>\$ 118,391</b>	<b>\$ 29,710</b>	<b>\$ 27,754</b>	<b>\$ 57,464</b>



OTHER SUPPLEMENTARY INFORMATION



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 of the State of Oklahoma as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 23, 2015, which included an emphasis paragraph on the Multiple Injury Trust Fund for a net deficit related primarily to court awards that exceeded the apportionment of special tax revenue collected. Our report includes a reference to other auditors who audited:

- the financial statements of the Water Resources Board which represent forty-four percent of the assets, twenty-eight percent of the net position and four percent of the revenues of the enterprise funds;
- the financial statements of the Oklahoma Municipal Power Authority, University of Oklahoma, University of Oklahoma – Health Sciences Center, Oklahoma State University – Foundation, Grand River Dam Authority, Oklahoma State University, Oklahoma Turnpike Authority, University of Oklahoma – Foundation, Oklahoma Housing Finance Authority, CompSource, and the Regents for Higher Education, which in the aggregate represent eighty-one percent of the assets, eighty-nine percent of the net position and seventy percent of the revenues for the aggregate discretely presented component units;
- the financial statements of the Commissioners of the Land Office permanent fund, and the Tobacco Settlement Endowment permanent fund, which in the aggregate represent ninety-eight percent of the assets, ninety-eight percent of the fund balance and ninety-nine percent of the revenues of the permanent funds; and
- the financial statements of the Oklahoma Public Employees Retirement System and the Oklahoma Teachers Retirement System, which in the aggregate represent eighty percent of the assets, eighty percent of the net position and seventy-nine percent of the additions of the aggregate remaining fund information.

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### *Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the State of Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

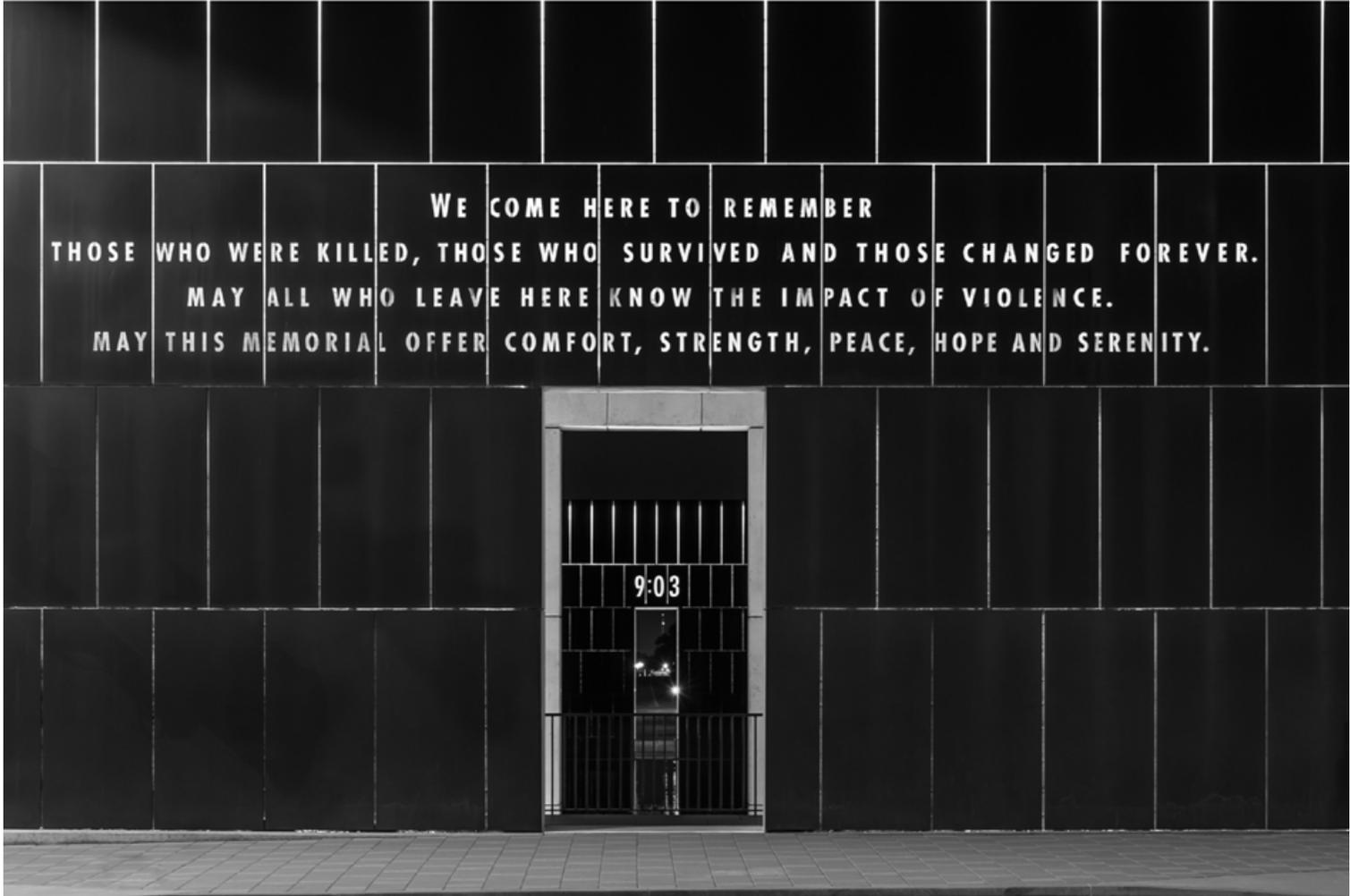
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 23, 2015





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## Using the Statistical Section

The statistical section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state's overall financial health. The information is grouped into the following five categories.

### **Financial Trends** – Net Position by Component, Changes in Net Position, Fund Balances, and Changes in Fund Balance

These schedules contain trend information to help the reader understand how the state's financial performance and well-being have changed over time.

### **Revenue Capacity** – Personal Income by Industry, Personal Income Tax Filers and Liability by Adjusted Gross Income, and Tax Collections

These schedules contain information to help the reader assess the ability of the state to generate and collect taxes.

### **Debt Capacity** – Percentage of Annual Debt Service Expenditures for General Bonded Debt to Total Expenditures, Ratios of Outstanding Debt by Type, and Revenue Bond Coverage

These schedules present information to help the reader assess the affordability of the state's current levels of outstanding debt, its ability to issue additional debt in the future, and its ability to repay the outstanding debt.

### **Demographic and Economic Information** – Major Employers by Size, Demographic and Economic Statistics, and School Enrollments

These schedules offer demographic and economic indicators to help the reader understand the environment within which the state's financial activities take place and to help make comparisons over time and with other governments.

### **Operating Information** – Government Employees by Function, Capital Asset Utilization by Function, Operating Indicators for Governmental Functions, and Additional Information and Sources of Statistical Data

These schedules contain information about the state's operations and resources to help the reader understand how the state's financial information relates to the services the state provides and the activities it performs.

*Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.*

State of Oklahoma  
 Schedule of Net Position by Component  
 Last Ten Fiscal Years  
 (expressed in thousands)

	2006	2007	2008	2009
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ 6,246,160	\$ 6,633,078	\$ 7,118,384	\$ 7,364,509
Restricted	1,887,136	2,172,697	3,368,766	2,268,701
Unrestricted	3,156,226	3,348,465	2,284,063	2,970,902
<b>Total governmental activities net position</b>	<b>11,289,522</b>	<b>12,154,240</b>	<b>12,771,213</b>	<b>12,604,112</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	608	1,028	771	527
Restricted	1,062,156	1,207,733	9,019	1,178,940
Unrestricted	202	6,961	1,283,673	10,972
<b>Total business-type activities net position</b>	<b>1,062,966</b>	<b>1,215,722</b>	<b>1,293,463</b>	<b>1,190,439</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	6,246,768	6,634,106	7,119,155	7,365,036
Restricted	2,949,292	3,380,430	3,377,785	3,447,641
Unrestricted	3,156,428	3,355,426	3,567,736	2,981,874
<b>Total primary government net position</b>	<b>\$ 12,352,488</b>	<b>\$ 13,369,962</b>	<b>\$ 14,064,676</b>	<b>\$ 13,794,551</b>

State of Oklahoma  
 Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (Modified accrual basis of accounting)  
 (expressed in thousands)

	2006	2007	2008	2009
<b>General Fund</b>				
Reserved	\$ 586,051	\$ 731,850	\$ 758,702	\$ 767,554
Unreserved	3,373,911	3,449,196	3,504,990	3,166,157
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b>3,959,962</b>	<b>4,181,046</b>	<b>4,263,692</b>	<b>3,933,711</b>
<b>All Other Governmental Funds</b>				
Reserved	1,748,747	2,024,316	2,052,390	1,906,950
Unreserved	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>1,748,747</b>	<b>2,024,316</b>	<b>2,052,390</b>	<b>1,906,950</b>
<b>Total All Governmental Fund Balances</b>	<b>\$ 5,708,709</b>	<b>\$ 6,205,362</b>	<b>\$ 6,316,082</b>	<b>\$ 5,840,661</b>

