THE STATE OF

OKLAHOMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2018

FISCAL YEAR ENDED JUNE 30, 2018

Every member of the Capitol's construction team posed for a group photo in 2017 to include in the Capitol Centennial Time Capsule.

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OKLAHOMA 2018

Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2018

Mary Fallin
Governor

Prepared by

Office of Management and Enterprise Services

Denise Northrup, Director
Lynne Bajema, State Comptroller

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.

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Top left: Workers pour concrete on a new structural support system for the Capitol's north stairway.
Bottom left: Engineers discovered many of the Capitol's exterior stairways were structurally unsound.
Right: Stonemasons reinstall large granite blocks weighing several tons on the south side of the Capitol.

Lynne Bajema
State Comptroller
Central Accounting & Reporting

Denise Northrup
Director

December 22, 2018

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

The Office of Management and Enterprise Services (OMES) is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 2018. 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 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 61, the state financial reporting entity includes 19 component units. There are six 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 were 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, 2018, 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 unmodified opinion and that the State of Oklahoma's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with generally accepted accounting principles (GAAP). 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 account, 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, 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

While diversification efforts continue to reduce the state's dependence on oil and natural gas tax revenues, the energy sector remains an important driver of the Oklahoma economy. After weathering a significant two-year downturn in energy prices, Oklahoma's economy has continued to expand throughout 2018.

Oklahoma carries a low tax-supported debt burden overall, with continued declining annual debt service payments. The state constitution requires voter approval of all state general obligation (GO) bonds with the stipulation that they be secured by a specific tax revenue stream. Currently, the state's only GO bonds of this type matured in July of 2018.

State pension plans recently reported excellent investment performance and continuing funding level improvements. Oklahoma has seven pension systems of which the Teachers Retirement System (OTRS) and the Public Employee Retirement System (OPERS) compose 80 percent of total pension fund assets. The Oklahoma State Pension Commission reported at the end of November that the actuarial funded status of six of the seven systems increased in fiscal year 2018. The funded ratio for the OTRS was reported at 72.9 percent. It is the largest state pension system, accounting for just over one-half of all pension assets. The second largest system, OPERS, holds nearly 30 percent of all assets and ended 2018 with a funded ratio of 97.7 percent. Combined, all state systems currently have a funded ratio of just over 80 percent for 2018.

Data from the United States (U.S.) Department of Labor and the Oklahoma Employment Security Commission reports that October 2018 job growth in Oklahoma was flat and unemployment reached a 10-year low of 3.4 percent. Oklahoma's unemployment rate is currently outperforming the national average of 3.7 percent. The largest gains in employment since last year were in the mining and logging industry, which added 6,900 jobs as a result of recovering oil prices. Oklahoma added 23,200 jobs through October 2018 year-to-date. Metropolitan areas grew at a more rapid pace compared to non-metro regions and were primary job growth drivers for the state. For September 2018, Oklahoma City's unemployment rate stood at 2.8 percent and Tulsa at 3.0 percent.

Oklahoma's economy continued to expand in 2018 along with the national economy. According to the most recent real gross domestic product (GDP) data released by the U.S. Bureau of Economic Analysis, Oklahoma's annualized GDP grew by 1.7 percent in Q1 and 4.1 percent in Q2, while the U.S. economy grew 2.2 percent and 4.2 percent, respectively. Oklahoma ranked 16th in the nation for GDP growth through the second quarter. This is a significant improvement over 2017, where Oklahoma GDP grew 0.7 percent but lagged behind the national growth of 2.2 percent.

According to Baker Hughes Rig Count, as of Nov. 21, 2018, 144 rigs were drilling in the state, up from 122 a year ago. Rig counts are still well below pre-2015 downturn levels, which had 214 rigs in November 2014. Oklahoma has the second highest rig count nationwide after Texas (450).

West Texas Intermediate (WTI) crude prices moved significantly upward since reaching a sub-$30 a barrel bottom in 2016. However, after breaching $70 a barrel several times this year, all gains have been erased by November as WTI crude prices briefly dipped below $50, the lowest since October 2017. Current Energy Information Administration (EIA) estimates expect spot prices for the WTI to average $65 a barrel in 2019. The next EIA estimate release is scheduled for Dec. 11, 2018.

The latest EIA release of monthly Oklahoma crude oil production numbers reflect August 2018 production at a record 17,445 thousand barrels, which is over 20 percent more than pre-2015 downturn levels. Despite record oil production, rig counts and worker numbers are below 2014 levels. Technology and drilling, as well as production improvements by the oil and gas industry, enable many companies to operate leaner without slashing production goals.

The aerospace industry continues to be one of the most important contributors to Oklahoma's economy. This year Oklahoma hosted the annual National Association of State Aviation Officials. The theme of the convention was "Oklahoma – Aircraft Repair Capital of the World." Tinker Air Force Base is the world's largest military aircraft repair facility and the American Airlines maintenance base in Tulsa is the world's largest commercial aircraft repair facility. According to Victor Bird, director of the Oklahoma Aeronautics Commission, the aerospace industry supports 206,000 jobs with an annual payroll of $11.7 billion and an average salary of $73,300.

Durable goods and real estate made the largest non-oil and gas extraction contributions to Oklahoma's GDP in the second quarter at 0.5 percent each. Growth in employment occurred in all industries except for financial activities, construction, arts and entertainment and non-durable goods. Professional services and trade, transportation, and utilities had the strongest 12-month job growth for non-oil industries at 2.8 percent and 2.0 percent, respectively.

According to the Oklahoma Economic Report published by the State Treasurer, monthly gross receipts for October 2018 reached a record $1.1 billion, or growth of more than 16 percent. The running 12-month gross receipts were $12.7 billion. All major revenue streams grew over the last 12 months. Individual income tax reflected strong employment growth with receipts growing more than 9 percent in the past year. Sales tax receipts were also strong at 10 percent growth year-over-year. New revenues generated from tax rate increases approved by House Bill 1010XX made a significant contribution of 4.9 percent of October gross receipts.

Comparisons of treasury gross receipts include all collections received through the Oklahoma Tax Commission before refunds and rebates, and include taxes levied by cities and counties which are not state revenues. This report, according to the State Treasurer, is meant to reflect general state macro-economic activity and present snapshots in time to indicate rising or falling economic conditions. General Revenue Fund collections, as reported by OMES, and other state revenues funding the state budget do not correlate directly to gross receipts.

For this reason, Oklahoma state government, pursuant to the state constitution, builds a 5 percent cushion into every appropriated state budget to reduce the risk of mandatory budget reductions if revenues fall below the 100 percent estimate. If collections to the General Revenue Fund are projected to fall more than 5 percent below the official estimate during any fiscal year, a revenue failure is declared and mandatory appropriation reductions must occur to maintain a balanced budget.

