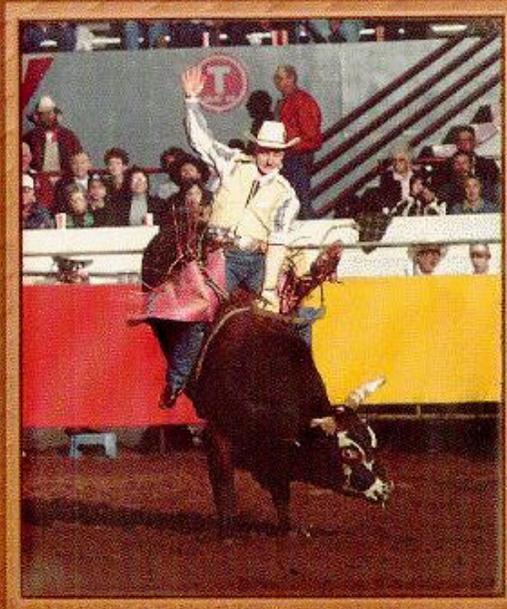


# OKLAHOMA



1997  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1997



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## *History of* **RODEO**

Rodeo, the only national spectator sport originated entirely in the United States, started on the open range back in the 1860s and 1870s. Cowboys demonstrated their skills of herding, roping and bronc riding by pitting one ranch against another local ranch and by competing against each other during roundup. The word "rodeo" actually originated from the Spanish word "rodear," which literally means roundup.

The rodeo became known in Oklahoma when the cattle drives began in the late 1860s, but it took the various wild west shows to familiarize the rest of the United States with its tough and tumble events that require so much skill from the cowboys and well-trained horses. Oklahoma created its own breed of popular shows with some of the big ranches breathing life into the vivid portrayals of western life. The Mollball Ranch near Guthrie, the Pawnee Bill Ranch near Pawnee, and the Miller 101 Ranch near Ponca City became well-known throughout the country as they traveled with their combination western shows and rodeos. Wild west shows gradually lost their popularity, but the rodeo continued to grow.

Oklahoma's Bill Pickett is credited with originating the steer wrestling event in the early 1900s, which is often referred to as "bulldogging" because in the earlier days cowboys would bite the lip or nose of the steer to try and take control. Many Oklahomans have competed in rodeos over the years to become national champions and include Jim Shoulders from Henryetta, Oklahoma (1959 World Champion Bull Rider), Freckles Brown from Soper, Oklahoma (1962 World Champion Bull Rider), Lane Frost from Lane, Oklahoma (1987 World Champion Bull Rider), and Terry West from Henryetta, Oklahoma (1996 World Champion Bull Rider).

The National Finals Rodeo (NFR) made its debut in 1959 in Dallas, Texas, providing the perfect arena for deciding the all-around and individual event champions. Later Oklahoma City successfully hosted the NFR for 20 years before it was moved to Las Vegas, Nevada, where it remains today.

The International Professional Rodeo Association continues its tradition of showcasing the finest rodeo talent at the International Finals Rodeo (IFR). This event, which started in 1971 in Tulsa, Oklahoma, is now held in Oklahoma City and has become one of professional rodeo's most prestigious events.

Oklahoma is proud to be the home of the "Lazy E," located in Guthrie, which is known as the largest indoor rodeo arena in the world and hosts several of the more than 100 rodeo events held throughout the state each year.

The Rodeo is still alive and well in Oklahoma and a big part of our culture today.

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### ON THE COVER:

**BULL RIDING** – Jimmy Morris of Sand Springs, OK at the 1997 89er Days PRCA Rodeo. (Photo by Fly Thomas and provided by the Lazy E Arena.)

# **OKLAHOMA 97**

**Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 1997**

Frank Keating  
Governor

Prepared by

Office of State Finance

Tom Daxon, Director  
Keith Johnson, State Comptroller

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

This publication is issued under authority of the Office of State Finance. Pursuant to 74 O.S. 1992, Section 3105, 1,100 copies have been prepared and distributed at a cost of \$16,149. The Office of State Finance would appreciate credit for any reprint.

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

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# Bull Riding Picture

## **INTRODUCTORY SECTION**



STATE OF OKLAHOMA  
OFFICE OF STATE FINANCE

December 29, 1997

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

The Office of State Finance is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 1997. This report, presented in three sections: Introductory, Financial, and Statistical, is the primary means of reporting the State government's financial activities. The Introductory Section contains an overview of the State's economic performance, a review of current initiatives, and summary financial data. The Financial Section contains the general purpose financial statements and the combining and individual fund and account group statements and schedules. The Statistical Section contains selected financial and demographic information.

Management of the State, through the Office of State Finance (OSF), is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The statements have been prepared in accordance with generally accepted accounting principles (GAAP). To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the State's financial position and activities. The Governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority, college and university whose data are presented in this report. The financial reporting entity, the State of Oklahoma, includes these funds, organizations, account groups, agencies, boards, commissions, and authorities. In accordance with Governmental Accounting Standards Board Statement 14, the State financial reporting entity includes fifteen component units. These component units, one governmental activity, thirteen proprietary activities and the State's higher education institutions, are discretely presented in the financial statements.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Oklahoma continues to be an attractive location in which to live and conduct commerce. In addition to a very low cost of doing business, Oklahoma has a highly skilled work force that exhibits the strong work ethic necessary for success and strives to improve its qualifications. For example, Oklahoma ranks 21st among the 50 states in full-time equivalent college enrollment as a percentage of population. At the same time, our pioneering Vo-Tech system is a national leader in developing training programs for industry. Oklahoma also enjoys a central location and abundant resources. Oklahoma remains a leading producer of oil and natural gas and Oklahoma manufacturers take advantage of some of the lowest energy prices in the nation. Oklahoma is also a leading producer of agricultural products, ranking in the top ten in production of wheat, peanuts, grain sorghum, pecans, rye, hogs and cattle.

Oklahoma's real gross state product for 1996 was \$65.3 billion, up 3.9% from the previous year. This compares with 3.8% growth in the national gross domestic product. Oklahoma's per capita income for 1996 was \$19,544, which is 80% of the national average, and ranks Oklahoma 45th among the states. Adjusting for

cost of living, Oklahoma is at 87% of the national average or 40th in the nation. Our per capita income was up 4.3% from 1995, trailing average gains nationally of 4.6%.

Oklahoma continues to enjoy an extremely low unemployment rate. Estimates for 1997 reflect a favorable 3.7% rate in Oklahoma versus a 5.0% rate nationally. With a population of approximately 3.3 million people, Oklahoma is the 27th most populous state.

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

## **FINANCIAL CONDITION OF STATE GOVERNMENT**

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

The impact of these fiscally conservative rules, however, has been to some extent offset by the practice of granting pension benefits and incurring other liabilities without providing the long range funding required to assure that the State will be able to pay those amounts when they become due. The Teachers and Firefighters pension plans and the State's Special Indemnity Fund will all require future funding to meet existing liabilities. Meanwhile, Oklahoma continues to face the challenge presented by devolution of many federal programs. Significant changes in funding for major welfare and transportation programs are already under way and Oklahoma is responding.

In spite of these challenges, the State's overall financial condition is healthy. A small general obligation debt load, the heightened attention to our unfunded pension liabilities and the growing balance in the State's "Rainy Day Fund" provide ample room to address unforeseen emergencies.

## **CURRENT DEVELOPMENTS AND MAJOR INITIATIVES**

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

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

Oklahoma wants to be the nation's friendliest state to small and growing businesses. Several initiatives are underway to achieve this goal, including: 1) worker's compensation reform, 2) education reform, 3) road improvements, 4) tax relief targeted to encourage economic growth, and 5) cost-effective service delivery.