2010	2011	2012	2013	2014	2015
\$ 8,148,821	\$ 8,710,430	\$ 9,276,689	\$ 9,650,570	\$ 9,992,791	\$ 10,425,644
2,492,399	3,647,627	3,957,319	4,182,822	4,698,509	4,930,516
2,102,236	1,377,573	1,618,544	1,661,849	1,539,539	1,268,097
<u>12,743,456</u>	<u>13,735,630</u>	<u>14,852,552</u>	<u>15,495,241</u>	<u>16,230,839</u>	<u>16,624,257</u>
330	202	126	1,037	1,415	1,914
834,824	867,777	1,102,997	1,353,998	1,573,491	1,601,651
8,887	5,346	273,981	602,997	636,300	582,633
<u>844,041</u>	<u>873,325</u>	<u>1,377,104</u>	<u>1,958,032</u>	<u>2,211,206</u>	<u>2,186,198</u>
8,149,151	8,710,632	9,276,815	9,651,607	9,994,206	10,427,558
3,327,223	4,515,404	5,060,316	5,536,820	6,272,000	6,532,167
2,111,123	1,382,919	1,892,525	2,264,846	2,175,839	1,850,730
<u>\$ 13,587,497</u>	<u>\$ 14,608,955</u>	<u>\$ 16,229,656</u>	<u>\$ 17,453,273</u>	<u>\$ 18,442,045</u>	<u>\$ 18,810,455</u>

2010	2011	2012	2013	2014	2015
\$ 679,812	\$ -	\$ -	\$ -	\$ -	\$ -
2,331,047	-	-	-	-	-
-	64,817	73,539	84,743	74,278	76,851
-	1,020,229	1,244,592	1,240,573	1,340,771	1,572,465
-	2,112,921	2,282,175	2,344,077	2,142,358	2,205,978
-	-	-	1,960	1,777	1,045
-	62,301	144,365	133,796	133,796	96,297
<u>3,010,859</u>	<u>3,260,268</u>	<u>3,744,671</u>	<u>3,805,149</u>	<u>3,692,980</u>	<u>3,952,636</u>
2,232,060	-	-	-	-	-
-	-	-	-	-	-
-	2,539,403	2,549,833	2,829,731	3,226,796	3,228,359
-	23,294	15,980	12,438	7,417	1,265
-	-	-	-	53,430	48,967
-	2,928	66,135	60,952	70,096	79,460
-	26,355	25,724	39,056	-	-
<u>2,232,060</u>	<u>2,591,980</u>	<u>2,657,672</u>	<u>2,942,177</u>	<u>3,357,739</u>	<u>3,358,051</u>
<u>\$ 5,242,919</u>	<u>\$ 5,852,248</u>	<u>\$ 6,402,343</u>	<u>\$ 6,747,326</u>	<u>\$ 7,050,719</u>	<u>\$ 7,310,687</u>

State of Oklahoma  
Changes in Net Position by Component  
Last Ten Fiscal Years  
(expressed in thousands)

	2006	2007	2008	2009
<b>Expenses</b>				
<b>Governmental Activities:</b>				
Education-General	\$ 2,942,969	\$ 3,285,059	\$ 3,479,319	\$ 3,548,104
Education-Payment to Higher Education	823,489	936,404	910,385	1,074,409
Government Administration	1,529,506	1,712,841	1,680,106	1,718,794
Health Services	3,471,042	3,954,939	4,214,407	4,542,241
Legal and Judiciary	197,324	213,955	222,319	230,706
Museums	33,840	17,834	32,164	17,507
Natural Resources	242,466	271,734	249,235	265,197
Public Safety and Defense	728,331	829,663	926,959	951,387
Regulatory Services	116,516	110,218	95,653	130,033
Social Services	1,727,808	1,797,721	1,782,333	1,976,556
Transportation	654,147	482,831	791,993	902,151
Interest on Long-Term Debt	68,383	69,769	74,108	70,026
<b>Governmental Activities</b>	<b>12,535,821</b>	<b>13,682,968</b>	<b>14,458,981</b>	<b>15,427,111</b>
<b>Business-Type Activities:</b>				
Employment Security Commission	164,954	177,914	194,549	533,629
Water Resources Board	29,829	28,015	27,016	25,527
Office of Management and Enterprise Services	-	-	-	-
Lottery Commission	164,862	145,028	145,951	122,961
<b>Business-Type Activities</b>	<b>359,645</b>	<b>350,957</b>	<b>367,516</b>	<b>682,117</b>
<b>Total Primary Government Expenses</b>	<b>12,895,466</b>	<b>14,033,925</b>	<b>14,826,497</b>	<b>16,109,228</b>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
Charges for Services:				
Government Administration	200,292	215,773	222,663	230,663
Health Services	219,040	166,816	140,691	126,087
Social Services	76,898	72,674	157,818	190,535
All Others	441,250	472,406	483,933	569,538
<b>Total Charges for Services</b>	<b>937,480</b>	<b>927,669</b>	<b>1,005,105</b>	<b>1,116,823</b>
Operating Grants and Contributions	4,928,318	5,370,772	5,528,650	6,141,165
<b>Total Governmental Activities</b>	<b>5,865,798</b>	<b>6,298,441</b>	<b>6,533,755</b>	<b>7,257,988</b>
<b>Business-Type Activities:</b>				
Charges for Services:				
Employment Security Commission	311,294	271,705	227,733	267,591
Water Resources Board	35,596	52,300	37,585	53,973
Office of Management and Enterprise Services	-	-	-	-
Lottery Commission	205,075	215,223	214,400	193,326
<b>Total Charges for Services</b>	<b>551,965</b>	<b>539,228</b>	<b>479,718</b>	<b>514,890</b>
Operating Grants and Contributions	24,432	34,457	33,862	134,029
<b>Total Business-Type Activities</b>	<b>576,397</b>	<b>573,685</b>	<b>513,580</b>	<b>648,919</b>
<b>Total Primary Government Revenue</b>	<b>6,442,195</b>	<b>6,872,126</b>	<b>7,047,335</b>	<b>7,906,907</b>
Net (Expense) Revenue:				
Governmental Activities	(6,670,023)	(7,384,527)	(7,925,226)	(8,169,123)
Business-Type Activities	216,752	222,728	146,064	(33,198)
<b>Total Primary Government</b>	<b>(6,453,271)</b>	<b>(7,161,799)</b>	<b>(7,779,162)</b>	<b>(8,202,321)</b>
<b>General Revenues</b>				
<b>Governmental Activities:</b>				
Taxes	7,712,816	7,974,727	8,181,246	7,865,257
Investment Earnings	114,884	192,733	247,191	141,264
Contributions to Permanent Funds	43,684	48,839	68,018	73,548
Gain (Loss) on Sale of Assets	5,386	1,989	-	1,316
Special Item	(91,869)	-	-	-
Transfers	40,325	69,972	68,323	69,826
<b>Total Governmental Activities</b>	<b>7,825,226</b>	<b>8,288,260</b>	<b>8,564,778</b>	<b>8,151,211</b>
<b>Business-Type Activities:</b>				
Transfers	(40,325)	(69,972)	(68,323)	(69,826)
<b>Total Business-Type Activities</b>	<b>(40,325)</b>	<b>(69,972)</b>	<b>(68,323)</b>	<b>(69,826)</b>
<b>Total General Revenues and Transfers</b>	<b>7,784,901</b>	<b>8,218,288</b>	<b>8,496,455</b>	<b>8,081,385</b>
<b>Change in Net Position</b>	<b>1,331,630</b>	<b>1,056,489</b>	<b>717,293</b>	<b>(120,936)</b>
<b>Net Position - Beginning of Year (as restated)</b>	<b>11,020,858</b>	<b>12,313,473</b>	<b>13,347,383</b>	<b>13,915,217</b>
<b>Net Position - End of Year</b>	<b>\$ 12,352,488</b>	<b>\$ 13,369,962</b>	<b>\$ 14,064,676</b>	<b>\$ 13,794,281</b>