Fiscal year 2018 collections to the General Revenue Fund totaled 7 percent, or $381.6 million, above the 100 percent official estimate, resulting in the surplus being deposited to the Oklahoma Constitutional Reserve Fund ("Rainy Day" Fund), bringing the reserve fund balance to just over $450 million.

Receipts to the General Revenue Fund are trending modestly positive over the first four months of fiscal year 2019. OMES reports collections to the fund to be $20.4 million, or 1 percent, above the year-to-date estimate through October 2018, and $202.6 million, or 11.5 percent, above prior year collections. For fiscal year 2019, increased revenues are expected and target estimates are higher than actuals from the previous year – meaning that collections constantly above the prior year are not only expected but necessary just to meet current year state allocations. During the last two regular legislative sessions, as well as in two special sessions, state policymakers have increased recurring revenues for upcoming fiscal years and substantially reduced the use of non-recurring revenues in the fiscal year 2019 budget.

When asked in November how the recent drop in oil prices might play out into the coming year, OMES director Denise Northrup advised, "While most reporting categories appear to be on a stable footing through these first four months, the recent slump in crude oil prices gives rise to some concern as we prepare to finish out 2018 and look forward to 2019."

In September 2018, Moody's affirmed Oklahoma's Aa2 credit rating and revised the state's outlook from negative to stable. Governor Mary Fallin credited the recent tax package and reduction on reliance on one-time revenue sources.

In November, the Oklahoma State Treasurer reported that the Oklahoma Business Conditions Index has topped growth neutral for 15 consecutive months. The October index of 55 indicates that economic growth is anticipated during the next three to six months.

According to the Missouri Economic Research and Information Center, Oklahoma had the second lowest cost of living in the United States for the third quarter in 2018, with a composite index of 87.1 normalized to the U.S. average.

Some other highlights of Oklahoma's economy include:

- In an historic revenue raising measure, the state policymakers increased teachers' pay in Oklahoma by an average of $6,100, the largest amount in state history.
- Three Oklahoma-based companies, American Fidelity Assurance (59), Encompass Home Health and Hospice (76), and Devon Energy (92), are among Fortune's 100 Best Places to Work.
- Five Oklahoma-based companies earned spots on the Fortune 500 List: Devon Energy (213), NGL Energy Partners (223), Oneok (249), Chesapeake Energy (314) and Williams (353).
- Three companies made it on the Forbes America's Largest Private Companies list: Love's Travel Stops and Country Stores (16), QuikTrip (29) and Hobby Lobby Stores (91).

Highlights of the fiscal year 2018 and fiscal year 2019 executive branch budgets include (expressed in millions):

	Amount Appropriated		Percentage of Total Appropriations		Increase (Decrease) from Prior Year		Percentage Increase (Decrease)	
	2018	2019	2018	2019	2018	2019	2018	2019
Department of Education	$ 2,448	$ 2,913	36%	38%	$ 21	$ 465	1%	19%
Regents for Higher Education	774	777	11%	10%	(36)	3	(4%)	0%
Career & Technical Education	113	124	2%	2%	(5)	11	(4%)	10%
Other Education	39	40	1%	1%	(2)	1	(5%)	3%
Total Education	3,374	3,854	50%	51%	(22)	480	(1%)	14%
Department of Health	53	55	1%	1%	(2)	2	(4%)	4%
Health Care Authority	1026	1,132	14%	15%	35	106	4%	10%
Department of Mental Health	328	337	5%	4%	3	9	1%	3%
Other Health	48	49	1%	1%	3	1	7%	2%
Total Health	1,455	1,573	21%	21%	39	118	3%	8%
Department of Human Services	700	729	11%	10%	48	29	7%	4%
Office of Juvenile Affairs	92	93	1%	1%	-	1	0%	1%
Other Human Services	69	74	1%	1%	2	5	3%	7%
Total Human Services	861	896	13%	12%	50	35	6%	4%
Department of Corrections	486	517	7%	7%	1	31	0%	6%
Department of Transportation	155	166	2%	2%	-	11	0%	7%
Department of Public Safety	95	98	1%	1%	6	3	7%	3%
Other	422	441	6%	6%	(4)	19	(1%)	5%
Total	$ 6,848	$ 7,545	100%	100%	$ 70	$ 697	1%	10%

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 GAAP for the fiscal year ended June 30, 2018, 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.

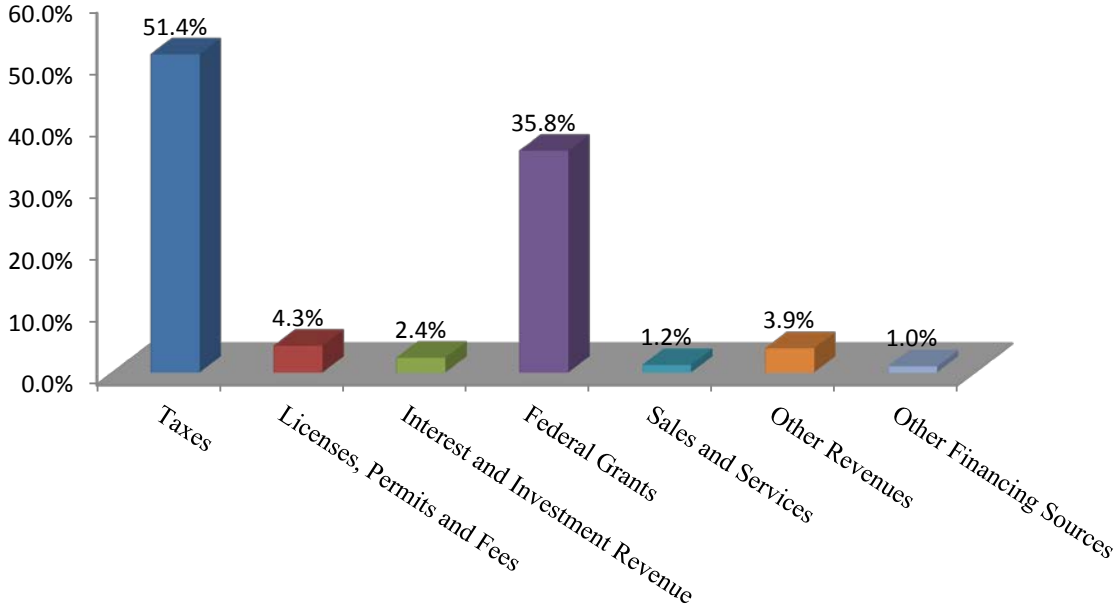
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis
(expressed in millions)