Highlights of the fiscal 1997 and fiscal 1998 budgets include (expressed in millions):

	Amount Appropriated		Percentage of Total Appropriations		Increase (Decrease) from Prior Year		Percentage Increase (Decrease)	
	1997	1998	1997	1998	1997	1998	1997	1998
Dept. of Education	\$ 1,534	\$ 1,626	37%	36%	\$ 99	\$ 92	7%	6%
Regents for Higher Ed.	636	693	15%	15%	71	57	13%	9%
Dept. of Vo-Tech	96	108	2%	2%	8	12	9%	13%
Other education	16	20	0%	0%	2	4	14%	25%
Total Education	2,282	2,447	55%	54%	180	165	9%	7%
Dept. of Human Services	333	336	8%	7%	(5)	3	(1%)	1%
Office of Juvenile Affairs	85	88	2%	2%	6	3	8%	4%
University Hospitals Auth.	26	27	1%	1%	(1)	1	(4%)	4%
Dept. of Rehab. Services	22	23	1%	1%	1	1	5%	5%
Health Care Authority	290	314	7%	7%	17	24	6%	8%
Total Human Services	756	788	18%	17%	18	32	2%	4%
Dept. of Corrections	248	297	6%	7%	46	49	23%	20%
Dept. of Transportation	213	293	5%	6%	29	80	16%	38%
Dept. of Mental Health	119	122	3%	3%	7	3	6%	3%
Dept. of Health	47	56	1%	1%	7	9	18%	19%
Dept. of Public Safety	55	56	1%	1%	4	1	8%	2%
Other	430	460	11%	11%	78	30	22%	7%
Total	<u>\$ 4,150</u>	<u>\$ 4,519</u>	<u>100%</u>	<u>100%</u>	<u>\$ 369</u>	<u>\$ 369</u>	10%	9%

Passage of Senate Bill 730 in 1997 enacted several reforms to the state's workers compensation insurance system providing rate relief to employers within the state while improving benefits to injured workers. These reforms include: 1) exemption of small, family-owned businesses from the requirement to carry workers compensation insurance, 2) increased benefits for surviving spouses and children, 3) limitation of attorney fees, and 4) the study of "sprain and strain" injuries which make up over 50% of all workers compensation claims. Additional recommendations to the legislature are expected to be enacted during 1998.

The State has embarked on a major highway construction and improvement effort. Over the next five years, Oklahoma will spend up to \$1 billion on state highway construction depending on economic conditions. The State will use a combination of bond financing, Rainy Day Fund money and appropriations to finance this expanded construction.

As a result of growth in collected revenues during fiscal 1997, the State increased the balance in its Constitutional Reserve, or "Rainy Day" Fund to \$308.9 million, half of which may be appropriated under restricted conditions. The fiscal year ended June 30, 1997 marked the second consecutive year in which the State made a deposit to this Fund.

The State continues the development of a modern telecommunications system, known as OneNet, that allows multi-directional video access for government agencies throughout the State. This project expands upon an existing system operated by the State's higher education institutions. While OneNet has many uses, perhaps the most exciting feature is the linking of several classrooms for a single course. OneNet will allow all schools, even those in rural areas, to offer a varied, rigorous curriculum.

During the 1996 legislative session, the school funding formula was amended to more adequately fund growing school districts. Previously, districts experiencing enrollment growth did not immediately receive credit for that growth in the calculation of state aid, which makes up more than 50% of common school funding in Oklahoma.

Both the 1996 and 1997 legislative sessions saw significant increases in funding for higher education. Oklahoma, with a system of two comprehensive universities, eleven four-year colleges, and twelve two-year colleges, has long been a leader in bringing higher education services to its citizens. Oklahoma ranks 24th in the nation for number of college degrees earned per 10,000 population.

Oklahoma recently mended several defects in its prison system. Facing a shortage of beds, the State had followed the dangerous practice of granting early release to convicts to manage its prison population and keep prison expenditures within the budget. At the same time, the ratio of secure to non-secure beds was out of balance, with many dangerous felons serving their time in minimum-security facilities. Recent legislation has approved the expansion of leased facilities as well as plans to construct additional bed space to relieve the strains on our prison system.

One problem that remains is the large unfunded liability of the Teachers' Retirement System (TRS). After the passing of the oil boom and the consequent decline in revenue growth, the legislature continued to provide additional benefits without adequately funding them. A major education initiative made the situation worse by adding thousands of new teachers at a time when contributions to TRS failed to cover normal cost. As a result, the System now has an actuarially estimated unfunded liability of \$4.7 billion. Under current projections, TRS needs will consume a substantial portion of the State's general fund growth revenue for the foreseeable future. A joint executive-legislative committee began studying the problem in 1996 and is scheduled to make recommendations for action in the upcoming session of the legislature.

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

## **FOR THE FUTURE**

The State continues to aggressively research and pursue solutions to improve the State's competitive economic performance. This issue is especially pressing in many rural areas of Oklahoma. Accordingly, the State is seeking to encourage new business development. Approaches under consideration include targeted tax reforms designed to spur entrepreneurship and business relocation, developing a leading educational system, and enactment of a right-to-work law.

While the State strives to strengthen its financial position, we remain committed to maintaining public safety and providing a "safety net" for the less fortunate. To be successful, such a program will require a fresh look at how the State provides services. Building upon the work of the Governor's Commission on Government Performance, the State will consider the sale of assets, privatization of functions and programs, elimination of unneeded or excessive services, and reforms in purchasing and personnel policies.

## **FINANCIAL INFORMATION**

### **Internal Controls**

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

### **Budget and Fiscal Policy**

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

Oklahoma's Constitution restricts total appropriations to 95% of estimated general revenues. The Board of Equalization is responsible for approving the official itemized estimate of revenues, based upon information provided by the Office of State Finance and the Oklahoma Tax Commission. The Board is comprised of six elected officials: the Governor, the State Auditor and Inspector, the State Treasurer, the Lieutenant Governor, the Attorney General, and the Superintendent of Public Instruction, as well as the President of the State Board of Agriculture.

The Constitution requires that collections in excess of the Board of Equalization's itemized estimate of General Revenue Fund revenues be deposited to the Rainy Day Fund each year until the balance of the Rainy Day Fund equals 10% of the prior fiscal year's General Revenue Fund certified appropriations authority. Up to one-half of the July 1 balance each year may be appropriated upon emergency declaration by the Governor with concurrence of two-thirds of the House and Senate, or by a declaration of an emergency by the Speaker of the House and President-Pro Tempore of the Senate with concurrence of three-fourths of the members of each house.

The State also has an oversight process for the issuance of debt. The Executive and Legislative Bond Oversight Commissions jointly review and approve all debt issued by the State, its agencies and public trusts, and perform an assessment of all capital leases.

### **General Governmental Functions**

Most financial operations of the State are reported in governmental fund types, which are the General Fund and Capital Projects Fund. Following are schedules of revenues and expenditures for these governmental funds. Note that the following tables present data according to generally accepted accounting principles for the fiscal year ended June 30, 1997, while previous tables have presented budgetary data for this and later periods. Transfers are primarily from the General Fund to support the public institutions of higher education.

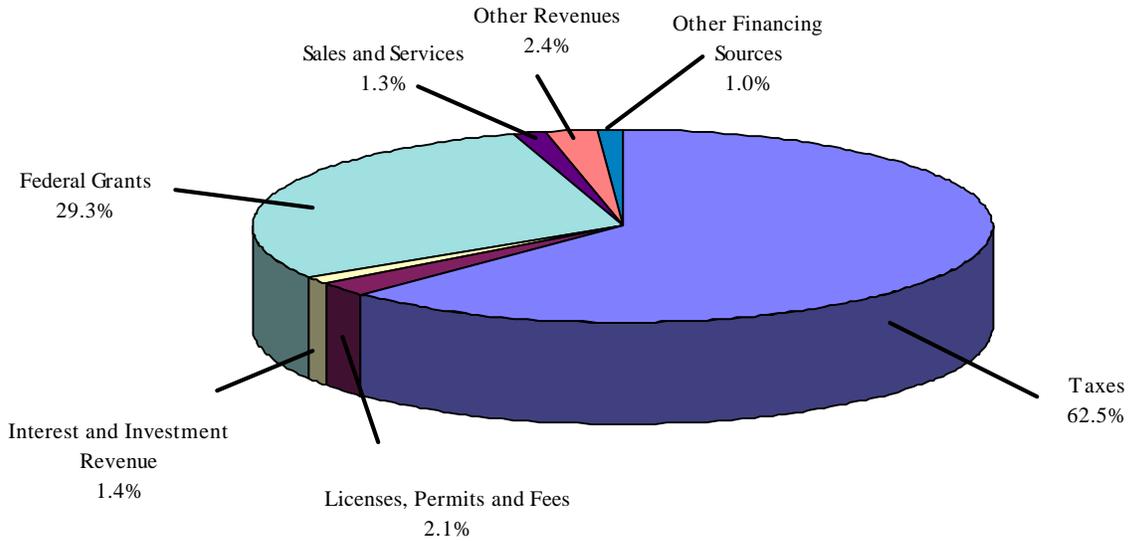
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis  
(expressed in millions)