	2010	2011	2012	2013	2014	2015
\$	3,573,881	\$ 3,506,316	\$ 2,413,027	\$ 2,405,694	\$ 3,322,341	\$ 3,424,751
	1,076,248	1,065,225	1,982,235	2,003,101	1,037,785	1,030,060
	1,611,256	1,663,883	1,763,437	1,866,501	1,830,570	1,114,539
	4,750,304	4,866,858	5,432,791	5,462,257	5,766,102	5,660,101
	256,867	241,360	236,979	245,372	261,344	205,622
	14,572	13,539	15,455	15,916	17,691	18,189
	249,020	257,998	223,444	353,243	264,233	288,333
	811,999	850,190	825,787	820,506	863,080	787,751
	119,044	127,211	116,789	129,206	131,756	153,511
	2,287,486	2,269,749	2,126,879	2,222,255	2,240,638	2,187,576
	842,394	934,272	845,784	941,132	1,043,522	1,086,603
	70,549	100,363	95,097	112,030	71,270	58,330
	15,663,620	15,896,964	16,077,704	16,577,213	16,850,332	16,015,366
	1,146,720	776,001	537,575	386,399	289,959	281,058
	26,739	40,769	39,979	39,398	35,286	32,641
	-	-	-	843,065	925,327	1,023,920
	132,642	132,812	127,729	128,642	123,180	112,624
	1,306,101	949,582	705,283	1,397,504	1,373,752	1,450,243
	16,969,721	16,846,546	16,782,987	17,974,717	18,224,084	17,465,609
	219,412	224,414	262,488	470,067	189,569	561,643
	167,567	174,185	476,950	472,502	557,041	544,828
	198,086	171,890	62,997	26,317	61,925	11,962
	707,820	570,744	564,370	697,964	627,565	628,232
	1,292,885	1,141,233	1,366,805	1,666,850	1,436,100	1,746,665
	7,804,862	7,982,737	7,181,699	6,939,234	7,326,805	6,744,975
	9,097,747	9,123,970	8,548,504	8,606,084	8,762,905	8,491,640
	206,763	352,458	634,373	535,290	475,453	305,538
	26,979	76,225	59,461	54,877	55,315	53,329
	-	-	-	860,767	941,890	964,432
	199,926	198,274	199,973	200,324	191,564	171,989
	433,668	626,957	893,807	1,651,258	1,664,222	1,495,288
	596,350	421,483	260,936	138,918	37,901	10,935
	1,030,018	1,048,440	1,154,743	1,790,176	1,702,123	1,506,223
	10,127,765	10,172,410	9,703,247	10,396,260	10,465,028	9,997,863
	(6,565,873)	(6,772,994)	(7,529,200)	(7,971,129)	(8,087,427)	(7,523,726)
	(276,083)	98,858	449,460	392,672	328,370	55,980
	(6,841,956)	(6,674,136)	(7,079,740)	(7,578,457)	(7,759,057)	(7,467,746)
	6,517,387	7,533,430	8,416,465	8,370,489	8,646,148	8,670,034
	45,116	117,128	80,488	68,601	59,298	60,007
	62,325	61,738	64,861	87,515	60,516	59,287
	3,816	-	-	-	-	-
	-	-	7,384	615	-	(451)
	70,315	69,574	65,880	77,745	81,020	76,211
	6,698,959	7,781,870	8,635,078	8,604,965	8,846,982	8,865,088
	(70,315)	(69,574)	(65,880)	(77,745)	(81,020)	(76,211)
	(70,315)	(69,574)	(65,880)	(77,745)	(81,020)	(76,211)
	6,628,644	7,712,296	8,569,198	8,527,220	8,765,963	8,788,877
	(213,312)	1,038,160	1,489,458	948,763	1,006,906	1,321,131
	13,800,809	13,570,795	14,740,198	16,504,510	17,435,139	17,489,324
\$	13,587,497	\$ 14,608,955	\$ 16,229,656	\$ 17,453,273	\$ 18,442,045	\$ 18,810,455

State of Oklahoma  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (Modified accrual basis of accounting)  
 (expressed in thousands)

	2006	2007	2008	2009
<b>Revenues</b>				
Taxes:				
Income Taxes-Individual	\$ 2,693,548	\$ 2,654,294	\$ 2,753,040	\$ 2,537,221
Income Taxes-Corporate	426,725	772,668	552,193	449,910
Sales Tax	1,843,803	1,968,931	2,107,116	2,190,082
Gross Production Taxes	1,036,888	822,888	1,114,950	1,136,279
Motor Vehicle Taxes	584,294	609,669	604,926	585,084
Fuel Taxes	414,677	401,992	419,617	397,852
Tobacco Taxes	216,512	220,556	237,166	254,006
Insurance Taxes	76,874	104,403	100,778	105,076
Beverage Taxes	75,517	79,996	86,648	90,071
Other Taxes	343,978	339,330	204,812	119,946
Licenses, Permits and Fees	296,521	289,717	323,903	357,226
Interest and Investment Revenue	382,545	637,729	399,006	89,296
Federal Grants	4,770,328	5,006,861	5,503,532	6,227,575
Sales and Services	183,369	185,278	173,117	201,307
Other	434,451	366,988	475,020	570,192
<b>Total Revenues</b>	<b>13,780,030</b>	<b>14,461,300</b>	<b>15,055,824</b>	<b>15,311,123</b>
<b>Expenditures</b>				
Education	3,762,683	4,218,333	4,387,428	4,619,951
Government Administration	1,607,212	1,604,462	1,694,758	1,631,219
Health Services	3,447,085	3,936,893	4,200,188	4,525,993
Legal and Judiciary	190,644	207,229	215,942	225,225
Museums	30,316	17,045	31,586	16,903
Natural Resources	231,616	238,075	263,551	271,487
Public Safety and Defense	674,494	773,813	876,660	915,880
Regulatory Services	114,871	108,231	93,438	127,803
Social Services	1,697,057	1,758,475	1,755,810	1,933,117
Transportation	224,885	173,532	286,540	199,517
Capital Outlay	768,003	918,055	1,010,262	1,438,064
Debt Service				
Principal Retirement	98,512	103,606	126,103	95,155
Interest and fiscal Charges	68,383	69,769	74,108	70,026
<b>Total Expenditures</b>	<b>12,915,761</b>	<b>14,127,518</b>	<b>15,016,374</b>	<b>16,070,340</b>
Revenues in Excess of (Less Than) Expenditures	864,269	333,782	39,450	(759,217)
<b>Other Financing Sources (Uses)</b>				
Transfers In	50,405	80,606	76,576	77,371
Transfers Out	(10,080)	(10,634)	(8,253)	(7,545)
Bonds Issued	614,400	6,430	23,000	105,400
Notes Issued	48,875	95,675	-	98,230
Refunding Bonds Issued	-	-	-	-
Bond Issue Premiums	14,562	4,573	-	2,478
Bond Issue Discounts	(975)	(82)	-	(730)
Payment to Refunded Bond Escrow Agent	-	-	-	-
Capital Leases and Certificates of Participation	248	2,501	2,873	3,655
Sale of Capital Assets	13,191	7,613	7,860	5,832
<b>Total Other Financing Sources (Uses)</b>	<b>730,626</b>	<b>186,682</b>	<b>102,056</b>	<b>284,691</b>
<b>Net Changes in Fund Balances</b>	<b>1,594,895</b>	<b>520,464</b>	<b>141,506</b>	<b>(474,526)</b>
Fund Balances - Beginning of Year (as restated)	4,113,814	5,684,898	6,174,576	6,315,187
<b>Fund Balances - End of Year</b>	<b>\$ 5,708,709</b>	<b>\$ 6,205,362</b>	<b>\$ 6,316,082</b>	<b>\$ 5,840,661</b>
Debt Service as a Percentage of Noncapital Expenditures	1.4%	1.3%	1.4%	1.1%

2010	2011	2012	2013	2014	2015
\$ 1,969,264	\$ 2,393,660	\$ 2,739,864	\$ 2,855,509	\$ 2,855,601	\$ 3,003,481
171,555	328,007	413,113	595,249	408,665	357,681
1,981,220	2,191,643	2,400,354	2,523,098	2,598,873	2,553,855
702,949	786,827	885,038	513,350	657,476	578,464
551,029	633,107	693,524	686,540	778,694	772,690
384,383	399,011	416,940	408,507	419,084	424,560
234,540	267,948	281,754	272,123	250,228	251,786
87,805	113,948	124,651	145,437	167,444	183,762
83,673	94,352	99,567	105,316	108,830	113,229
350,969	324,927	361,660	265,359	401,253	430,526
356,321	403,355	597,471	627,229	671,822	698,779
476,597	699,254	336,295	509,424	692,697	318,679
7,456,421	7,499,163	6,934,571	6,647,031	6,746,151	6,652,689
184,977	166,595	190,782	174,524	200,087	180,205
780,630	521,796	614,344	865,018	508,810	810,625
<u>15,772,333</u>	<u>16,823,593</u>	<u>17,089,928</u>	<u>17,193,714</u>	<u>17,465,715</u>	<u>17,331,011</u>
4,648,786	4,572,304	4,395,104	4,406,724	4,359,511	4,459,227
1,560,521	1,634,351	1,741,287	1,857,921	2,204,090	1,522,733
4,737,363	4,851,630	5,436,158	5,447,207	5,745,842	5,636,440
248,996	232,245	231,292	239,421	250,376	248,668
14,993	13,801	14,281	14,915	14,532	9,698
279,830	250,174	211,946	337,867	246,556	273,081
755,376	798,995	764,714	768,059	798,173	786,197
117,821	115,076	111,911	122,354	128,460	150,864
2,259,473	2,252,188	2,091,972	2,196,864	2,214,898	2,177,124
177,683	182,708	208,009	212,248	225,768	203,021
1,626,181	1,551,017	1,302,447	1,104,103	894,684	1,451,605
111,816	118,163	98,831	221,187	361,488	408,643
70,549	72,074	95,097	112,030	71,269	60,833
<u>16,609,388</u>	<u>16,644,726</u>	<u>16,703,049</u>	<u>17,040,900</u>	<u>17,515,647</u>	<u>17,388,134</u>
(837,055)	178,867	386,879	152,814	(49,932)	(57,123)
84,362	71,919	73,168	67,955	81,020	83,587
(14,047)	(2,345)	(7,287)	-	-	(7,376)
148,080	559,045	68,805	22,795	235,505	189,250
-	-	-	-	-	-
-	-	6,140	67,555	-	-
2,671	38,627	11,282	8,099	25,679	18,398
-	-	(35)	(121)	-	-
-	(246,044)	-	-	-	-
8,116	2,640	5,659	5,256	322	365
10,142	7,601	8,139	11,928	10,798	87,267
<u>239,324</u>	<u>431,443</u>	<u>165,871</u>	<u>183,467</u>	<u>353,324</u>	<u>371,491</u>
<b>(597,731)</b>	<b>610,310</b>	<b>552,750</b>	<b>336,281</b>	<b>303,392</b>	<b>314,368</b>
5,840,650	5,241,938	5,849,593	6,411,045	6,747,327	6,996,319
<u>\$ 5,242,919</u>	<u>\$ 5,852,248</u>	<u>\$ 6,402,343</u>	<u>\$ 6,747,326</u>	<u>\$ 7,050,719</u>	<u>\$ 7,310,687</u>
1.2%	1.3%	1.3%	2.1%	2.6%	2.9%