	2018 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	$ 9,232	51.4%	$ 1,100	13.5%
Licenses, permits and fees	781	4.3%	70	9.8%
Interest and investment revenue	436	2.4%	(219)	(33.4%)
Federal grants	6,440	35.8%	(256)	(3.8%)
Sales and services	218	1.2%	(4)	(1.8%)
Other revenues	700	3.9%	(59)	(7.8%)
Other financing sources:				
Transfers	79	0.4%	(3)	(3.7%)
Bond and note proceeds	88	0.5%	(178)	(66.9%)
Other	20	0.1%	(33)	(62.3%)
Total revenues and other financing sources	$ 17,994	100.0%	$ 418	2.4%

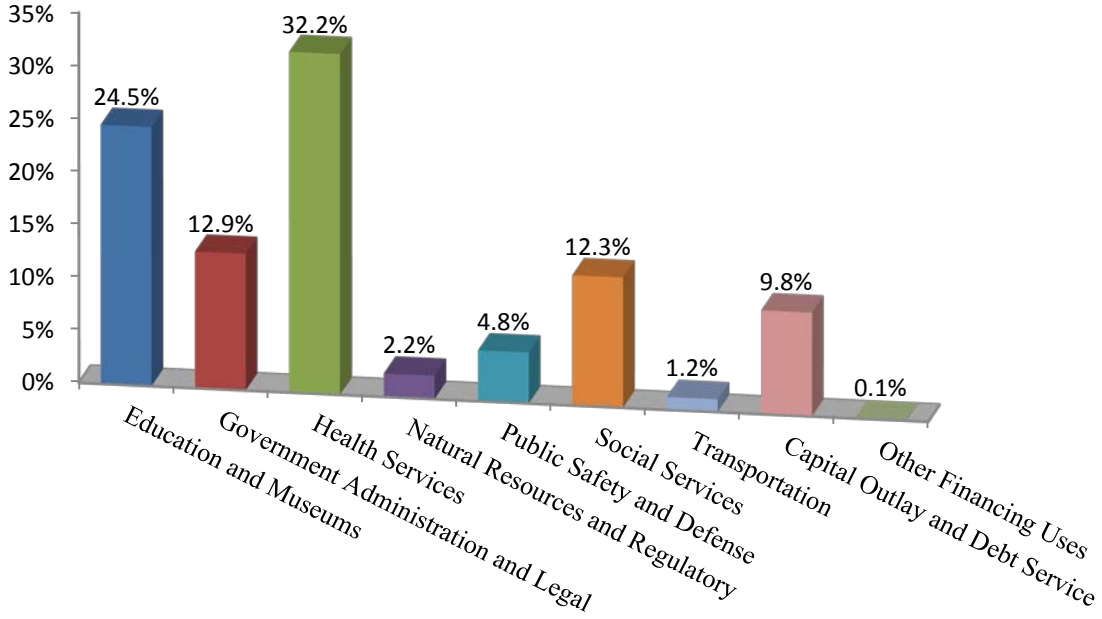
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis
(expressed in millions)

	2018 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	$ 4,263	24.5%	$ 16	0.4%
Government Administration	1,982	11.4%	46	2.4%
Health services	5,596	32.2%	(18)	(0.3%)
Legal and judiciary	256	1.5%	1	0.4%
Museums	8	0.0%	1	13.4%
Natural resources	252	1.4%	(44)	(14.9%)
Public safety and defense	838	4.8%	1	0.1%
Regulatory services	114	0.8%	18	18.8%
Social services	2,146	12.3%	(47)	(2.1%)
Transportation	215	1.2%	12	5.9%
Capital outlay	1,507	8.7%	(68)	(4.3%)
Debt service	199	1.1%	(53)	(21.0%)
Other Financing Uses:				
Transfers	16	0.1%	0	0.0%
Total expenditures and other financing uses	$ 17,392	100.0%	$ (135)	(0.8%)
Governmental Funds - Net increase in fund balance	$ 602			

Governmental Fund Revenues and Other Financing Sources (GAAP Basis) – Fiscal Year 2018



Governmental Funds Expenditures and Other Financing Uses (GAAP Basis) – Fiscal Year 2018



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 2017, the most recent data available, receipts from three of the five major taxes were less than revenues of the prior year. The taxes combined for $4.2 billion, or 94.9 percent of total receipts for the same categories in the prior year. The total of major taxes collected decreased $228 million or 5.1 percent from that of the previous year. As compared to fiscal year 2016, collections from income taxes decreased by $238 million, or 10.6 percent; sales taxes decreased by $44 million, or 2.3 percent; motor vehicle taxes decreased $9 million, or 4.1 percent; and gross production taxes on gas and oil increased by $62 million, or 65.7 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 15 years. The comparison of estimated revenues to actual collections for fiscal year 2017 is as follows:

Revenue Collections Compared to Itemized Estimate for Fiscal Year 2017
(expressed in millions)

	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
Individual and Corporate				
Income tax	$ 2,183.2	$ 2,012.1	$ (171.1)	92.2%
Sales tax	1,935.9	1,850.1	(85.8)	95.6%
Motor vehicle tax	214.0	212.9	(1.1)	99.5%
Gross production tax	128.2	157.4	29.2	122.8%
Subtotal Major Taxes	4,461.3	4,232.5	(228.8)	94.9%
Other sources	759.0	811.9	52.9	107.0%
Total	$ 5,220.3	$ 5,044.4	$ (175.9)	96.6%

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
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%
2015	5,857	5,727	(130)	97.8%
2016	5,746	5,205	(541)	90.6%
2017	5,220	5,044	(176)	96.6%
Fifteen-Year Average	$ 5,347	$ 5,300	$ (47)	99.1%

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 2018, the amount the state set aside was $874.9 million.

General Revenue Fund – In fiscal year 2018, there were amendments to the budget that netted an additional $125.7 million. Carried-over amounts from prior years of $39.4 million were added to the budget compared to a $49.1 million carry-over in fiscal year 2017. 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 $92.7 million was added to fund a portion of the ad valorem reimbursement to schools. OMES was awarded an additional $13.9 million to cover debt service payments for bonds associated with the project to restore the State Capitol Building. In addition, the Department of Corrections was given $8.8 million in supplementary funding. Offsetting the additions to the budget were statewide reductions caused by revenue shortfalls.

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, 2018, the restricted portion had a balance of $338.7 million and the unassigned portion had a balance of $112.9 million, giving the total Constitutional Fund a balance of $451.6 million.

FOR THE FUTURE

State government will focus on critical issues to ensure Oklahoma 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 these key areas to improve the lives of Oklahomans. With the governor's leadership, Oklahoma will invest in a high quality educational system where all students can succeed, advance 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 (GFOA) 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, 2017. 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

OMES is pleased to recognize and commend the efforts of the numerous individuals across the state that made this CAFR possible. Questions or requests for additional information related to this report can be directed to our office at 405-521-2141.