	1997 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	\$ 4,964	62.5%	\$ 426	9.4%
Licenses, permits and fees	167	2.1%	18	12.1%
Interest and investment revenue	112	1.4%	2	1.8%
Federal grants	2,326	29.3%	(89)	(3.7%)
Sales and services	102	1.3%	6	6.3%
Other revenues	191	2.4%	(2)	(1.0%)
Other financing sources:				
Operating transfers	73	0.9%	27	58.7%
Bond proceeds	3	0.0%	(31)	(91.2%)
Other	9	0.1%	2	28.6%
Total revenues and other financing sources	<u>\$ 7,947</u>	<u>100.00%</u>	<u>\$ 359</u>	4.7%

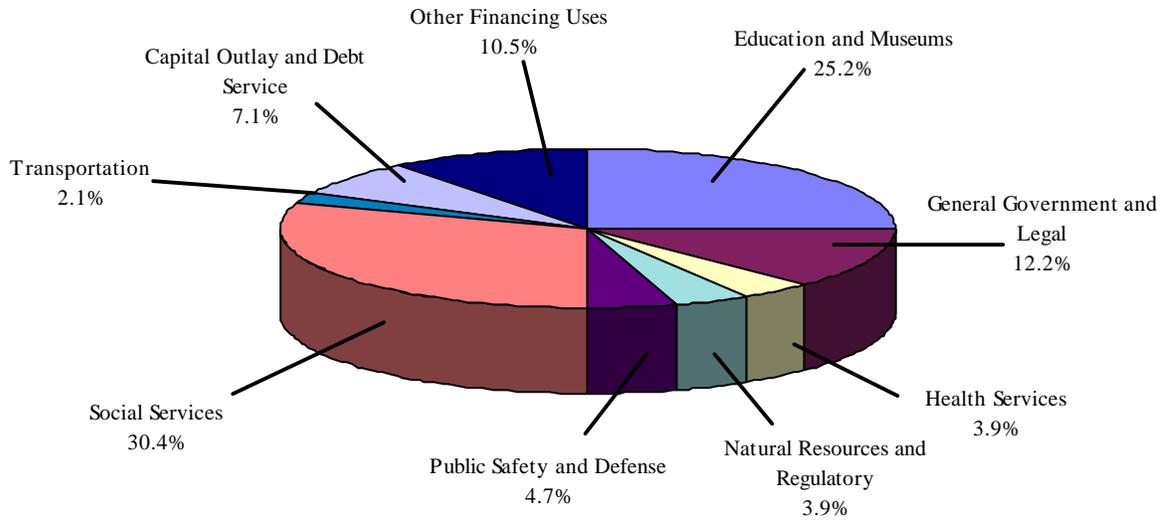
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis  
(expressed in millions)

	1997 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	\$ 1,944	25.1%	\$ 98	5.3%
General government	823	10.6%	78	10.5%
Health services	304	3.9%	22	7.8%
Legal and judiciary	122	1.6%	13	11.9%
Museums	7	0.1%	0	0.0%
Natural resources	170	2.2%	11	6.9%
Public safety and defense	360	4.7%	36	11.1%
Regulatory services	134	1.7%	4	3.1%
Social services	2,359	30.4%	8	0.3%
Transportation	163	2.1%	20	14.0%
Capital outlay	512	6.6%	(40)	(7.2%)
Debt service	40	0.5%	0	0.0%
Operating transfers	811	10.5%	65	8.7%
Total expenditures and other financing uses	<u>\$ 7,749</u>	<u>100.00%</u>	<u>\$ 315</u>	4.2%
Governmental Funds - Net increase in fund balance	<u>\$ 198</u>			

**Governmental Fund Revenues  
and Other Financing Sources (GAAP Basis) - Fiscal Year 1997**



**Governmental Funds Expenditures  
and Other Financing Uses (GAAP Basis) - Fiscal Year 1997**



## Revenue Collections and Estimates

As noted in a preceding subsection, the budget is prepared using cash available plus 95% of the itemized revenue estimate as approved by the State Board of Equalization. It should be noted that taxes deposited into the budgetary General Revenue Fund (GRF), as defined by Oklahoma law, are approximately 80% of the total tax revenues of the governmental funds, as defined by generally accepted accounting principles. However, the budgetary GRF should not be confused with the General Fund as presented in the accompanying GAAP-basis financial statements as the two terms are not interchangeable. For example, the GAAP-basis General Fund includes revenues deposited to the State Transportation Fund, federal grant proceeds, revolving fund revenues, fees and charges as well as other money used in the general operations of government which is not considered in the Board of Equalization's estimates of tax revenues. Oklahoma's budgetary GRF revenues were \$3.78 billion, or 107.0 % of the State's revenue estimate for the fiscal year ended June 30, 1997. This was an increase of \$352.2 million, or 9.4% above that of the prior year.

Receipts from each of the four major taxes exceeded revenues of the prior year, producing a combined total of \$3.23 billion, or 85% of total GRF receipts. The total of major taxes collected was \$289 million, or 9.8% above that of the prior year, an indication of increased business activity.

As compared to fiscal 1996, collections from income taxes increased by \$194 million, or 12.8%; sales taxes increased by \$52.1 million, or 5.1%; motor vehicle taxes increased by \$11.7 million, or 4.7%; and gross production taxes on oil and gas increased by \$31.7 million, or 20.3%.

Oklahoma has established an enviable record in recent years in its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing new revenue estimating procedures, collections have exceeded the estimate in six years and dipped below the estimate six years, with actual collections averaging 101.0% of the estimate over the period. The comparison of estimated revenues to actual collections for fiscal 1997 is as follows:

	<u>Itemized Estimate</u>	<u>Actual Collections</u>	<u>Over (Under) Estimate</u>	<u>Percentage Collected</u>
Income tax	\$ 1,582.5	\$ 1,715.2	\$ 132.7	108.4%
Sales tax	1,045.9	1,069.3	23.4	102.2%
Motor vehicle tax	254.2	257.4	3.2	101.3%
Gross production tax	<u>131.8</u>	<u>187.8</u>	<u>56.0</u>	142.5%
Subtotal Major Taxes	3,014.4	3,229.7	215.3	107.1%
Other sources	<u>516.6</u>	<u>548.0</u>	<u>31.4</u>	106.1%
Total	<u>\$ 3,531.0</u>	<u>\$ 3,777.7</u>	<u>\$ 246.7</u>	107.0%

The twelve-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
1986	\$ 2,456.6	\$ 2,271.3	\$ (185.3)	92.5%
1987	\$ 2,166.7	\$ 2,070.0	\$ (96.7)	95.5%
1988	\$ 2,319.8	\$ 2,397.8	\$ 78.0	103.4%
1989	\$ 2,499.8	\$ 2,600.6	\$ 100.8	104.0%
1990	\$ 2,661.2	\$ 2,735.1	\$ 73.9	102.8%
1991	\$ 3,034.4	\$ 3,109.5	\$ 75.1	102.5%
1992	\$ 3,213.9	\$ 3,161.2	\$ (52.7)	98.4%
1993	\$ 3,365.2	\$ 3,258.9	\$ (106.3)	96.8%
1994	\$ 3,398.5	\$ 3,341.5	\$ (57.0)	98.3%
1995	\$ 3,515.3	\$ 3,512.6	\$ (2.7)	99.9%
1996	\$ 3,613.6	\$ 3,705.0	\$ 91.4	102.5%
1997	\$ 3,531.0	\$ 3,777.7	\$ 246.7	107.0%
Twelve-Year Average	\$ 2,981.3	\$ 2,995.1	\$ 13.8	100.5%

The status of two important fund balances affecting the new year's fiscal picture is explained below:

**Cash-Flow Reserve Fund** - At the close of fiscal 1997, the State set aside \$348.9 million to meet anticipated monthly cash-flow needs for the new fiscal year. The new total amounted to 9.5% of the GRF certified appropriation level, consistent with the prior year.

The Cash-Flow Reserve Fund's fiscal 1997 cash carryover available to the next Legislature was \$6.4 million, compared with \$45.8 million in the prior year. The carryover funds come from the difference between the 95% appropriation limit and actual receipts up to 100% of the estimate. Funds required to replenish or increase the cash-flow fund also come from this source.