State of Oklahoma  
 Personal Income by Industry  
 Last Ten Years  
 (expressed in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Total Personal Income</b>	\$ 106,111	\$ 115,960	\$ 126,280	\$ 131,070	\$ 132,144	\$ 133,149	\$ 142,862	\$ 154,958	\$ 161,188	\$ 167,292
Farm Earnings	870	401	486	828	110	955	881	1,253	1,128	1,303
Nonfarm Earnings	78,528	85,495	91,723	93,894	93,158	92,177	101,345	108,094	113,571	118,038
<b>Private Earnings</b>	<b>61,924</b>	<b>67,681</b>	<b>72,903</b>	<b>73,787</b>	<b>71,887</b>	<b>70,174</b>	<b>79,024</b>	<b>87,058</b>	<b>92,367</b>	<b>96,706</b>
Forestry, Fishing & Agriculture	189	186	203	203	199	193	273	244	268	357
Mining, Oil & Natural Gas Extraction	6,389	8,265	8,634	7,963	8,528	5,813	9,467	14,809	14,736	15,626
Utilities	1,274	1,385	1,721	1,309	1,473	1,407	1,468	1,537	1,573	2,044
Construction	3,806	4,112	4,154	4,722	4,383	4,861	5,390	6,381	7,296	7,509
Manufacturing - Durable	5,270	5,759	6,020	6,266	5,389	5,717	5,907	6,486	6,725	7,108
Manufacturing - Nondurable	6,907	7,185	8,533	5,734	5,476	3,240	3,675	3,500	3,839	3,915
Wholesale Trade	3,209	3,548	3,745	4,060	3,727	3,667	4,026	4,298	4,559	4,839
Retail Trade	5,311	5,578	5,746	6,255	5,810	6,414	6,749	7,080	7,329	7,603
Transportation and Warehousing	2,865	3,260	3,484	3,732	3,698	3,931	5,063	4,316	5,739	5,893
Services	26,704	28,403	30,663	33,543	33,204	34,931	37,006	38,407	40,303	41,812
<b>Government</b>	<b>16,604</b>	<b>17,814</b>	<b>18,820</b>	<b>20,107</b>	<b>21,271</b>	<b>22,003</b>	<b>22,321</b>	<b>21,036</b>	<b>21,204</b>	<b>21,332</b>
Federal, civilian	3,816	4,001	4,170	4,193	4,467	4,797	4,884	4,409	4,277	4,308
Military	2,393	2,621	2,691	2,825	3,024	3,261	3,240	2,438	2,355	2,216
State and Local	10,395	11,192	11,959	13,089	13,780	13,945	14,197	14,189	14,572	14,808
Highest Personal Income Tax Rate	6.65%	5.65%	5.65%	5.50%	5.50%	5.50%	5.50%	5.25%	5.25%	5.25%
Corporate Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Source: U. S. Department of Commerce, Bureau of Economic Analysis, and the Oklahoma Tax Commission.  
 Data is the latest available at time of printing.

State of Oklahoma  
 Personal Income Tax Filers and Liability by Adjusted Gross Income  
 Calendar (Tax) Years 2013 and 2004

Calendar Year 2013

<u>Adjusted Gross Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$100,001 and higher	243,503	14%	\$1,653,790,404	57%
\$75,001 - \$100,000	136,208	8%	\$377,730,184	13%
\$50,001 - \$75,000	224,266	13%	\$410,717,764	14%
\$25,001 - \$50,000	427,804	24%	\$365,353,410	13%
\$10,001 - \$25,000	410,731	23%	\$69,557,760	2%
\$10,000 and lower	316,680	18%	\$604,486	1%
Total	1,759,192	100%	\$2,877,754,008	100%

Calendar Year 2004

<u>Adjusted Gross Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$100,001 and higher	116,265	7%	\$1,028,241,636	41%
\$75,001 - \$100,000	92,281	6%	\$326,862,789	13%
\$50,001 - \$75,000	188,937	12%	\$461,968,933	18%
\$25,001 - \$50,000	383,080	24%	\$482,204,630	19%
\$10,001 - \$25,000	422,442	27%	\$155,097,653	6%
\$10,000 and lower	365,936	24%	\$44,741,587	3%
Total	1,568,941	100%	\$2,499,117,228	100%

# State of Oklahoma Tax Collections For Last Ten Years

Taxes	2006	2007	2008	2009
Aircraft Excise Tax	\$ 2,781,702	\$ 4,894,881	\$ 4,756,533	\$ 4,172,388
Alcoholic Beverage Excise Tax	18,368,824	19,298,490	20,898,973	21,886,066
Beverage Tax	24,253,880	24,876,901	25,337,878	26,359,749
Bingo Tax	1,640,473	1,088,643	491,681	222,436
Business Activity Tax	-	-	-	-
Charity Games Tax	136,253	107,404	71,363	51,222
Cigarette Tax	176,915,506	197,416,262	202,745,622	204,236,542
City Use Tax - Collect/Deposit	790,748	897,305	1,069,561	958,607
Coin Operated Device Decal	2,811,672	3,560,571	3,512,188	3,956,591
Controlled Dangerous Substance Tax	23,564	19,295	17,766	33,260
County Tax (Use & Lodging)	150,697	192,820	213,985	219,223
Diesel Fuel Excise Tax	72,494,201	60,427,734	69,806,535	72,681,342
Documentary Stamp Tax	16,768,900	17,153,783	16,584,410	13,307,236
Farm Implement Tax Stamps	5,870	6,305	8,324	8,287
Franchise Tax	41,476,258	43,068,528	46,103,569	46,908,656
Freight Car Tax	755,298	782,258	676,250	707,694
Fuels Excise Tax	-	-	-	-
Gaming Exclusivity Fees	14,191,695	43,618,582	79,779,165	104,803,681
Gasoline Excise Tax	219,279,433	207,928,969	207,968,692	206,287,240
Gross Production Tax - Oil and Gas	880,226,067	787,621,631	950,392,198	976,062,637
Horse Track Gaming	3,145,867	10,019,698	10,429,536	13,727,728
Income Tax (Individual)	2,761,624,929	2,774,850,747	2,778,617,535	2,605,269,216
Income Tax (Corporate)	304,381,318	554,759,229	359,823,533	376,971,517
Inheritance and Estate Tax	81,923,012	69,312,845	52,416,680	43,803,931
Insurance Premium Tax	129,587,854	159,816,876	161,504,757	165,916,913
Mixed Beverage Gross Receipts Tax	23,378,598	25,754,035	29,749,193	31,554,602
Occupational Health and Safety Tax	1,919,509	2,263,308	2,311,554	2,521,511
Pari-Mutuel Taxes	1,638,435	1,834,816	1,811,980	1,647,939
Pari-Mutuel - Other Tax	14,948	18,645	33,155	18,178
Petroleum Excise Tax	15,540,837	13,214,922	15,861,718	16,010,447
Rural Electric Co-operative Tax	1,249,543	1,448,501	1,488,051	1,602,814
Sales Tax	1,677,854,488	1,790,192,096	1,913,387,580	1,989,494,833
Sales Tax - City	12,798,204	13,735,769	12,425,284	13,720,926
Sales Tax - County	2,208,807	2,853,056	2,583,542	2,851,342
Special Fuel Decal	221,878	719,261	320,595	315,226
Special Fuel Use Tax	990,474	1,461,588	1,423,614	1,438,287
Tag Agent Remittance Tax	261,355,513	277,606,225	307,223,643	261,581,867
Telephone Surcharge	953,770	925,799	917,690	885,980
Tobacco Products Tax	23,970,831	23,700,748	24,311,479	26,073,091
Tourism Gross Receipt Tax	5,175,280	5,532,552	1,163,187	2,946
Tribal Compact in Lieu of Tax Payments	20,383,536	22,734,204	28,031,272	43,708,777
Unclaimed Property Assessment	10,829,856	11,849,607	11,756,295	11,444,647
Unclassified Tax Receipts	62,370	135,530	278,502	510,559
Use Tax	133,775,850	155,857,219	167,314,341	191,222,671
Vehicle Revenue Tax Stamps	45,452	46,074	46,769	39,793
Workers' Compensation Awards - Assessments	31,319,198	31,355,388	22,427,205	23,056,945
Workers' Compensation Insurance Premium Tax	7,259,704	7,652,100	7,622,856	7,567,468
Other Taxes	18,902,571	17,453,681	19,685,781	19,825,879
<b>Total</b>	<b>\$ 7,005,583,673</b>	<b>\$ 7,390,064,881</b>	<b>\$ 7,565,402,020</b>	<b>\$ 7,535,648,889</b>

Prepared using cash basis to aid in budgetary analysis.