Respectfully submitted,

Denise Northrup
Director

Lynne Bajema
State Comptroller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

Selected Oklahoma State Officials

2018

LEGISLATIVE BRANCH

Senate
Greg Treat, President Pro Tempore

House of Representatives
Charles McCall, Speaker of the House

EXECUTIVE BRANCH

Governor
Mary Fallin

Lieutenant Governor
Todd Lamb

Secretary of State
* James Williamson

State Auditor and Inspector
Gary Jones

Attorney General
Mike Hunter

State Treasurer
Ken Miller

Superintendent of Public Instruction
Joy Hofmeister

Commissioner of Labor
* Melissa McLawhorn Houston

Commissioner of Insurance
John D. Doak

Commissioners of the Corporation Commission
Todd Hiett
Bob Anthony
Dana Murphy

JUDICIAL BRANCH

* State Supreme Court
Douglas Combs, Chief Justice

* Court of Criminal Appeals
Gary Lumpkin, Presiding Judge

* Appointed to position

CABINET DEPARTMENT SECRETARIES

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

Agriculture

40 Agriculture, Department of
39 Boll Weevil Eradication Org.
645 Conservation Commission
790 Veterinary Medical Examiners Board
353 Horse Racing Commission

Commerce and Tourism

55 Arts Council
160 Commerce, Department of
290 Employment Security Commission
350 Historical Society
922 Housing Finance Authority
370 Industrial Finance Authority
204 J.M. Davis Memorial Commission
620 Qtz Mtn. Arts/Conf. Cntr/Nat. Pk.
566 Tourism & Recreation, Dept. of

Education and Workforce Dev.

44 Anatomical Board
800 Career & Technology Education
266 Educational Television Authority
265 Education, Department of *
275 Educ. Qual. & Account., Comm. For
405 Labor, Department of *
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
803 Virtual Charter School Board

Colleges and Universities:

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
765 University of Oklahoma - Tulsa
150 Univ. of Science and Arts of Okla.
41 Western Oklahoma State College

Energy and Environment

185 Corporation Commission *
359 Energy Resources Board
292 Dept. of Environmental Quality
980 Grand River Dam Authority
307 Interstate Oil Comp. Com.
445 LPG Board
125 Mines, Department of
981 Municipal Power Authority
835 Water Resources Board
320 Wildlife Conservation, Dept. of

Finance, Admin., and Info Tech.

22 Abstractor's Board
20 Accountancy Board
300 Auditor & Inspector *
65 Banking Department
91 Building Bonds Commission
915 Capital Investment Board
170 Construction Industries Bd.
635 Consumer Credit, Comm. For
900 Development Finance Authority
270 Election Board
296 Ethics Commission
678 Judicial Complaints, Council on
315 Firefighters Pension & Retirement
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
515 Public Employees' Retirement System
630 Securities Commission
675 Self-Insurance Guaranty Board
695 Tax Commission
715 Teachers Retirement System
740 Treasurer *
755 Used Motor Vehicle & Parts

Health and Human Services

448 Alcohol and Drug Coun., Bd. of Lic.
148 Behavioral Health Lic., Board of
127 Children & Youth, Commission
145 Chiropractic Examiners Board
783 Community Hospitals Authority
190 Cosmetology and Barbering Board
215 Dentistry, Board of
326 Disability Concerns, Office of
285 Funeral Board
807 Health Care Authority
340 Health, Department of
830 Human Services, Department of
670 J.D. McCarty Center
400 Juvenile Affairs, Office of
622 Licensed Social Workers, Board of
509 Long-Term Care Admin., Bd. of Exam.
450 Medical Licensure & Supv., Bd. of
452 Mental Health and Sub. Abuse Svc.
510 Nursing Board
775 Oklahoma State Univ. Medical Auth.
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 Rehabilitation Services
632 Speech Pathology & Audiology Bd.
092 Tobacco Settlement Endow. Trust Fund
825 University Hospitals Authority

Military

25 Military Department

Safety and Security

30 Alcohol Beverage Laws Enforcement
772 Alcohol/Drug Influence, Bd. of Tests
309 Emergency Management, Dept. of
131 Corrections Department of
308 Investigation, Bureau of
415 Law Enf. Educ. & Trng., Council on
342 Medicolegal Investigations, Bd. of
477 Narcotics & Dang. Drugs, Bureau of
306 Pardon and Parole Board
585 Public Safety, Department of
310 State Fire Marshal, Office of

Science and Technology

628 Center f/t Adv. of Sci. & Technology
346 Space Industry Development Auth.

State

49 Attorney General *
220 District Attorney's Council
47 Indigent Defense System
45 Licensed Architects, Board of Gov.
430 Library Department
391 Multiple Injury Trust Fund
570 Prof. Engin. & Land Surveyors Bd.
588 Real Estate Commission
625 Secretary of State
865 Workers' Compensation Commission

Transportation

060 Aeronautics Commission
978 Okla. Turnpike Authority
345 Transportation, Department of

Veterans Affairs

650 Veterans Affairs, Department of

Native American Affairs

361 Native American Cultural/Ed. Auth.

* 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.

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Top left: The cast iron state seal above the historic main entrance to the Capitol is painted.
Bottom left: The cast iron state seal above the historic main entrance was painted in the original 1917 colors.
Right: The 18-foot tall steel pocket doors and ornamental cast iron at the historic main entrance underwent a meticulous restoration process.

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, 2018, 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 fifty percent of the assets, thirty-three percent of the net position and three percent of the revenues of the proprietary 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, the Regents for Higher Education, and the Oklahoma Housing Finance Agency which in the aggregate represent eighty-one percent of the assets, eighty-six percent of the net position and seventy-three 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;
- the financial statements of the Oklahoma Public Employees Retirement System, the Oklahoma Teachers Retirement System, and the Oklahoma Firefighters Pension and Retirement System which in the aggregate represent eighty-seven percent of the assets, eighty-eight percent of the net position and ninety percent of the additions of the aggregate remaining fund information;
- the financial statements of the Department of Wildlife, Department of Commerce, and Oklahoma Capital Improvement Authority which in the aggregate represent ten percent of the assets, fourteen percent of the net position and one percent of the revenues of the general fund.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the above-mentioned entities, are 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, 2018, 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 $462,493,000 at December 31, 2017 primarily due to court awards exceeding the apportionment of special tax revenue collected.

As discussed in Note 1, effective July 1, 2017 the State of Oklahoma has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85 *Omnibus 2017*; and GASB Statement No 86, *Certain Debt Extinguishment Issues*.

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, the Pension Data Required by GASB 68, and the OPEB Data required by GASB 75 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 basic 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 reports 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 22, 2018, 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 solely 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 the effectiveness of the State of Oklahoma's 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 22, 2018

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Left: Workers remove the deteriorated waterproofing material off of the underground tunnel.
Right: The underground tunnel was unearthed in order to install new waterproofing material and a leak detection system.