**Constitutional Reserve "Rainy Day" Fund** - At the start of each fiscal year, collections that exceeded the estimate for the preceding year are automatically deposited in the Rainy Day Fund until the total balance equals 10% of the prior year's certified appropriation authority for the General Revenue Fund. On July 1, 1997, this fund had a balance of \$308.9 million.

### Proprietary Operations

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

## **Cash Management**

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

## **Debt Administration**

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

General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. The general obligation bonds of the State are rated "AA3" by Moody's Investors Service and "AA" by both Standard & Poor's Corporation and Fitch Investors Service. Prior to a 1993 general obligation bond program, except for refunding bonds, the State last issued general obligation bonds in 1968. Certain maturities of those bonds were advance refunded in 1977. As of June 30, 1997, the outstanding general obligation net debt of the State of Oklahoma was \$327 million. This figure excludes the self-supporting taxable bonds of the Oklahoma Industrial Finance Authority, which are secured by the repayment of loans made to private businesses. State revenues have never been required to support debt service payments on these obligations.

Various agencies, trusts, and authorities issue revenue bonds on behalf of the State of Oklahoma, and these obligations are supported solely by the revenues of the issuing entities.

## **Risk Management and Insurance**

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

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oklahoma for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1996. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

A Certificate of Achievement is valid for a period of one year only. 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 State Finance is pleased to recognize and commend the efforts of the numerous individuals across the State who made this Comprehensive Annual Financial Report possible. Questions or requests for additional information related to this report can be directed to our office at (405) 521-2141.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Daxon", is positioned above the printed name and title.

Tom Daxon  
Director of State Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Oklahoma

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

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



*Linda K. Savitsky*  
President

*Jeffrey L. Esser*  
Executive Director

# SELECTED OKLAHOMA STATE OFFICIALS

June 30, 1997

---

## LEGISLATIVE BRANCH

Senate  
Stratton Taylor  
President Pro Tempore

House of Representatives  
Lloyd L. Benson  
Speaker of the House

## EXECUTIVE BRANCH

Governor  
Frank Keating

Lieutenant Governor  
Mary Fallin

\* Secretary of State  
Tom Cole

State Auditor and Inspector  
Clifton Scott

Attorney General  
Drew Edmondson

State Treasurer  
Robert Butkin

Superintendent of  
Public Instruction  
Sandy Garrett

Commissioner of Labor  
Brenda Reneau

Commissioner of Insurance  
John P. Crawford

Commissioners of the  
Corporation Commission  
Bob Anthony  
Cody Graves  
Ed Apple

## JUDICIAL BRANCH

\* State Supreme Court  
Yvonne Kauger  
Chief Justice

\* Court of Criminal Appeals  
Charles S. Chapel  
Presiding Judge

\* Appointed Position



# Citizens of Oklahoma

**LEGISLATIVE**  
 House of Representatives  
 Legislative Service Bureau  
 Senate

**EXECUTIVE**  
 Governor  
 Lieutenant Governor  
 Secretary of State

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

## STATE AGENCIES

**ADMINISTRATION**

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

**ENERGY**

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

**AGRICULTURE**

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

**ENVIRONMENT**

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

**HEALTH & HUMAN SERVICES**

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

**TRANSPORTATION**

Transportation Department  
 Turnpike Authority

**COMMERCE**

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

**FINANCE & REVENUE**

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

**HUMAN RESOURCES**

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

**TOURISM & RECREATION**

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

**EDUCATION**

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

**SAFETY & SECURITY**

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

**VETERANS' AFFAIRS**

Department of Veterans Affairs

**Bareback Bronc Riding Picture**

## **FINANCIAL SECTION**



STATE OF OKLAHOMA

OFFICE OF THE AUDITOR AND INSPECTOR

OKLAHOMA CITY

CLIFTON H. SCOTT  
State Auditor and Inspector

2300 N. Lincoln Blvd.  
100 State Capitol  
Oklahoma City, OK 73105-4896  
405/521-3495

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the general-purpose financial statements of the State of Oklahoma as of and for the year ended June 30, 1997, as listed in the accompanying table of contents. These general-purpose financial statements are the responsibility of the State of Oklahoma's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the enterprise fund. We did not audit the financial statements of the various pension funds or the nonexpendable trust fund. We did not audit the financial statements of the special revenue fund. We did not audit the financial statements of the Oklahoma State Employees Deferred Compensation Plan or the Oklahoma Insurance Department, which statements reflect total assets consisting of 56% of the agency fund. We did not audit 100% of the assets or 91% of the revenues of the proprietary component units. We did not audit the financial statements of the higher education component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

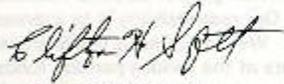
In our opinion, based upon our audit and the reports of other auditors, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Oklahoma as of June 30, 1997, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 1997, on our consideration of the State of Oklahoma's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

As discussed in Note 18 to the financial statements, the Teachers' Retirement System faces possible difficulty in meeting its future obligations. The auditor for the Teachers' Retirement System reported "the System's actuary has determined that the System's unfunded actuarial accrued liability is approximately \$4,712,300,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes and if any changes further reduce or delay the implementation of the funding schedule the funding period will increase." Note 2 to the System's financial statements discloses: "The System will experience difficulty in meeting long-term obligations at a point in time if not funded at a more appropriate level. . . ." The ultimate outcome of the ability of the System to meet its future obligations is dependent on funding established by Oklahoma Statutes, and cannot presently be determined.

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

Sincerely,



CLIFTON H. SCOTT  
State Auditor and Inspector

December 29, 1997

## **Bareback Bronc Riding Picture**

# **GENERAL PURPOSE FINANCIAL STATEMENTS**

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Combined Balance Sheet  
All Fund Types, Account Groups and  
Discretely Presented Component Units  
June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Type
	General	Capital Projects	Enterprise - Oklahoma Water Resources Board	Trust and Agency
<b>Assets and Other Debits</b>				
Assets				
Cash/Cash Equivalents	\$ 1,620,851	\$ 35,610	\$ 1,177	\$ 848,214
Investments	40,769	0	29,358	11,561,250
Securities Lending Investments	0	0	0	1,109,418
Accounts Receivable	23,475	0	0	2,787
Interest and Investment Revenue Receivable	21,221	154	3,414	62,113
Employer Contributions Receivable	0	0	0	13,215
Employee Contributions Receivable	0	0	0	14,917
Other Contributions Receivable	0	0	0	1,091
Federal Grants Receivable	271,392	452	0	213
Taxes Receivable	122,640	0	0	3,507
Lease Payments Receivable	40,940	0	0	0
Other Receivables	94	0	0	11,391
Notes and Loans Receivable	0	0	163,174	0
Due from Brokers	0	0	0	12,873
Due from Other Funds	3	0	0	13,374
Due from Component Units	43,526	0	0	771
Due from Primary Government	0	0	0	0
Inventory	112,157	0	0	4,285
Prepaid Items	47,122	0	0	0
Fixed Assets, Net	0	0	0	1,642
Other Assets	3,893	0	729	8,453
Other Debits				
Amount Available for Debt Service	0	0	0	0
Amount to Be Provided For				
Retirement of Debt	0	0	0	0
Compensated Absences	0	0	0	0
Capital Leases	0	0	0	0
Certificates of Participation	0	0	0	0
Claims and Judgments	0	0	0	0
Pension Obligation	0	0	0	0
Total Assets and Other Debits	<u>\$ 2,348,083</u>	<u>\$ 36,216</u>	<u>\$ 197,852</u>	<u>\$ 13,669,514</u>