Source: Oklahoma Tax Commission as adjusted.

2010	2011	2012	2013	2014	2015
\$ 4,234,993	\$ 4,358,022	\$ 5,884,147	\$ 4,910,204	\$ 4,074,978	\$ 3,243,398
21,905,099	22,777,383	23,614,156	25,553,610	26,372,098	26,987,301
25,303,290	24,934,826	24,979,667	24,653,353	23,896,702	23,283,684
140,859	136,038	132,086	127,801	105,890	80,475
-	4,869,667	50,733,207	45,051,074	33,395,208	816,420
54,607	20,623	28,177	42,535	34,835	37,195
196,519,460	215,941,799	227,840,813	210,231,001	195,926,775	197,553,535
1,002,399	1,000,347	1,259,015	1,229,331	1,313,014	1,356,836
3,111,604	2,197,531	4,044,697	4,191,200	3,602,660	3,794,511
20,674	30,586	34,874	57,556	72,283	63,393
194,713	237,749	280,394	314,817	357,102	372,177
71,963,557	69,230,643	77,027,777	73,785,574	80,309,870	79,234,208
11,090,994	10,981,645	11,991,469	15,282,903	15,763,766	18,191,408
6,397	8,033	8,328	10,818	11,611	11,697
46,714,746	32,647,715	758,202	540,824	1,126,420	56,540,151
530,685	619,364	665,287	717,516	837,888	826,793
-	49,665	-	-	-	-
118,624,111	123,560,707	124,300,610	129,286,255	123,376,190	128,443,759
208,545,441	197,712,177	206,179,731	203,403,445	202,091,479	207,370,800
579,700,531	631,755,429	724,903,048	373,494,633	477,781,300	401,619,064
13,710,940	16,915,904	18,612,058	20,483,704	20,615,037	20,592,150
2,230,787,128	2,385,413,131	2,723,887,073	2,844,880,206	2,835,207,273	3,152,729,993
212,866,850	330,905,421	412,808,773	594,181,209	408,109,649	375,873,186
23,433,845	5,661,243	1,814,854	135,523	873,332	1,056,925
141,255,690	170,627,316	199,620,667	213,675,180	223,090,507	244,415,684
32,494,306	35,344,321	39,241,847	43,357,002	46,127,916	50,193,262
2,757,188	2,672,792	3,027,902	2,681,651	2,597,953	2,171,916
1,265,853	1,117,663	1,272,843	1,287,912	1,168,333	1,163,885
28,721	11,155	7,633	9,352	6,961	6,028
11,045,779	13,077,225	14,309,381	12,450,983	16,135,417	14,152,206
1,521,744	1,642,867	1,770,676	1,842,173	2,055,243	2,214,029
1,806,049,515	1,982,182,368	2,165,311,137	2,275,444,163	2,335,326,717	2,424,380,716
13,113,139	12,948,170	14,906,819	15,541,756	14,952,187	16,725,211
2,715,907	2,853,587	3,304,647	3,374,051	3,328,337	3,800,593
355,578	503,848	396,838	460,204	450,950	351,812
1,498,427	1,522,816	1,539,054	1,421,676	1,485,281	1,534,694
247,546,872	307,579,624	348,562,103	330,838,092	388,643,946	376,730,773
837,385	796,832	722,113	719,897	634,760	570,979
27,045,416	30,947,514	34,415,644	37,643,515	40,243,152	44,462,393
-	-	-	-	-	-
47,165,891	40,180,597	41,910,495	43,741,973	31,908,905	27,372,341
11,418,562	9,424,634	12,083,796	10,575,619	10,235,907	9,433,401
274,693	188,102	366,977	49,413	43	436,149
152,323,434	176,061,390	206,228,223	221,082,285	237,162,483	240,423,735
37,247	40,797	43,650	51,598	47,408	46,974
23,440,505	25,534,690	22,723,364	34,801,759	55,465,606	63,469,440
7,452,455	8,802,817	8,693,887	9,949,807	10,210,365	9,789,096
19,113,157	21,172,515	23,170,322	28,001,415	32,368,659	37,118,891
<u>\$ 6,321,220,387</u>	<u>\$ 6,927,199,288</u>	<u>\$ 7,785,418,461</u>	<u>\$ 7,861,566,568</u>	<u>\$ 7,908,902,396</u>	<u>\$ 8,271,043,267</u>

State of Oklahoma  
 Percentage of Annual Debt Service Expenditures  
 for General Bonded Debt to Total Expenditures  
 Governmental Funds  
 For Last Ten Years  
 (Expressed in thousand)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Service										
Principal Retirement	\$ 98,512	\$ 103,606	\$ 126,103	\$ 95,155	\$ 111,816	\$ 118,163	\$ 98,831	\$ 221,187	\$ 361,488	\$ 408,643
Interest and Fiscal Charges	68,383	69,769	74,108	70,026	70,549	72,074	95,097	112,030	71,269	60,833
<b>Total Debt Service</b>	<b>166,895</b>	<b>173,375</b>	<b>200,211</b>	<b>165,181</b>	<b>182,365</b>	<b>190,237</b>	<b>193,928</b>	<b>333,217</b>	<b>432,757</b>	<b>469,476</b>
<b>Total Expenditures</b>	<b>\$ 12,147,758</b>	<b>\$ 13,209,463</b>	<b>\$ 14,006,112</b>	<b>\$ 14,632,276</b>	<b>\$ 14,983,207</b>	<b>\$ 15,093,709</b>	<b>\$ 15,400,602</b>	<b>\$ 15,936,797</b>	<b>\$ 16,620,964</b>	<b>\$ 15,936,529</b>
<b>Ratio</b>	1.374%	1.313%	1.429%	1.129%	1.217%	1.260%	1.259%	2.091%	2.604%	2.946%

State of Oklahoma  
 Ratios of Outstanding Debt by Type-  
 Primary Government  
 Last Ten Fiscal Years  
 (expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities Debt:</b>										
General Obligation Bonds	\$ 247,500	\$ 233,510	\$ 218,955	\$ 203,755	\$ 188,030	\$ 175,645	\$ 175,645	\$ 136,585	\$ 131,955	\$ 107,395
General Obligation Bonds as a Percentage of General Revenue <sup>a</sup>	3.16%	2.82%	2.56%	2.50%	2.81%	2.26%	2.03%	1.59%	1.49%	1.21%
Per Capita (actual-not in thousands) <sup>b</sup>	\$ 69	\$ 65	\$ 60	\$ 55	\$ 50	\$ 46	\$ 46	\$ 36	\$ 34	\$ 28
Revenue bonds	1,208,646	1,137,350	1,061,570	1,099,625	1,173,025	1,428,820	1,424,555	1,353,449	1,255,988	1,283,082
Notes Payable	136,966	221,898	211,570	299,266	246,623	229,929	212,592	194,560	173,985	47,245
Capital Leases	3,287	4,641	5,082	6,650	12,553	12,719	8,710	10,712	8,271	6,526
Total Governmental Activities	<u>1,596,399</u>	<u>1,597,399</u>	<u>1,497,177</u>	<u>1,609,296</u>	<u>1,620,231</u>	<u>1,847,113</u>	<u>1,821,502</u>	<u>1,695,306</u>	<u>1,570,199</u>	<u>1,444,248</u>
<b>Business-Type Activities Debt:</b>										
Revenue Bonds	\$ 653,070	\$ 580,049	\$ 544,900	\$ 502,901	\$ 599,984	\$ 759,493	\$ 832,597	\$ 931,413	\$ 801,159	\$ 778,800
Total Business-Type Activities	<u>653,070</u>	<u>580,049</u>	<u>544,900</u>	<u>502,901</u>	<u>599,984</u>	<u>759,493</u>	<u>832,597</u>	<u>931,413</u>	<u>801,159</u>	<u>778,800</u>
Total Primary Government	<u>2,249,469</u>	<u>2,177,448</u>	<u>2,042,077</u>	<u>2,112,197</u>	<u>2,220,215</u>	<u>2,606,606</u>	<u>2,654,099</u>	<u>2,626,719</u>	<u>2,371,358</u>	<u>2,223,048</u>
Total Primary Government Debt as a Percentage of Personal Income <sup>c</sup>	1.92%	1.72%	1.60%	1.60%	1.66%	1.92%	1.84%	1.68%	1.46%	1.32%
Per Capita (actual-not in thousands) <sup>b</sup>	\$ 629	\$ 602	\$ 559	\$ 575	\$ 595	\$ 679	\$ 694	\$ 684	\$ 618	\$ 569

<sup>a</sup> General Revenue values can be found in the Changes in Net Position statistics schedule.

<sup>b</sup> Population data can be found in the Demographic and Economic Statistics schedule. The amount for the current year is estimated. Population data for the current year was unavailable at printing.