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, 2018. 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, 2018, by $19.8 billion (presented as "net position"). Of this amount, $2.4 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 $1.1 billion (a 5.8% increase) in fiscal year 2018 after a 1.6% increase during the previous fiscal year. Net position of governmental activities increased by $985.6 million (a 5.9% increase), while net position of the business-type activities showed an increase of $90.3 million (a 4.6% increase).

Fund Highlights:

Governmental Funds - Fund Balances - As of the close of fiscal year 2018, the state's governmental funds reported a combined ending fund balance of $7.3 billion, an increase of $602.1 million in comparison with the prior year. Of this total amount, $3.7 billion represents nonspendable fund balance, with $77.1 million being in the general fund. Amounts that can be spent include $1.1 billion of restricted fund balance, $2.3 billion of committed fund balance, $41.8 million of assigned fund balance, and $112.9 million of unassigned fund balance. The portion of fund balance which is available is roughly 20.9% of the total governmental expenditures for the year.

Long-term Debt:

The state's total long-term debt obligations showed a net decrease of $53.9 million (3.9%) in the governmental type activities and a net increase of $51.2 million (5.9%) in the business type activities during the current fiscal year.

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, pension and other postemployment benefit 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 was not received or paid. The government-wide financial statements include two statements:

The S*tatement 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 declining.

The S*tatement 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 Division 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 similarly 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 six discretely presented major component units are:

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 are 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 are 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 Division (EGID) of the Office of Management and Enterprise Services (OMES), 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 similarly 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

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. In addition, schedules required by GASB 68 (pension) and GASB 75 (other postemployment benefits) are presented.

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.

Other Postemployment Benefits Detail

With the implementation of GASB Statement 75, *Accounting and Financial Reporting for Other Postemployment Benefits (OPEB)*, certain information related to Net OPEB Liability and funding of OPEB plans is reported in the required supplementary information section.

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.

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 $19.8 billion at the end of 2018, compared to $18.7 billion at the end of the previous year.

The largest portion of the state's net position (57.2%) 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.

State of Oklahoma's Net Position-Primary Government

(expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current Assets	$ 4,869,697	$ 4,485,880	$ 1,815,849	$ 1,775,089	$ 6,685,546	$ 6,260,969
Capital Assets	12,212,896	11,920,999	2,085	2,477	12,214,981	11,923,476
Other Assets	4,180,569	4,033,947	1,321,885	1,239,135	5,502,454	5,273,082
Total Assets	21,263,162	20,440,826	3,139,819	3,016,701	24,402,981	23,457,527
Deferred Outflows	521,219	1,094,712	2,902	6,771	524,121	1,101,483
Noncurrent Liabilities	2,078,470	2,541,523	870,273	824,717	2,948,743	3,366,240
Other Liabilities	1,851,516	1,932,265	220,565	236,000	2,072,081	2,168,265
Total Liabilities	3,929,986	4,473,788	1,090,838	1,060,717	5,020,824	5,534,505
Deferred Inflows	128,066	320,943	3,108	4,284	131,174	325,227
Net Investment in Capital Assets	11,318,869	11,018,816	2,085	2,477	11,320,954	11,021,293
Restricted	4,554,212	4,392,708	1,471,069	1,423,476	6,025,281	5,816,184
Unrestricted	1,853,248	1,329,283	575,621	532,518	2,428,869	1,861,801
Total Net Position	$ 17,726,329	$ 16,740,807	$ 2,048,775	$ 1,958,471	$ 19,775,104	$ 18,699,278

A portion of the state's net position (30.5%) 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.

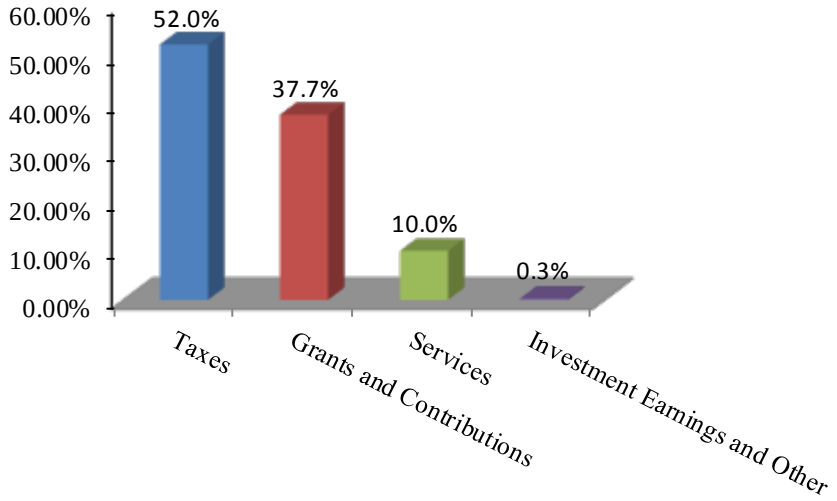
Changes in Net Position

The state's governmental net position increased by $1.1 billion, or 5.8%. Approximately 52% of the state's total revenue came from taxes, while 38% 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, government administration, and social services. In 2018, governmental activity expenses exceeded program revenues, resulting in the use of $8.4 billion in general revenues (mostly taxes). The business-type activities' program revenues exceeded their expenses for 2018 by $153.3 million.