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

Account Groups		Total Primary Government			Total Reporting Entity		
General Fixed Assets	General Long-Term Debt	(Memorandum Only)		Component Units	(Memorandum Only)		
		1997	1996		1997	1996	
\$ 0	\$ 0	\$ 2,505,852	\$ 2,691,966	\$ 535,205	\$ 3,041,057	\$ 3,200,525	
0	0	11,631,377	9,484,801	1,858,940	13,490,317	11,332,684	
0	0	1,109,418	643,267	247,988	1,357,406	854,452	
0	0	26,262	24,758	198,744	225,006	221,996	
0	0	86,902	84,931	23,054	109,956	107,512	
0	0	13,215	6,693	0	13,215	6,693	
0	0	14,917	12,475	0	14,917	12,475	
0	0	1,091	1,039	0	1,091	1,039	
0	0	272,057	224,940	2,423	274,480	227,726	
0	0	126,147	118,082	0	126,147	118,082	
0	0	40,940	41,241	39,689	80,629	86,921	
0	0	11,485	15,253	218	11,703	17,044	
0	0	163,174	147,173	691,578	854,752	823,701	
0	0	12,873	43,289	0	12,873	43,289	
0	0	13,377	13,744	77,112	90,489	75,061	
0	0	44,297	43,068	6,933	51,230	45,393	
0	0	0	0	8,447	8,447	14,434	
0	0	116,442	134,279	60,076	176,518	187,948	
0	0	47,122	4,881	6,682	53,804	10,651	
914,833	0	916,475	1,461	3,245,169	4,161,644	3,098,254	
0	0	13,075	859,663	324,938	338,013	1,177,150	
0	24,751	24,751	21,251	0	24,751	21,251	
0	408,131	408,131	421,094	0	408,131	421,094	
0	99,650	99,650	94,378	0	99,650	94,378	
0	6,809	6,809	9,245	0	6,809	9,245	
0	11,466	11,466	12,785	0	11,466	12,785	
0	1,309	1,309	2,898	143,357	144,666	130,473	
0	2,385	2,385	2,232	0	2,385	2,232	
<u>\$ 914,833</u>	<u>\$ 554,501</u>	<u>\$ 17,720,999</u>	<u>\$ 15,160,887</u>	<u>\$ 7,470,553</u>	<u>\$ 25,191,552</u>	<u>\$ 22,354,488</u>	

(continued)

Combined Balance Sheet  
All Fund Types, Account Groups and  
Discretely Presented Component Units  
June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

(continued)	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Type
	General	Capital Projects	Enterprise - Oklahoma Water Resources Board	Trust and Agency
<b>Liabilities, Fund Equity and Other Credits</b>				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 396,491	\$ 1,719	\$ 854	\$ 2,286
Payable Under Securities				
Lending Agreements	0	0	0	1,109,418
Claims and Judgments	14,058	0	0	0
Interest Payable	4,495	0	2,338	0
Tax Refunds Payable	0	0	0	3,329
Due to Brokers	0	0	0	66,415
Due to Other Funds	13,375	0	0	3
Due to Component Units	9,434	0	0	14
Due to Primary Government	0	0	0	0
Due to Others	41,679	0	0	148,328
Deferred Revenue	218,719	0	0	6,674
Pension Obligation	0	0	0	0
Capital Leases	0	0	0	0
Compensated Absences	0	0	0	189
Benefits in the Process of Payment	0	0	0	57,075
Deferred Compensation	0	0	0	185,759
Advances from Component Units	0	0	0	0
Notes Payable	734	0	0	0
General Obligation Bonds	25	0	0	0
Revenue Bonds	167	0	175,759	0
Certificates of Participation	0	0	0	0
Other Liabilities	0	146	1,347	0
<b>Total Liabilities</b>	<b>699,177</b>	<b>1,865</b>	<b>180,298</b>	<b>1,579,490</b>
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings				
Reserved				
Debt Service	0	0	16,313	0
Unreserved	0	0	1,241	0
Net Unrealized Gain on Securities	0	0	0	0
Fund Balances				
Reserved				
Encumbrances	116,798	9,698	0	0
Inventory/Prepaid Items	85,327	0	0	0
Unemployment Benefits	0	0	0	593,969
Debt Service	24,751	0	0	0
Preservation of Wildlife	0	0	0	36,313
Employees Pension Benefits	0	0	0	10,627,533
Permanent Trust	0	0	0	822,690
Undistributed Revenue	0	0	0	9,519
Other Special Purposes	875	0	0	0
Unreserved				
Designated for Cash Flow Reserve Fund	348,942	0	0	0
Designated for Rainy Day Fund	308,906	0	0	0
Designated for Other Special Purposes	0	0	0	0
Undesignated	763,307	24,653	0	0
<b>Total Fund Equity and Other Credits</b>	<b>1,648,906</b>	<b>34,351</b>	<b>17,554</b>	<b>12,090,024</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 2,348,083</b>	<b>\$ 36,216</b>	<b>\$ 197,852</b>	<b>\$ 13,669,514</b>

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

Account Groups		Total Primary Government			Total Reporting Entity		
General Fixed Assets	General Long-Term Debt	(Memorandum Only)		Component Units	(Memorandum Only)		
		1997	1996		1997	1996	
\$ 0	\$ 0	\$ 401,350	\$ 362,845	\$ 145,844	\$ 547,194	\$ 480,838	
0	0	1,109,418	643,267	247,988	1,357,406	854,452	
0	1,309	15,367	14,076	850,567	865,934	875,510	
0	0	6,833	6,418	49,955	56,788	56,266	
0	0	3,329	2,515	0	3,329	2,515	
0	0	66,415	70,592	0	66,415	70,592	
0	0	13,378	16,178	78,272	91,650	76,115	
0	0	9,448	10,306	4,937	14,385	12,684	
0	0	0	0	44,296	44,296	42,371	
0	0	190,007	158,459	18,567	208,574	173,603	
0	0	225,393	243,181	138,752	364,145	345,460	
0	2,385	2,385	2,232	0	2,385	2,232	
0	6,809	6,809	9,245	24,212	31,021	26,252	
0	99,650	99,839	94,556	50,473	150,312	144,250	
0	0	57,075	59,577	0	57,075	59,577	
0	0	185,759	160,639	0	185,759	160,639	
0	0	0	0	0	0	0	
0	36,920	37,654	37,737	55,209	92,863	101,003	
0	326,540	326,565	334,680	68,498	395,063	395,420	
0	69,422	245,348	257,986	2,800,229	3,045,577	3,042,841	
0	11,466	11,466	12,785	0	11,466	12,785	
0	0	1,493	1,215	58,165	59,658	79,597	
0	554,501	3,015,331	2,498,489	4,635,964	7,651,295	7,015,002	
914,833	0	914,833	847,442	1,694,588	2,609,421	2,425,846	
0	0	16,313	16,344	15,711	32,024	30,059	
0	0	1,241	711	533,531	534,772	514,907	
0	0	0	0	29,222	29,222	35,903	
0	0	126,496	149,108	0	126,496	149,108	
0	0	85,327	41,661	0	85,327	41,661	
0	0	593,969	547,533	0	593,969	547,533	
0	0	24,751	25,556	0	24,751	25,556	
0	0	36,313	35,246	0	36,313	35,246	
0	0	10,627,533	8,934,578	0	10,627,533	8,934,578	
0	0	822,690	784,019	0	822,690	784,019	
0	0	9,519	11,152	0	9,519	11,152	
0	0	875	1,071	0	875	1,071	
0	0	348,942	318,677	0	348,942	318,677	
0	0	308,906	114,301	0	308,906	114,301	
0	0	0	0	582,843	582,843	553,622	
0	0	787,960	834,999	(21,306)	766,654	816,247	
914,833	0	14,705,668	12,662,398	2,834,589	17,540,257	15,339,486	
\$ 914,833	\$ 554,501	\$ 17,720,999	\$ 15,160,887	\$ 7,470,553	\$ 25,191,552	\$ 22,354,488	

Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types, Expendable Trust Fund and  
Discretely Presented Governmental Component Unit  
For the Fiscal Year Ended June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

	Governmental Fund Types		Fiduciary Fund Type
	General	Capital Projects	Expendable Trust - Employment Security Commission
<b>Revenues</b>			
Taxes	\$ 4,963,729	\$ 0	\$ 107,962
Licenses, Permits and Fees	166,644	0	0
Interest and Investment Revenue	107,340	4,870	38,386
Federal Grants	2,324,174	2,148	5,860
Sales and Services	101,891	0	0
Other	190,898	43	1,328
<b>Total Revenues</b>	<b>7,854,676</b>	<b>7,061</b>	<b>153,536</b>
<b>Expenditures</b>			
Current			
Education	1,943,966	0	0
General Government	822,743	0	0
Health Services	304,225	0	0
Legal and Judiciary	122,338	0	0
Museums	7,383	0	0
Natural Resources	170,227	0	0
Public Safety and Defense	360,492	0	0
Regulatory Services	133,735	0	0
Social Services	2,357,480	0	107,100
Transportation	163,173	0	0
Capital Outlay	495,951	15,827	0
Debt Service			
Principal Retirement	17,996	0	0
Interest and Fiscal Charges	22,366	0	0
<b>Total Expenditures</b>	<b>6,922,075</b>	<b>15,827</b>	<b>107,100</b>
Revenues in Excess of (Less Than) Expenditures	932,601	(8,766)	46,436
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	7,999	0	0
Operating Transfers from Component Units	60,872	3,665	0
Operating Transfers from Primary Government	0	0	0
Operating Transfers Out	0	0	0
Operating Transfers to Component Units	(740,829)	(70,497)	0
Bond Proceeds	3,335	0	0
Capital Leases and Certificates of Participation	3,672	0	0
Sale of General Fixed Assets	5,831	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(659,120)</b>	<b>(66,832)</b>	<b>0</b>
Revenue and Other Sources in Excess of (Less Than) Expenditures and Other Uses	273,481	(75,598)	46,436
<b>Fund Balances - Beginning of Year</b>	<b>1,375,425</b>	<b>109,949</b>	<b>547,533</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,648,906</b>	<b>\$ 34,351</b>	<b>\$ 593,969</b>