<sup>c</sup> Debt by Type information can be found in the notes to the financial statements. The percentage for the current year is estimated. Current year personal income data was unavailable at printing.

State of Oklahoma  
Revenue Bond Coverage  
Enterprise Fund and Component Units  
For the Last Ten Fiscal Years  
(expressed in thousands)

	Fiscal Year Ended	Gross Revenues (1)	Operating Expenses (2)	Net Revenues for Debt Service	Debt Service Requirements	Debt Serv. Coverage
<b>COMPONENT UNITS:</b>						
<b>Oklahoma Student Loan Authority</b>	2015	\$ 12,614	\$ 9,552	\$ 3,062	\$ 4,323	0.71
(June 30 year end)	2014	14,229	9,720	4,509	5,251	0.86
	2013	19,195	9,319	9,876	7,002	1.41
	2012	16,201	2,134	14,067	6,823	2.06
	2011	19,831	(296)	20,127	7,734	2.60
	2010	19,858	(1,993)	21,851	42,601	0.51
	2009	39,625	867	38,758	94,891	0.41
	2008	60,391	958	59,433	95,588	0.62
	2007	65,329	887	64,442	41,813	1.54
	2006	50,446	1,431	49,015	56,296	0.87
<b>Oklahoma Housing Finance Agency</b>	2014	\$ 39,286	\$ 15,461	\$ 23,825	\$ 41,461	0.57
(September 30 year end)	2013	18,003	19,773	(1,770)	115,088	(0.02)
	2012	47,532	14,855	32,678	88,459	0.37
	2011	63,923	14,131	49,792	69,559	0.72
	2010	64,490	15,346	49,144	44,125	1.11
	2009	83,223	14,233	68,990	104,808	0.66
	2008	67,511	13,402	54,109	72,439	0.75
	2007	54,416	12,831	41,585	54,104	0.77
	2006	36,019	12,278	23,741	50,091	0.47
	2005	33,503	11,525	21,978	76,490	0.29
<b>Oklahoma Turnpike Authority</b>	2014	\$ 257,863	\$ 82,048	\$ 175,815	\$ 108,314	1.62
(December 31 year end)	2013	242,226	81,593	160,633	91,893	1.75
	2012	241,379	86,706	154,674	101,570	1.52
	2011	235,369	87,918	147,451	99,141	1.49
	2010	237,047	72,396	164,651	100,389	1.64
	2009	217,158	70,915	146,243	99,555	1.47
	2008	273,732	75,320	198,412	94,143	2.11
	2007	212,380	70,197	142,183	89,604	1.59
	2006	208,835	64,819	144,016	82,546	1.74
	2005	203,372	59,883	143,489	91,624	1.57
<b>Grand River Dam Authority</b>	2014	\$ 485,012	\$ 307,941	\$ 177,071	\$ 79,109	2.24
(December 31 year end)	2013	432,799	251,386	181,413	134,919	1.34
	2012	423,614	272,188	151,425	135,799	1.12
	2011	418,551	254,480	164,071	136,623	1.20
	2010	398,415	196,671	201,744	142,448	1.42
	2009	340,341	214,758	125,583	124,702	1.01
	2008	346,067	156,179	189,888	68,780	2.76
	2007	314,287	127,530	186,757	99,214	1.88
	2006	300,888	181,698	119,190	100,131	1.19
	2005	289,868	164,443	125,425	100,986	1.24
<b>Oklahoma Municipal Power Authority</b>	2014	\$ 193,273	\$ 136,025	\$ 56,248	\$ 49,563	1.13
(December 31 year end)	2013	179,321	135,198	44,123	39,685	1.11
	2012	175,506	124,308	51,198	43,857	1.17
	2011	175,983	126,187	49,796	44,848	1.11
	2010	163,991	117,610	46,381	40,299	1.15
	2009	153,534	113,568	39,966	35,494	1.13
	2008	158,006	122,828	35,178	36,346	0.97
	2007	153,391	119,268	34,123	32,730	1.04
	2006	167,944	132,472	35,472	30,265	1.17
	2005	170,128	133,730	36,398	32,779	1.11

	Fiscal Year Ended	Gross Revenues (1)	Operating Expenses (2)	Net Revenues for Debt Service	Debt Service Requirements	Debt Serv. Coverage
<b>Higher Education</b>	2015	\$ 4,843,892	\$ 4,122,226	\$ 721,666	\$ 113,085	6.38
(June 30 year end)	2014	5,015,949	4,107,758	908,191	274,979	3.30
	2013	5,953,195	3,944,790	2,008,405	147,220	13.64
	2012	5,389,947	3,932,409	1,457,538	148,780	9.80
	2011	4,722,834	3,562,033	1,160,801	207,268	5.60
	2010	4,177,035	3,670,063	506,972	303,612	1.67
	2009	3,831,790	3,636,123	195,667	95,303	2.05
	2008	4,109,380	3,365,616	743,764	69,859	10.65
	2007	3,950,840	3,201,403	749,437	194,053	3.86
	2006	3,726,961	3,004,968	721,993	117,155	6.16
<b>ENTERPRISE FUND:</b>						
<b>Oklahoma Water Resources Board</b>	2015	\$ 20,918	\$ 766	\$ 20,152	\$ 42,672	0.47
(June 30 year end)	2014	20,600	1,287	19,313	50,395	0.38
	2013	20,128	1,427	18,701	56,376	0.33
	2012	17,580	1,036	16,544	40,532	0.41
	2011	14,705	1,529	13,176	34,638	0.38
	2010	12,885	1,126	11,759	34,162	0.34
	2009	12,069	807	11,262	40,149	0.28
	2008	13,523	823	12,700	36,575	0.35
	2007	14,992	781	14,211	140,922	0.10
	2006	14,815	1,813	13,002	59,607	0.22

(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.

- Debt service requirements do not include one time debt service payments from refunding bonds.

State of Oklahoma  
 Major Employers by Size  
 Non-Government  
 For years 2005 and 2014

Non-Governmental Major Employers 2005	Non-Governmental Major Employers 2014	Employment 2014	Percentage of Total State Employment 2014
AMR Corp.	Wal-Mart Stores, Inc.	32,000	1.88%
Hillcrest Healthcare System	Integris Health, Inc.	9,000	0.53%
Integris Health	Saint Francis Hospital, Inc.	6,000	0.35%
Sonic Industries, Inc.	Saint John Medical Center, Inc.	6,000	0.35%
Wal-Mart Stores, Inc.	American Airlines, Inc.	5,500	0.32%
Conoco Phillips	W. H. Braum, Inc.	5,500	0.32%
HCA Healthcare	Hobby Lobby Stores	5,500	0.32%
Hertz Corporation	Express Employment Professionals	4,500	0.26%
Saint Francis Hospital	Lowe's Home Centers, Inc.	4,500	0.26%
St.John Medical Center Inc.	Chesapeake Energy Corporation	4,000	0.23%

*Source: Oklahoma Department of Commerce*

*Note: The information above is compiled by the Department of Commerce and is the latest available at the date of publication.*

State of Oklahoma  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population <sup>a</sup> (in thousands)				Personal Income <sup>a</sup>	Per Capita Personal Income <sup>a</sup>			Civilian Labor Force <sup>b</sup>		
	U. S.	Change from Prior Period	State of Oklahoma	Change from Prior Period	(in millions) State of Oklahoma	U. S.	State of Oklahoma	Oklahoma as a Percentage of U.S.	Employed	Unemployed	Unemployment Rate
2005	295,561	0.91%	3,530	0.51%	107,641	35,447	30,492	86.02%	1,626,191	78,410	4.6%
2006	298,363	0.95%	3,568	1.08%	118,747	37,728	33,280	88.21%	1,647,755	69,844	4.1%
2007	301,290	0.98%	3,608	1.12%	123,889	39,430	34,336	87.08%	1,657,767	76,688	4.4%
2008	304,060	0.92%	3,642	0.94%	131,070	40,208	35,985	89.50%	1,682,000	71,000	4.1%
2009	307,007	0.97%	3,687	1.24%	132,144	39,626	35,840	90.45%	1,660,000	114,000	6.4%
2010	309,350	0.76%	3,762	2.03%	133,149	39,945	35,396	88.61%	1,631,000	124,000	7.1%
2011	311,592	0.72%	3,792	0.80%	142,862	41,560	37,679	90.66%	1,662,000	109,000	6.2%
2012	313,914	0.75%	3,815	0.61%	154,958	43,735	40,620	92.88%	1,709,000	94,000	5.2%
2013	316,129	0.71%	3,851	0.94%	161,188	44,765	41,861	93.51%	1,718,000	99,000	5.4%
2014	318,857	0.86%	3,878	0.70%	167,292	46,129	43,138	93.52%	1,704,000	80,000	4.5%

<sup>a</sup> source U.S. Bureau of Economic Analysis as adjusted.

<sup>b</sup> source Oklahoma Employment Security Commission.