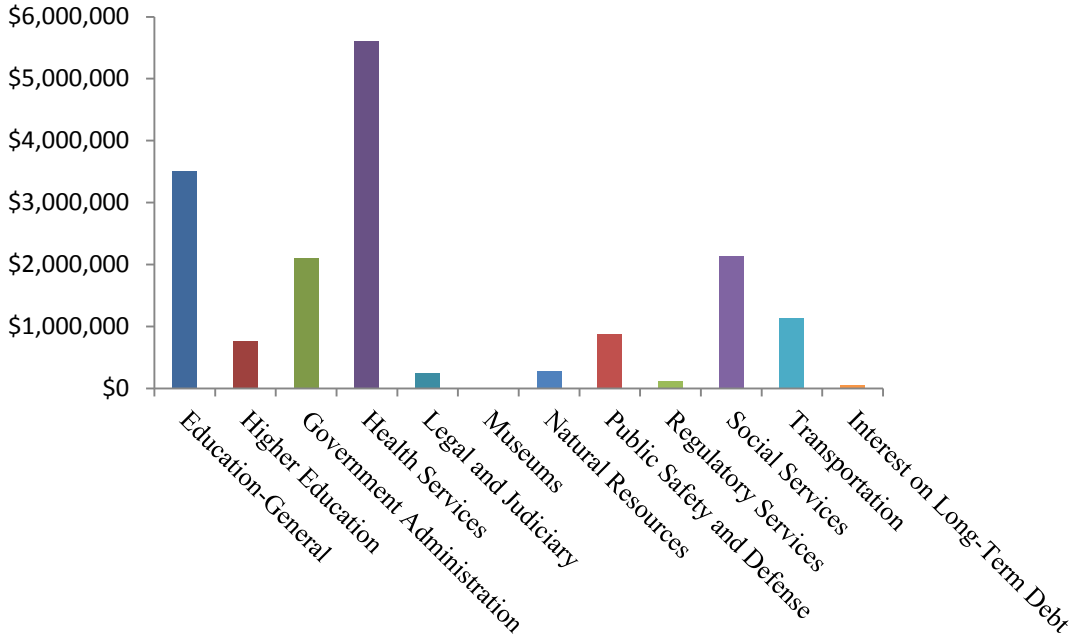
State of Oklahoma's Changes in Net Position-Primary Government
(expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	$ 1,769,355	$ 1,790,348	$ 1,638,329	$ 1,499,669	$ 3,407,684	$ 3,290,017
Operating Grants and Contributions	6,681,680	7,131,617	15,620	9,031	6,697,300	7,140,648
General Revenues:						
Income Taxes-Individual	3,240,777	2,948,867	-	-	3,240,777	2,948,867
Income Taxes-Corporate	251,163	169,638	-	-	251,163	169,638
Sales Taxes	2,823,427	2,460,237	-	-	2,823,427	2,460,237
Gross Production Taxes	596,196	412,899	-	-	596,196	412,899
Motor Vehicle Taxes	868,042	757,223	-	-	868,042	757,223
Fuel Taxes	441,978	432,779	-	-	441,978	432,779
Other Taxes	1,010,089	950,305	-	-	1,010,089	950,305
Investment Earnings	58,075	53,157	-	-	58,075	53,157
Total Revenues	17,740,782	17,107,070	1,653,949	1,508,700	19,394,731	18,615,770
Expenses:						
Education-General	3,507,277	3,361,645	-	-	3,507,277	3,361,645
Education-Payments to Higher Education	761,036	889,389	-	-	761,036	889,389
Government Administration	2,111,959	2,025,758	-	-	2,111,959	2,025,758
Health Services	5,603,631	5,613,009	-	-	5,603,631	5,613,009
Legal and Judiciary	252,845	267,320	-	-	252,845	267,320
Museums	11,281	11,316	-	-	11,281	11,316
Natural Resources	281,187	330,625	-	-	281,187	330,625
Public Safety and Defense	885,841	895,886	-	-	885,841	895,886
Regulatory Services	115,590	97,779	-	-	115,590	97,779
Social Services	2,137,520	2,199,544	-	-	2,137,520	2,199,544
Transportation	1,148,291	1,128,957	-	-	1,148,291	1,128,957
Interest on Long-Term Debt	56,493	76,321	-	-	56,493	76,321
Unemployment Insurance Trust Fund	-	-	250,465	320,111	250,465	320,111
State Loan Program to Local Governments	-	-	37,489	34,932	37,489	34,932
Group Insurance Program	-	-	1,051,302	1,031,753	1,051,302	1,031,753
Lottery Commission	-	-	161,388	97,619	161,388	97,619
Total Expenses	16,872,951	16,897,549	1,500,644	1,484,415	18,373,595	18,381,964
Increase (Decrease) in Net Position Before Transfers and Contribution to Permanent Funds	867,831	209,521	153,305	24,285	1,021,136	233,806
Contribution to Permanent Funds	54,765	59,460	-	-	54,765	59,460
Transfers	63,001	65,456	(63,001)	(65,456)	-	-
Change in Net Position	985,597	334,437	90,304	(41,171)	1,075,901	293,266
Net Position, Beginning of Year	16,908,609	16,406,295	1,958,471	1,999,642	18,867,080	18,405,937
Adjustments to Beginning Net Position	(167,877)	-	-	-	(167,877)	-
Net Position, End of Year	$ 17,726,329	$ 16,740,732	$ 2,048,775	$ 1,958,471	$ 19,775,104	$ 18,699,203

Revenues – Governmental Activities
Fiscal Year 2018



Expenses – Governmental Activities
Fiscal Year 2018
(expressed in thousands)



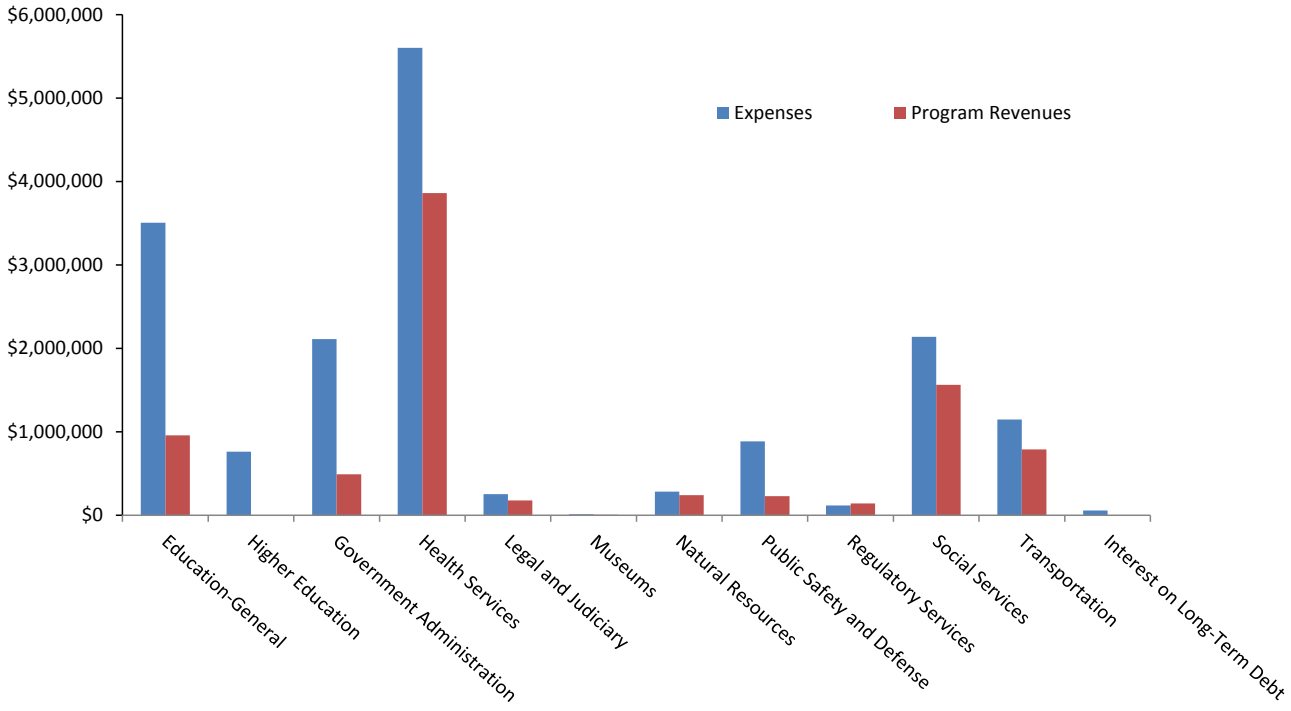
Governmental Activities

Governmental activities increased the state's net position by $985.6 million. Tax revenues were up in all five major types. Total revenues for governmental activities were up by $633.7 million, or 3.7%, in 2018. The state showed a $291.9 million increase in individual income taxes, a $363.2 million increase in sales taxes, a $110.8 million increase in motor vehicle taxes, an $81.5 million increase in corporate income taxes, and a $183.3 million increase in gross production taxes during 2018. Additionally, there was a $449.9 million decrease in federal grant revenue.