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

Total Primary Government		Governmental Component Unit	Total Reporting Entity	
(Memorandum Only)		Special Indemnity Fund	(Memorandum Only)	
1997	1996		1997	1996
\$ 5,071,691	\$ 4,653,544	\$ 0	\$ 5,071,691	\$ 4,653,544
166,644	149,273	0	166,644	149,273
150,596	147,115	0	150,596	147,115
2,332,182	2,425,727	0	2,332,182	2,425,727
101,891	95,686	0	101,891	95,686
192,269	196,391	0	192,269	196,391
<u>8,015,273</u>	<u>7,667,736</u>	<u>0</u>	<u>8,015,273</u>	<u>7,667,736</u>
1,943,966	1,845,785	0	1,943,966	1,845,785
822,743	745,333	0	822,743	745,333
304,225	282,127	0	304,225	282,127
122,338	108,642	0	122,338	108,642
7,383	7,137	0	7,383	7,137
170,227	159,692	0	170,227	159,692
360,492	324,335	0	360,492	324,335
133,735	129,778	22,361	156,096	154,414
2,464,580	2,470,552	0	2,464,580	2,470,552
163,173	142,818	0	163,173	142,818
511,778	552,257	0	511,778	552,257
17,996	18,210	0	17,996	18,210
22,366	21,949	0	22,366	21,949
<u>7,045,002</u>	<u>6,808,615</u>	<u>22,361</u>	<u>7,067,363</u>	<u>6,833,251</u>
<u>970,271</u>	<u>859,121</u>	<u>(22,361)</u>	<u>947,910</u>	<u>834,485</u>
7,999	12,857	0	7,999	12,857
64,537	33,704	0	64,537	33,704
0	0	19,807	19,807	19,327
0	(22,931)	0	0	(22,931)
(811,326)	(722,834)	0	(811,326)	(722,834)
3,335	33,560	0	3,335	33,560
3,672	1,172	0	3,672	1,172
5,831	5,451	0	5,831	5,451
<u>(725,952)</u>	<u>(659,021)</u>	<u>19,807</u>	<u>(706,145)</u>	<u>(639,694)</u>
244,319	200,100	(2,554)	241,765	194,791
2,032,907	1,832,807	(18,752)	2,014,155	1,819,364
<u>\$ 2,277,226</u>	<u>\$ 2,032,907</u>	<u>\$ (21,306)</u>	<u>\$ 2,255,920</u>	<u>\$ 2,014,155</u>

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Combined Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Budget to Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 1997  
(expressed in thousands)

	Budgetary General Fund		
	Final Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ 3,568,509	\$ 3,822,281	\$ 253,772
Licenses, Permits and Fees	59,575	46,949	(12,626)
Interest and Investment Revenue	79,907	94,224	14,317
Local Receipts and Reimbursements	25,234	26,691	1,457
Other	23,627	17,593	(6,034)
Total Revenues	3,756,852	4,007,738	250,886
<b>Expenditures</b>			
Education	111,269	101,607	(9,662)
General Government	108,873	100,654	(8,219)
Health Services	161,354	157,211	(4,143)
Legal and Judiciary	88,445	85,019	(3,426)
Museums	6,904	6,642	(262)
Natural Resources	59,195	58,249	(946)
Public Safety and Defense	335,134	331,161	(3,973)
Regulatory Services	18,178	17,342	(836)
Social Services	131,314	129,536	(1,778)
Total Expenditures	1,020,666	987,421	(33,245)
Revenues in Excess of Expenditures	2,736,186	3,020,317	284,131
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	9,581	17,808	8,227
Operating Transfers Out	(747,135)	(747,305)	(170)
Intra Agency Transfers to Continuing Funds	(2,129,614)	(2,129,615)	(1)
Total Other Financing Sources (Uses)	(2,867,168)	(2,859,112)	8,056
Revenue and Other Sources in Excess of Expenditures and Other Uses	(130,982)	161,205	292,187
<b>Budgetary Fund Balance - Beginning of Year</b>	700,721	700,721	0
<b>Budgetary Fund Balance - End of Year</b>	\$ 569,739	\$ 861,926	\$ 292,187

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

Combined Statement of Revenues, Expenses  
and Changes in Retained Earnings/Fund Balances  
Proprietary Fund Type, Nonexpendable Trust Funds and  
Discretely Presented Proprietary Component Units  
For the Fiscal Year Ended June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
<b>Operating Revenues</b>		
Licenses, Permits and Fees	\$ 0	\$ 1,518
Sales and Services	0	74
Interest and Investment Revenue	10,061	67,126
Rental Revenue	0	9,661
Sale of Investments	0	18,150
Other	0	2
Total Operating Revenues	<u>10,061</u>	<u>96,531</u>
<b>Operating Expenses</b>		
Operations and Maintenance of Facilities	0	0
Losses and Loss Expense	0	0
Administrative and General Expense	777	2,307
Interest Expense	7,807	0
Depreciation Expense	0	0
Benefit Payments and Refunds	0	36,146
Total Operating Expenses	<u>8,584</u>	<u>38,453</u>
Operating Income	<u>1,477</u>	<u>58,078</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest and Investment Revenue	0	0
Other Nonoperating Revenues	0	0
Interest Expense	0	0
Amortization of Losses and Discounts	0	0
Other Nonoperating Expenses	0	0
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>0</u>
Income Before Operating Transfers	1,477	58,078
Operating Transfers from Primary Government	0	0
Operating Transfers Out	(978)	(7,021)
Operating Transfers to Component Units	0	(12,952)
Operating Transfers to Primary Government	0	0
Costs to be Recovered from Future Revenues	0	0
Net Income (Loss)	499	38,105
<b>Retained Earnings/Fund Balances - Beginning of Year</b>	<u>17,055</u>	<u>830,417</u>
<b>Retained Earnings/Fund Balances - End of Year</b>	<u>\$ 17,554</u>	<u>\$ 868,522</u>

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

Total Primary Government		Component Units		Total Reporting Entity	
(Memorandum Only)		Proprietary		(Memorandum Only)	
1997	1996			1997	1996
\$ 1,518	\$ 955	\$ 0	\$ 1,518	\$ 955	
74	74	980,909	980,983	1,033,274	
77,187	75,706	55,621	132,808	130,765	
9,661	8,417	0	9,661	8,417	
18,150	6,901	0	18,150	6,901	
2	0	13,571	13,573	13,089	
<u>106,592</u>	<u>92,053</u>	<u>1,050,101</u>	<u>1,156,693</u>	<u>1,193,401</u>	
0	0	300,585	300,585	279,066	
0	0	181,803	181,803	282,165	
3,084	983	111,773	114,857	113,416	
7,807	8,578	54,129	61,936	62,997	
0	0	80,044	80,044	83,104	
36,146	39,532	298,040	334,186	292,740	
<u>47,037</u>	<u>49,093</u>	<u>1,026,374</u>	<u>1,073,411</u>	<u>1,113,488</u>	
<u>59,555</u>	<u>42,960</u>	<u>23,727</u>	<u>83,282</u>	<u>79,913</u>	
0	0	141,629	141,629	124,328	
0	0	1,413	1,413	4,186	
0	0	(118,393)	(118,393)	(121,746)	
0	0	(17,645)	(17,645)	(17,891)	
0	0	(13,890)	(13,890)	(7,877)	
<u>0</u>	<u>0</u>	<u>(6,886)</u>	<u>(6,886)</u>	<u>(19,000)</u>	
59,555	42,960	16,841	76,396	60,913	
0	0	58,163	58,163	54,082	
(7,999)	(12,857)	0	(7,999)	(12,857)	
(12,952)	(14,287)	0	(12,952)	(14,287)	
0	0	(60,303)	(60,303)	(27,505)	
<u>0</u>	<u>0</u>	<u>6,630</u>	<u>6,630</u>	<u>9,124</u>	
38,604	15,816	21,331	59,935	69,470	
<u>847,472</u>	<u>831,656</u>	<u>527,911</u>	<u>1,375,383</u>	<u>1,305,913</u>	
<u>\$ 886,076</u>	<u>\$ 847,472</u>	<u>\$ 549,242</u>	<u>\$ 1,435,318</u>	<u>\$ 1,375,383</u>	