*Note: The information above is the latest available at the date of publication.*

# State of Oklahoma

## School Enrollments

For the Years 2005 through 2014

<u>Public School Enrollments:</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Early childhood	29,685	33,418	34,378	35,270	37,726	39,784	40,688	37,929	40,121	40,129
Kindergarten	44,193	48,667	49,362	49,306	50,497	51,037	52,114	52,339	54,649	55,127
Elementary School	230,323	255,144	236,130	239,446	242,668	246,305	248,398	252,235	266,499	257,154
Junior High School	112,771	117,026	137,251	136,059	135,889	138,626	140,964	130,505	141,539	123,812
Senior High School	149,585	157,248	178,292	178,400	176,679	177,366	175,949	173,193	154,144	184,074
No-High School Districts (Grades 1-8)	16,421	19,435	20,743	22,603	24,090	23,938	23,596	23,549	17,215	24,151
Special Education (Ungraded)	2,499	3,802	3,978	3,584	1,649	1,684	1,798	1,535	1,542	2,070
Out-of-Home Placements	1,687	1,777	1,854	1,635	1,806	1,720	1,915	1,905	1,616	1,783
Total	<u>587,164</u>	<u>636,516</u>	<u>661,988</u>	<u>666,303</u>	<u>671,004</u>	<u>680,460</u>	<u>685,422</u>	<u>673,190</u>	<u>677,325</u>	<u>688,300</u>
<u>Higher Education:</u>										
Public Institutions	237,455	235,730	233,371	235,388	250,673	255,503	256,213	251,096	236,865	228,768
Private Institutions	<u>24,661</u>	<u>24,060</u>	<u>24,070</u>	<u>25,278</u>	<u>21,945</u>	<u>25,856</u>	<u>26,830</u>	<u>27,708</u>	<u>26,175</u>	<u>17,997</u>
Total	<u>262,116</u>	<u>259,790</u>	<u>257,441</u>	<u>260,666</u>	<u>272,618</u>	<u>281,359</u>	<u>283,043</u>	<u>278,804</u>	<u>263,040</u>	<u>246,765</u>
<u>Career-Technology Education:</u>										
Secondary *	151,703	154,857	160,310	156,755	154,492	148,831	148,831	151,720	149,501	152,227
Adult	<u>375,790</u>	<u>404,260</u>	<u>407,597</u>	<u>378,772</u>	<u>345,016</u>	<u>354,949</u>	<u>354,949</u>	<u>376,783</u>	<u>372,687</u>	<u>394,650</u>
Total	<u>527,493</u>	<u>559,117</u>	<u>567,907</u>	<u>535,527</u>	<u>499,508</u>	<u>503,780</u>	<u>503,780</u>	<u>528,503</u>	<u>522,188</u>	<u>546,877</u>

\* 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.

State of Oklahoma  
 Government Employees by Function  
 Fiscal Years 2005 through 2014  
 (excluding Higher Education)

	2005 <sup>a</sup>	2006 <sup>a</sup>	2007 <sup>a</sup>	2008 <sup>a</sup>	2009 <sup>a</sup>	2010 <sup>a</sup>	2011 <sup>a</sup>	2012 <sup>a</sup>	2013 <sup>a</sup>	2014 <sup>a</sup>
<b>Function:</b>										
Education	1,026	1,002	993	1,052	1,043	963	864	832	836	817
Government Administration	1,993	2,105	2,023	2,312	2,297	2,324	2,036	2,275	2,828	2,829
Health Services	3,998	4,709	4,719	4,977	4,920	4,550	4,403	4,254	4,337	4,434
Legal and Judiciary	341	444	745	2,345	2,335	2,316	2,216	2,276	2,275	2,220
Museums	158	164	164	176	168	158	151	149	151	145
Natural Resources	2,704	2,010	1,973	2,570	2,547	2,418	2,356	2,292	2,266	2,254
Public Safety and Defense	6,911	8,835	8,524	7,287	7,224	6,857	6,428	6,311	6,320	6,367
Regulatory Services	1,244	1,839	1,625	1,376	1,368	1,328	1,291	1,280	1,289	1,302
Social Services	12,197	11,810	11,303	12,191	12,635	12,027	11,674	11,033	10,960	11,268
Transportation	2,945	3,027	2,984	2,971	3,109	3,019	2,960	2,893	2,865	2,906
<b>Total</b>	<b>33,517</b>	<b>35,945</b>	<b>35,053</b>	<b>37,257</b>	<b>37,646</b>	<b>35,960</b>	<b>34,379</b>	<b>33,595</b>	<b>34,127</b>	<b>34,542</b>

Source: The Human Capital Management (HCM) division of the Office of Management and Enterprise Services (OMES).

<sup>a</sup> HCM changed to the PeopleSoft HRMS system in FY2005. Information from FY2005 to current year includes only full-time, regular employees.

State of Oklahoma  
 Capital Assets Utilization by Function-  
 Primary Government  
 Last Ten Fiscal Years  
 (net of depreciation, expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
Education	\$ 19,079	\$ 18,592	\$ 18,130	\$ 23,888	\$ 24,064	\$ 28,402	\$ 29,906	\$ 29,628	\$ 33,274	\$ 32,602
Government Administration	161,620	161,339	173,422	173,235	220,891	235,887	289,578	291,033	289,411	286,592
Health Services	30,632	28,161	28,784	142,580	149,604	146,835	162,355	157,101	151,996	151,408
Legal and Judiciary	139	300	302	125	387	310	349	1,066	824	529
Museums	6,607	6,454	6,576	6,594	11,156	12,662	12,505	13,169	13,920	12,942
Natural Resources	99,250	103,066	122,618	140,616	160,253	180,892	193,947	200,208	218,155	233,997
Public Safety and Defense	297,093	306,970	320,743	372,077	460,894	502,434	524,859	529,224	522,170	507,035
Regulatory Services	637	697	682	1,597	1,532	1,173	904	859	726	947
Social Services	198,744	203,034	209,140	97,722	122,358	118,942	115,417	104,439	86,288	87,785
Transportation	6,444,886	6,828,923	7,179,503	7,513,128	8,139,553	8,730,234	9,159,061	9,433,515	9,692,860	9,957,686
Governmental activities, net	<u>\$ 7,258,687</u>	<u>\$ 7,657,536</u>	<u>\$ 8,059,900</u>	<u>\$ 8,471,562</u>	<u>\$ 9,290,692</u>	<u>\$ 9,957,771</u>	<u>\$ 10,488,881</u>	<u>\$ 10,760,242</u>	<u>\$ 11,009,624</u>	<u>\$ 11,271,523</u>
<b>Business-type activities, net</b>	<u>\$ 608</u>	<u>\$ 1,028</u>	<u>\$ 771</u>	<u>\$ 527</u>	<u>\$ 330</u>	<u>\$ 202</u>	<u>\$ 126</u>	<u>\$ 1,037</u>	<u>\$ 1,415</u>	<u>\$ 1,914</u>

# State of Oklahoma

## Operating Indicators for Governmental Functions

### Fiscal Years 2007 – 2015

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Government Administration</b>									
Department of Central Services									
Number of motor vehicles maintained	1,019	1,019	964	1,267	1,203	1,217	1,168	1,104	1,093
Number of buildings managed by DCS	17	17	17	18	18	19	20	20	28
<b>Health Services</b>									
Department of Health									
Protective services:									
Retail food establishment inspections	24,704	33,648	33,648	24,369	23,368	45,874	43,083	44,939	45,417
Food inspections	45,847	43,387	42,342	48,036	44,878	46,662	43,671	47,831	48,417
Nursing Homes:									
Facility licensing, inspections and complaints	3,335	3,622	2,314	2,120	1,912	4,078	2,223	2,492	2,275
Residents (approximate)	18,500	18,950	17,813	19,623	21,202	18,512	19,340	19,006	18,987
Mental Health and Substance Abuse Department									
Number of patients:									
Mental Health	44,623	47,422	52,226	54,804	56,478	65,356	65,314	* 166,181	167,464
Substance Abuse	19,470	21,084	22,144	20,981	18,881	19,351	18,208	37,292	39,747
Hospitals - Inpatient Care	3	3	3	3	3	3	3	3	2
<b>Legal and Judiciary</b>									
Oklahoma Indigent Defense system									
Provides legal representation for indigent citizens charged with committing criminal acts.									
Represented - Total Court Appointments	38,556	39,334	39,385	43,883	41,965	43,712	43,980	48,401	49,723
Included above: Non-capital trial cases	32,000	30,000	30,000	32,000	33,000	35,000	43,167	47,543	48,964
Capital trial cases	65	71	92	105	112	98	67	53	50
General appeals cases	696	596	529	558	609	540	595	648	565
Average cost: Non-capital case (Staff Attorney)	\$463	\$410	\$373	\$279	\$380	\$368	\$361	\$346	\$304
Capital case (Staff Attorney)	\$38,708	\$34,824	\$28,756	\$28,423	\$21,196	\$21,551	\$25,955	\$36,710	\$37,075
<b>Museums</b>									
J. M. Davis Memorial									
Museum - 40,000 sq. ft.									
Number of artifacts	45,000	48,012	48,012	48,012	48,012	50,000	50,000	50,000	50,000
Visitors per year (average)	22,000	22,000	22,000	22,000	22,000	35,000	30,000	30,000	28,000
Oklahoma Historical Society									
Center - 18 acres 215,000 sq. ft.									
Number of artifacts (on exhibit)	>2,000	>2,000	>2,000	>2,000	>2,000	>2000	>2000	>2000	>2000
Visitors and researchers per year (average)	200,000	225,000	244,000	244,000	185,491	254,634	214,723	183,251	183,000
Will Rogers Memorial									
Museum - 8 Galleries - 16,652 sq. ft.									
Library - 2,400 sq. ft.									
Archives - number of documents, photographs	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Visitors and researchers per year (average)	116,000	115,000	120,000	117,000	120,000	133,000	32,000	29,000	31,000
<b>Natural Resources</b>									
Wildlife Conservation									
Number of Anglers in State (last census)	774,000	697,000	697,000	697,000	697,000	729,000	729,000	729,000	729,000
Number of Hunters (last census)	261,000	445,000	445,000	445,000	445,000	244,000	244,000	244,000	244,000
Number of Wildlife Watchers (last census)	1,131,000	1,110,000	1,110,000	1,110,000	1,110,000	1,263,000	1,263,000	1,263,000	1,263,000

\* Increase due to ODMHSAS becoming responsible for Medicaid outpatient behavioral health.