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):

	Governmental Activities
Expenses Net of Program Revenues:	
Education-General	$ (2,549,097)
Education-Payment to Higher Education	(761,036)
Government Administration	(1,621,128)
Health Services	(1,742,178)
Legal and Judiciary	(74,800)
Museums	(7,714)
Natural Resources	(40,962)
Public Safety and Defense	(657,113)
Regulatory Services	23,546
Social Services	(575,881)
Transportation	(359,060)
Interest on Long-Term Debt	(56,493)
Total Governmental Activities Expenses	(8,421,916)
General Revenues:	
Taxes	9,231,672
Investment Earnings	58,075
Contributions to Permanent Funds	54,765
Transfers	63,001
Increase in Governmental Activities Net Position	$ 985,597

Expenses and Program Revenues – Governmental Activities
Fiscal Year 2018
(expressed in thousands)



Business-Type Activities

The business-type activities increased the state's net position by $90.3 million, a 4.6% increase, to $2.0 billion. This increase comes after a decrease of 2.1% in the prior year. The increase primarily resulted from a reduction in benefit payments, and claims submitted to the Oklahoma Unemployment Insurance Trust Fund (OUITF) which is administered by the Oklahoma Employment Security Commission. The OUITF net position increased by $46.0 million, OWRB's net position increased by $15.1 million, EGID increased by $32.1 million, and the Oklahoma Lottery Commission had a decrease in net position of $3.0 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 $602.1 million from the prior year. The largest portion $3.7 billion (50.4%) 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 $1.1 billion (15.6%) 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 (31.9%) of total fund balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted, nor committed, are reported as assigned fund balance. Assigned fund balance represents $41.8 million (0.6%) 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, 2018 the state has $112.9 million (1.5%) 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 $472.1 million to $3.6 billion. This 15.0% increase is primarily related to improved tax collections and reduction in expenditures.

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 20.9% of total governmental fund expenditures, while total fund balance represents 42.3% of that same amount.

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 $188 million compared to $322.8 million for the prior year. Distributions to beneficiaries totaled $129.4 million for fiscal year 2018 with $32.6 million disbursed to universities and colleges and $93.6 million disbursed to public schools, and $3.2 million disbursed for public buildings. This was a decrease of $14 million from the apportionments of fiscal year 2017.

The Department of Wildlife's Lifetime Licenses' fund balance increased by 2.6% to $87.9 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 $88.3 million net increase in fund balance with $54.8 million coming in from the settlement payment by tobacco manufacturers for 2018. The prior year's payment was about $59.5 million. The state now has $1.2 billion in this 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 increased by $90.3 million as a result of operations in the proprietary funds. This resulted from a $46.0 million increase in net position by the OUITF, an increase in net position of $15.1 million by the Oklahoma Water Resources Board's (OWRB) program for making loans to local government units for drinking and waste water facilities, an increase of $32.1 million by EGID for insurance benefit administration, and a decrease in net position of $3.0 million by the Oklahoma Lottery Commission.

The OUITF increased in net position primarily as a result of a decrease in benefit payments and claims submitted.

The OWRB increased net position by $15.1 million which was $4.1 million more than the $11.0 million in the prior year.

The EGID increased net position by $32.1 million due to increases in membership and premium revenue along with a decrease of incurred claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original budget and the final amended budget amounted to $125.7 million with $39.4 million coming from budget carryovers from fiscal year 2017. To reimburse school districts for ad valorem tax shortfalls related to state property, the Department of Education was transferred $92.7 million. For debt services related to repairs to the Capitol building, OMES was granted an additional $13.9 million in funds. In addition, the Department of Corrections was given $8.8 million in supplementary funding. Offsetting the additions to the budget were state wide reductions caused by revenue shortfalls.

The difference between the final budget and the actual collections amounted to $210.9 million less than the budget. Due to economic factors related to the economic downturn suffered by the state, this variance was not unexpected.

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, 2018, amounts to $24.3 billion, net of accumulated depreciation of $12.1 billion, leaving a net book value of $12.2 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 2.4% in terms of net book value. Actual expenditures to purchase or construct assets that are capitalized were $901.3 million for the year, a $38.3 million (4.1%) decrease from the prior year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled $578.3 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 $53.9 million, or 3.9%, during the current fiscal year. Business-type activities' debt increased by $51.2 million or 5.9%.

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 2017. The national unemployment rate is currently 3.7% while Oklahoma's at 3.4% for the same time period.

Inflationary trends in the region continue to compare favorably to national indices.

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. OMES 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 2019

General revenue fund collections have shown signs of improvement through the first five months of fiscal year 2019. Total collections exceeded prior year collections by 19.2% and budgeted estimates by 2% during October of 2018. This was driven by increased revenue from individual income tax, sales tax, motor vehicle tax, and gross production taxes.

"Most reporting categories look to be on stable footing with gross production and the other revenues category falling short of their estimates in October" said OMES Director Denise Northrup. "I'm encouraged to see individual income tax returns trending up. Solid returns in this category indicate businesses are expecting a healthy economy going into the holiday season."

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.