Combined Statement of Cash Flows  
Proprietary Fund Type, Nonexpendable Trust Funds and  
Discretely Presented Proprietary Component Units  
For the Fiscal Year Ended June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

	Proprietary Fund Type	Fiduciary Fund Types
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
<b>Cash Flows from Operating Activities</b>		
Operating Income	\$ 1,477	\$ 58,078
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense	0	0
Amortization (Accretion) and Other Noncash Expenses	191	9,921
Other	0	0
Reclassification of Investment Income	0	(78,142)
Decrease (Increase) in Assets		
Accounts Receivable	0	0
Interest and Investment Revenue Receivable	(19)	0
Interfund Receivable	0	(10)
Inventory	0	0
Prepaid Items	0	0
Long-Term Notes Receivable	0	0
Other Current Assets	0	0
Other Noncurrent Assets	0	0
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	357	0
Claims and Judgments	0	0
Interest Payable	(64)	0
Deferred Revenue	0	(54)
Other Current Liabilities	0	0
Due to Primary Government	0	0
Other Noncurrent Liabilities	0	0
Net Cash Provided (Used) by Operating Activities	<u>1,942</u>	<u>(10,207)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from Bonds and Notes Payable	0	0
Contributed Capital from Non-State Sources	0	0
Operating Transfers from Primary Government	0	0
Operating Transfers Out	(978)	(7,021)
Operating Transfers to Component Units	0	(12,952)
Operating Transfers to Primary Government	0	0
Principal Paid on Bonds and Notes Payable	(11,560)	0
Other Noncapital Financing Activity	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (12,538)</u>	<u>\$ (19,973)</u>

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

Total Primary Government		Component Units		Total Reporting Entity	
(Memorandum Only)		Proprietary		(Memorandum Only)	
1997	1996			1997	1996
\$ 59,555	\$ 42,960	\$ 23,727		\$ 83,282	\$ 79,913
0	0	80,044		80,044	83,104
10,112	5,339	5,524		15,636	9,459
0	54	954		954	620
(78,142)	(71,035)	0		(78,142)	(71,035)
0	0	(4,393)		(4,393)	2,494
(19)	(375)	(1,498)		(1,517)	(17,984)
(10)	(3)	875		865	4,044
0	0	(5,114)		(5,114)	(2,064)
0	0	83		83	197
0	0	(18,838)		(18,838)	2,553
0	0	387		387	0
0	0	4,441		4,441	3,652
357	155	(674)		(317)	(1,344)
0	0	(27,754)		(27,754)	29,974
(64)	93	54		(10)	(387)
(54)	507	(16,628)		(16,682)	(14,342)
0	0	29		29	5
0	0	1,319		1,319	0
0	865	(413)		(413)	3,715
(8,265)	(21,440)	42,125		33,860	112,574
0	49,615	177,795		177,795	215,605
0	0	0		0	16
0	0	58,163		58,163	54,082
(7,999)	(12,857)	0		(7,999)	(12,857)
(12,952)	(14,287)	0		(12,952)	(14,287)
0	0	(60,303)		(60,303)	(27,505)
(11,560)	(8,450)	(152,869)		(164,429)	(143,668)
0	0	(759)		(759)	(303)
\$ (32,511)	\$ 14,021	\$ 22,027		\$ (10,484)	\$ 71,083

(continued)

Combined Statement of Cash Flows  
Proprietary Fund Type, Nonexpendable Trust Funds and  
Discretely Presented Proprietary Component Units  
For the Fiscal Year Ended June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

(continued)

	Proprietary Fund Type	Fiduciary Fund Types
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Bonds and Notes Payable	\$ 0	\$ 0
Payments for Acquisitions of Fixed Assets	0	0
Principal Paid on Bonds, Notes, and Capital Leases	0	0
Interest Paid on Bonds, Notes, and Capital Leases	0	0
Increase in Payable Under Security Lending Agreement	0	0
Other Capital and Related Financing Activity	0	0
Net Cash (Used) by Capital and Related Financing Activities	<u>0</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>		
Interest and Investment Revenue	0	69,144
Fees Paid Under Security Lending Agreement	0	0
Increase in Security Lending Investment Pool	0	0
Proceeds from Sale and Maturity of Investments	25,617	246,719
Principal Received from Notes Receivable	8,531	649
Payments to Purchase Investments	0	(462,860)
Payments to Issue Notes Receivable	(24,530)	0
Net Cash Provided (Used) by Investing Activities	<u>9,618</u>	<u>(146,348)</u>
<b>Net Increase (Decrease) in Cash/Cash Equivalents</b>	(978)	(176,528)
<b>Cash/Cash Equivalents - Beginning of Year</b>	2,155	195,391
Cash/Cash Equivalents - Fiduciary Activities	0	0
<b>Cash/Cash Equivalents - End of Year</b>	<u>\$ 1,177</u>	<u>\$ 18,863</u>

**Reconciliation of Cash/Cash Equivalents to Combined Balance Sheet**

Cash/Cash Equivalents per Combining Balance Sheets:

Expendable Trusts	\$ 590,440
Nonexpendable Trusts	18,863
Pension Trusts	76,941
Agency Funds	145,751
Governmental Component Unit	
Proprietary Component Units	
Higher Education Component Unit	
Total	<u>\$ 831,995</u>

**Noncash Capital and Related Financing Activities**

Donated Equipment  
Accounts Payable Incurred for Equipment

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

Total Primary Government		Component Units		Total Reporting Entity	
(Memorandum Only)		Proprietary		(Memorandum Only)	
1997	1996			1997	1996
\$ 0	\$ 0	\$ 10,664		10,664	\$ 178,212
0	0	(54,358)		(54,358)	(67,499)
0	0	(51,995)		(51,995)	(226,665)
0	0	(119,468)		(119,468)	(120,488)
0	0	36,803		36,803	134,807
0	0	184		184	249
0	0	(178,170)		(178,170)	(101,384)
69,144	70,174	102,065		171,209	160,937
0	0	(10,743)		(10,743)	0
0	0	(36,803)		(36,803)	(134,807)
272,336	412,101	1,615,546		1,887,882	1,658,102
9,180	85,752	5,213		14,393	91,798
(462,860)	(344,516)	(1,573,227)		(2,036,087)	(1,625,433)
(24,530)	(23,383)	(3,673)		(28,203)	(26,501)
(136,730)	200,128	98,378		(38,352)	124,096
(177,506)	192,709	(15,640)		(193,146)	206,369
197,546	4,837	163,963		361,509	155,140
0	0	105		105	0
\$ 20,040	\$ 197,546	\$ 148,428		\$ 168,468	\$ 361,509

\$ 206  
148,428  
386,571  
\$ 535,205

\$ 120  
303

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Combined Statement of  
Changes In Plan Net Assets  
Pension Trust Funds  
For the Fiscal Year Ended June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

	Pension Trusts	
	1997	1996
<b>Additions</b>		
Contributions		
Employer Contributions	\$ 295,020	\$ 220,283
Employee Contributions	230,871	200,299
Other Contributions	230,192	186,474
Total Contributions	<u>756,083</u>	<u>607,056</u>
Investment Income		
Net Appreciation		
in fair value of investments	1,393,082	864,924
Investment and Interest Revenue	375,512	334,060
	<u>1,768,594</u>	<u>1,198,984</u>
Less Investment Expense	<u>59,033</u>	<u>38,053</u>
Net Investment Income	1,709,561	1,160,931
Other Revenue	<u>197</u>	<u>85</u>
Total Additions	<u>2,465,841</u>	<u>1,768,072</u>
<b>Deductions</b>		
Administrative and General Expenses	6,738	6,149
Benefit Payments and Refunds	766,148	719,024
Total Deductions	<u>772,886</u>	<u>725,173</u>
Net Increase	1,692,955	1,042,899
<b>Fund Balance Reserved for Employees' Pension Benefits</b>		
Beginning of Year	<u>8,934,578</u>	<u>7,891,679</u>
End of Year	<u>\$ 10,627,533</u>	<u>\$ 8,934,578</u>