Source: Agency reports, Governor's annual budget report. Data above is the latest available at the date of publication.

Note: GASB Statement 44 recommends, but does not require, the information in the statistical section to cover the last ten years or the period retroactive to the adoption of GASB statement 34. Fiscal year 2007 was the first year the operating indicators above were reported in the CAFR.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Public Safety and Defense</b>									
Department of Public Safety									
Driver's Licenses Issued	1,011,457	902,069	954,419	744,878	690,131	694,557	741,938	835,807	727,169
Citations Processed	221,659	219,442	168,346	227,426	162,748	158,914	182,073	198,518	200,826
Collision Reports Processed	14,175	14,033	76,947	79,354	74,714	73,462	68,406	82,067	74,267
Department of Corrections									
Capacity (Number of Beds)	24,845	24,815	25,515	25,455	25,364	25,469	25,846	26,473	27,256
Prison Population	24,124	24,433	24,337	24,870	24,384	24,526	25,159	26,874	27,889
As a percentage of capacity	97.1%	98.5%	95.4%	97.7%	96.1%	96.3%	97.3%	101.5%	102.3%
Cost to house an inmate:									
Per diem cost/day - Maximum Security	\$60.07	\$70.04	\$64.35	\$75.97	\$75.85	\$78.50	\$87.01	\$100.80	\$85.15
Per diem cost/day - Medium Security	\$51.94	\$56.10	\$44.93	\$42.41	\$38.98	\$38.94	\$40.17	\$47.47	\$47.94
<b>Regulatory Services</b>									
Oklahoma Corporation Commission									
Number of regulated utilities	586	548	494	511	484	421	418	420	411
Hearings and administrative proceedings	33,523	32,273	35,582	29,981	30,504	31,805	40,052	40,594	43,642
Motor carrier vehicles registered (power units)	156,895	131,444	151,639	121,874	132,927	135,230	139,569	152,280	157,188
Oil and gas wells plugged (operator plugged)	2,016	1,699	1,629	1,582	2,926	1,948	1,319	1,485	1,226
Oil and gas wells plugged (abandoned, plugged by OCC)							167	206	176
Motor Fuel Facilities inspected	3,816	3,388	4,174	5,490	4,341	4,326	5,760	6,011	4,371
Retail fuel dispenser (pump) inspections	70,465	82,470	85,118	97,326	77,444	70,649	75,939	80,397	80,742
<b>Social Services</b>									
Department of Human Services									
Adoption subsidies (end of fiscal year)	9,923	10,051	10,951	11,924	12,384	13,114	13,706	14,123	15,333
Adult protective svcs (state fiscal year)	29,098	27,428	27,653	28,334	26,464	24,857	23,148	22,122	20,993
Child care services provided (monthly average)	45,246	40,250	39,079	39,060	39,017	36,444	34,722	33,322	32,336
Licensed facilities (monthly average)	5,533	4,762	4,696	4,561	4,376	4,213	3,960	3,825	3,558
Licensed capacity (monthly average)	140,507	137,743	137,973	136,534	136,816	135,585	132,625	131,150	126,123
Child protective services-Substantiated (state fiscal year)	13,827	11,714	8,605	7,248	8,110	9,842	11,418	14,172	15,252
Child support enforcement (cases-quarterly average)	169,394	182,228	188,327	193,000	198,390	202,743	203,209	206,746	207,677
Developmental Disabilities Persons Served (end of fiscal year)	12,692	13,724	14,063	14,352	14,602	9,894	9,772	9,777	9,693
Elderly support services (meals/state fiscal year)	4,117,680	4,005,247	3,902,997	6,176,989	6,098,275	6,265,779	6,105,823	6,056,081	6,324,185
Food stamps (unduplicated count/state fiscal year)	433,372	415,397	445,364	559,626	609,723	891,555	889,137	615,412	867,968
Foster care children (end of fiscal year)	7,898	12,108	9,489	7,973	8,502	9,132	10,233	11,483	10,942
Oklahoma Employment Security Commission									
Initial unemployment claims	112,153	107,308	183,159	218,918	183,849	155,885	124,170	108,758	105,258
Unemployment insurance paid	\$153,706,474	\$158,694,794	\$350,260,138	\$499,636,015	\$340,695,628	\$271,279,698	\$263,654,340	\$247,148,751	\$270,419,798
<b>Transportation</b>									
Oklahoma Department of Transportation									
State Highway System	12,266 miles	12,266 miles	12,266 miles	12,266 miles	12,882 miles	12,882 miles	12,882 miles	12,882 miles	12,265 miles
Bridges on the State Highway System	6,728	6,728	6,728	6,728	6,800	6,800	6,800	6,800	6,828
System usage growth next 20 years (est.)									
Automobiles	33%	33%	33%	33%	65%	65%	65%	65%	65%
Trucks	70%	70%	70%	70%	65%	65%	65%	65%	65%
Freight railroads operating in Oklahoma	20	20	20	20	22	22	22	22	22
Passenger railroad	1	1	1	1	1	1	1	1	1
Rail passengers (average per year)	54,000	54,000	54,000	54,000	81,000	81,000	81,000	81,000	82,000
Railroad track	3,234 miles	3,234 miles	3,234 miles	3,234 miles	3,746 miles	3,746 miles	3,746 miles	3,746 miles	3,740 miles
Public Waterway Ports	2	2	2	2	2	2	2	2	2

# State of Oklahoma

## Additional Information and Sources of Statistical Data

Fiscal Year 2015

### **Additional Information:**

The population of Oklahoma has steadily increased since 2004, averaging 0.9% per year.

At the end of December 2014, the Bureau of Labor Statistics reported the state's unemployment rate was 4.5% compared to the national rate of 5.6%. Oklahoma's unemployment rate has been below the national average since 1996.

Oklahoma's total personal income rate has increased at an average of 5.6% annually since 2004. During the same period Oklahoma's personal income per capita increased by 4.6% averaged annually compared to 3.6% nationally.

As a result, annual total tax collections since 2006 have increased by \$1,265,460,000 or 18.1%.

Please refer to the preceding Statistical Section tables, Management's Discussion and Analysis, the Financial Statements and Notes for more details and analysis.

### **Sources of Statistical Data:**

Data provided in the statistical section of the CAFR is the latest available at the time of publication.

Primary sources of statistical data provided in the Statistical Section of the CAFR include:

- Oklahoma Department of Commerce
- Oklahoma Department of Labor
- Oklahoma Employment Security Commission
- Oklahoma Tax Commission
- Oklahoma Department of Education
- Oklahoma Regents for Higher Education
- Oklahoma Department of Vocational and Technical Education
- Oklahoma Office of Management and Enterprise Services
- U. S. Bureau of Labor Statistics
- U. S. Census Bureau
- U. S. Department of Commerce
- U. S. Bureau of Economic Analysis

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Photos courtesy of Stefani Hovarter of the Office of Management and Enterprise Services

# 2015 OKLAHOMA

## GENERAL INFORMATION

ADMITTED TO UNION <small>(46TH STATE)</small>	1907
CAPITAL	OKLAHOMA CITY
2014 POPULATION	3,878,051
POPULATION PER SQUARE MILE	56.5
COUNTIES	77

## STATE SYMBOLS

NICKNAME	SOONER STATE
MOTTO	LABOR OMNIA VINCIT <small>(LABOR CONQUERS ALL THINGS)</small>
COLORS	GREEN AND WHITE
FLOWER	OKLAHOMA ROSE
FLORAL EMBLEM	MISTLETOE
TREE	REDBUD
BIRD	SCISSOR-TAILED FLYCATCHER
ANIMAL	AMERICAN BUFFALO
FISH	WHITE BASS <small>(SAND BASS)</small>
BUTTERFLY	BLACK SWALLOWTAIL
REPTILE	MOUNTAIN BOOMER <small>(COLLARED LIZARD)</small>
ROCK	ROSE ROCK
WILDFLOWER	INDIAN BLANKET

## AREA

TOTAL AREA	69,899 SQUARE MILES
LAND AREA	68,595 SQUARE MILES
WATER AREA	1,304 SQUARE MILES

## RECREATION

NUMBER OF STATE PARKS	53
NUMBER OF STATE TRAILS	91
NUMBER OF LAKES	200



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