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

Combined Statement of Changes in Fund Balances  
Component Unit - Higher Education Funds  
For the Fiscal Year Ended June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

	Current Funds	
	Unrestricted	Restricted
<b>Revenues and Other Additions</b>		
Unrestricted Current Fund Revenues	\$ 705,979	\$ 0
Endowment Income	0	3,049
Federal Grants and Contracts	0	226,165
State and Local Grants and Contracts	0	48,308
Private Gifts, Grants and Contracts	0	61,754
Auxiliary Enterprises	0	1,132
Investment and Interest Revenue	0	3,707
Retirement of Indebtedness	0	0
Expended for Plant Facilities	0	0
Other	0	3,718
<b>Total Revenues and Other Additions</b>	<b>705,979</b>	<b>347,833</b>
<b>Expenditures and Other Deductions</b>		
Education and General Expenditures	976,296	347,815
Auxiliary Enterprises	218,440	256
Professional Practice Plans and Clinics	94,866	0
Expended for Plant Facilities	0	0
Indirect Cost Recoveries	0	19,845
Cancellation of Student Loans	0	0
Administrative and Collection Costs	0	0
Interest on Indebtedness	0	0
Retirement of Equipment	0	0
Retirement of Indebtedness	0	0
Disposal of Plant Facilities	0	0
Depreciation and Amortization	0	0
Other	0	313
<b>Total Expenditures and Other Deductions</b>	<b>1,289,602</b>	<b>368,229</b>
<b>Transfers Among Funds - Additions (Deductions)</b>		
Mandatory Transfers		
Principal and Interest	(12,910)	(168)
Loan Fund Matching Grant	(169)	(5)
Other	(545)	523
Nonmandatory	(3,755)	896
Operating Transfers from Primary Government	617,179	29,059
<b>Total Transfers Among Funds</b>	<b>599,800</b>	<b>30,305</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>16,177</b>	<b>9,909</b>
<b>Fund Balances - Beginning of Year</b>	<b>245,262</b>	<b>56,106</b>
<b>Fund Balances - End of Year</b>	<b>\$ 261,439</b>	<b>\$ 66,015</b>

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

Loan Funds	Endowment Funds	Plant Funds	Total (Memorandum Only)	
			1997	1996
\$ 0	\$ 0	\$ 0	\$ 705,979	\$ 662,097
0	0	0	3,049	1,377
617	0	573	227,355	227,187
0	0	27,181	75,489	70,240
44	724	2,028	64,550	38,826
0	0	0	1,132	0
1,586	5,752	6,785	17,830	20,389
0	0	21,070	21,070	26,232
0	0	158,697	158,697	181,584
1,016	1,454	11,766	17,954	17,133
<u>3,263</u>	<u>7,930</u>	<u>228,100</u>	<u>1,293,105</u>	<u>1,245,065</u>
18	6,270	0	1,330,399	1,225,721
0	0	0	218,696	215,022
0	0	0	94,866	77,739
0	0	106,805	106,805	125,873
0	0	0	19,845	17,292
2,818	0	0	2,818	1,712
153	0	0	153	834
0	0	10,856	10,856	9,557
0	0	7,271	7,271	3,139
0	0	14,721	14,721	26,461
0	0	14,802	14,802	8,422
0	0	30,623	30,623	27,321
1,022	27	3,766	5,128	6,532
<u>4,011</u>	<u>6,297</u>	<u>188,844</u>	<u>1,856,983</u>	<u>1,745,625</u>
0	0	13,078	0	0
174	0	0	0	0
0	22	0	0	0
(33)	(30)	2,922	0	0
<u>38</u>	<u>7,200</u>	<u>55,807</u>	<u>709,283</u>	<u>680,525</u>
<u>179</u>	<u>7,192</u>	<u>71,807</u>	<u>709,283</u>	<u>680,525</u>
(569)	8,825	111,063	145,405	179,965
<u>49,998</u>	<u>91,467</u>	<u>1,689,193</u>	<u>2,132,026</u>	<u>1,952,061</u>
<u>\$ 49,429</u>	<u>\$ 100,292</u>	<u>\$ 1,800,256</u>	<u>\$ 2,277,431</u>	<u>\$ 2,132,026</u>

Combined Statement of Current Funds, Revenues,  
Expenditures and Other Changes  
Component Unit - Higher Education Funds  
For the Fiscal Year Ended June 30, 1997  
(with comparative totals for June 30, 1996)  
(expressed in thousands)

	Current Funds		Total Current Funds	
	Unrestricted	Restricted	1997	1996
<b>Revenues</b>				
Tuition and Fees	\$ 244,054	\$ 0	\$ 244,054	\$ 241,741
Federal Appropriations	10,519	0	10,519	11,161
Federal Grants and Contracts	14,989	215,950	230,939	219,151
State and Local Grants and Contracts	5,830	40,928	46,758	66,341
Private Gifts, Grants and Contracts	25,203	56,434	81,637	51,975
Investment and Interest Revenue	2,901	62	2,963	3,210
Endowment Income	1,849	2,662	4,511	3,117
Sales and Services				
Educational Department	18,539	2	18,541	18,672
Auxiliary Enterprises	215,655	1,132	216,787	212,588
Professional Practice Plans and Clinics	108,063	0	108,063	81,163
Other Sources	58,377	2,878	61,255	58,071
<b>Total Revenues</b>	<b>705,979</b>	<b>320,048</b>	<b>1,026,027</b>	<b>967,190</b>
<b>Expenditures and Mandatory Transfers</b>				
Educational and General				
Instruction	476,628	39,380	516,008	444,221
Research	48,077	87,147	135,224	151,041
Public Service	43,324	55,572	98,896	97,897
Academic Support	124,930	2,249	127,179	116,622
Student Services	50,074	27,616	77,690	67,904
Institutional Support	102,437	7,986	110,423	99,113
Operation/Maintenance of Plant	94,117	206	94,323	84,274
Scholarships and Fellowships	36,709	127,659	164,368	159,767
Other	0	97	97	0
<b>Education and General Expenditures</b>	<b>976,296</b>	<b>347,912</b>	<b>1,324,208</b>	<b>1,220,839</b>
Mandatory Transfers				
Principal and Interest	5,566	168	5,734	3,894
Loan Fund Matching Grant	162	5	167	210
Other	545	(523)	22	473
<b>Total Education and General</b>	<b>982,569</b>	<b>347,562</b>	<b>1,330,131</b>	<b>1,225,416</b>
Auxiliary Enterprises				
Mandatory Transfers	218,440	256	218,696	199,429
Principal and Interest	7,336	0	7,336	6,754
Loan Fund Matching Grant	7	0	7	(13)
Other	0	0	0	26
<b>Total Auxiliary Enterprises</b>	<b>\$ 225,783</b>	<b>\$ 256</b>	<b>\$ 226,039</b>	<b>\$ 206,196</b>

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

	Current Funds		Total Current Funds	
	Unrestricted	Restricted	1997	1996
Professional Practice Plans and Clinics	\$ 94,866	\$ 0	\$ 94,866	\$ 77,739
Mandatory Transfers	8	0	8	11
Total Professional Practice Plans and Clinics	94,874	0	94,874	77,750
Total Expenditures and Mandatory Transfers	1,303,226	347,818	1,651,044	1,509,362
<b>Other Transfers and Additions (Deductions)</b>				
Restricted Receipts in Excess of				
Transfers to Revenues	0	7,940	7,940	10,044
Refunded to Grantors	0	(216)	(216)	(150)
Nonmandatory	(3,755)	896	(2,859)	(24,981)
Operating Transfers from Primary Government	617,179	29,059	646,238	581,128
Other Transfers and Additions, Net	613,424	37,679	651,103	566,041
<b>Net Increase in Fund Balances</b>	<b>\$ 16,177</b>	<b>\$ 9,909</b>	<b>\$ 26,086</b>	<b>\$ 23,869</b>

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