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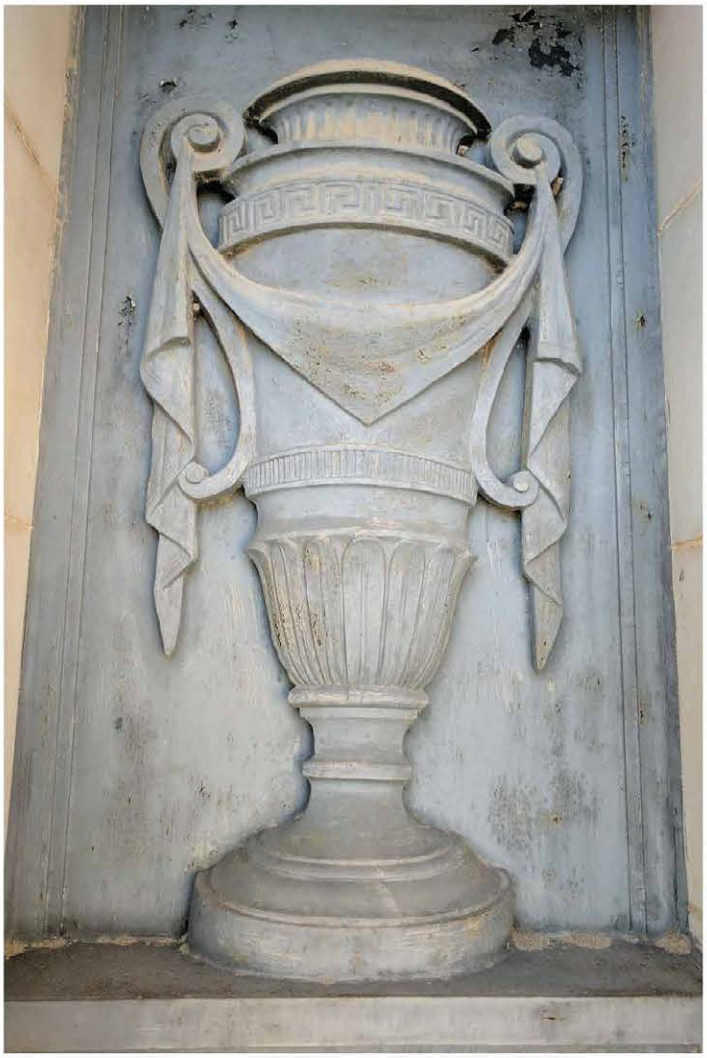

This decorative cast iron urn on the south wing of the Capitol was in poor shape prior to its restoration.

Painters apply new black paint to the lettering on the granite seals on the south plaza.

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State of Oklahoma
Government-Wide Statement of Net Position

June 30, 2018
(expressed in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Current Assets				
Cash/Cash Equivalents	$ 3,770,941	$ 1,253,993	$ 5,024,934	$ 1,655,376
Investments	52,557	281,967	334,524	1,260,368
Securities Lending Investments	132,033	0	132,033	0
Accounts Receivable	46,898	93,607	140,505	651,203
Interest and Investment Revenue Receivable	17,014	15,976	32,990	14,147
Federal Grants Receivable	413,661	979	414,640	11,657
Taxes Receivable	321,452	85,362	406,814	0
Leases Receivable	5,222	0	5,222	0
Leases Receivable - Component Units	12,518	0	12,518	0
Other Receivables	90	5	95	28,354
Notes Receivable	0	71,593	71,593	6,731
Internal Balances	11,558	(11,558)	0	0
Receivable from External Parties	110	0	110	0
Due from Component Units	3,272	0	3,272	13,328
Due from Primary Government	0	0	0	71,322
Inventory	76,573	0	76,573	98,865
Prepaid Items	1,035	0	1,035	14,359
Other Current Assets	4,763	23,925	28,688	22,130
Total Current Assets	4,869,697	1,815,849	6,685,546	3,847,840
Noncurrent Assets				
Cash/Cash Equivalents, Restricted	104,197	88,274	192,471	1,147,891
Short Term Investments, Restricted	3,612,019	0	3,612,019	2,498,418
Long Term Investments	0	12,849	12,849	1,919,349
Long Term Investments, Restricted	0	47,389	47,389	0
Leases Receivable	17,699	0	17,699	0
Leases Receivables Component Units	328,509	0	328,509	0
Long-Term Notes Receivable, Net	0	1,168,882	1,168,882	42,275
Long-Term Notes Receivable, Net - Restricted	0	0	0	1,921
Net Pension Asset	35,425	0	35,425	193
Net OPEB Asset	724	0	724	10,935
Long-Term Due from Comp Units	53,706	0	53,706	0
Capital Assets-Depreciable, Net	10,138,307	2,085	10,140,392	8,074,169
Capital Assets-Land	1,837,263	0	1,837,263	475,467
Capital Assets-Construction in Progress	237,326	0	237,326	665,523
Other Noncurrent Assets	0	4,491	4,491	259,816
Other Noncurrent Assets-Restricted	28,290	0	28,290	367
Total Noncurrent Assets	16,393,465	1,323,970	17,717,435	15,096,324
Total Assets	21,263,162	3,139,819	24,402,981	18,944,164
Deferred Outflows				
Deferred Outflows from Pensions	486,996	1,836	488,832	444,137
Deferred Outflows from OPEB	33,383	0	33,383	11,008
Unamortized Loss on Bond Refundings	840	0	840	0
Lease Restructuring	0	0	0	2,929
Advance Refunding of Bonds	0	0	0	125,439
Defeasance of Bonds	0	1,066	1,066	39,291
Accumulated Decrease in Fair Value of Derivatives	0	0	0	5,763
Total Deferred Outflows	$ 521,219	$ 2,902	$ 524,121	$ 628,567

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

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	$ 1,052,729	$ 149,652	$ 1,202,381	$ 411,435
Unearned Revenue	63,006	1,590	64,596	193,148
Payable Under Securities Lending Agreements	132,033	0	132,033	0
Claims and Judgements	16,598	0	16,598	45,582
Interest Payable	24,888	9,053	33,941	61,957
Tax Refunds Payable	2,227	0	2,227	0
Payable to External Parties	76,115	0	76,115	715
Due to Component Units	71,526	4	71,530	13,130
Due to Primary Government	0	0	0	3,272
Due to Others	157,501	0	157,501	0
Capital Leases	741	0	741	67,257
Capital Leases-Primary Government	0	0	0	12,518
Compensated Absences	94,815	235	95,050	93,977
Notes Payable	8,490	0	8,490	22,976
General Obligation Bonds	28,530	0	28,530	10,000
Revenue Bonds (Net)	122,317	47,455	169,772	158,757
Other Current Liabilities	0	12,576	12,576	529,224
Total Current Liabilities	1,851,516	220,565	2,072,081	1,623,948
Noncurrent Liabilities				
Claims and Judgements	54,087	0	54,087	430,936
Due to Primary Government	0	0	0	53,706
Net Pension Liability	611,458	2,385	613,843	1,764,334
Capital Leases	0	0	0	858,119
Capital Leases-Primary Government	621	0	621	328,509
Compensated Absences	63,202	704	63,906	39,443
Notes Payable	61,505	0	61,505	114,559
General Obligation Bonds	0	0	0	30,000
Revenue Bonds (including Premiums)	1,110,949	857,453	1,968,402	5,301,798
Net OPEB Liability	176,648	0	176,648	519,492
Other Noncurrent Liabilities	0	9,731	9,731	175,199
Total Noncurrent Liabilities	2,078,470	870,273	2,948,743	9,616,095
Total Liabilities	3,929,986	1,090,838	5,020,824	11,240,043
Deferred Inflows				
Restructured Debt	0	2,677	2,677	5,800
Deferred Inflows from Pensions	102,329	431	102,760	272,628
Deferred Inflows from OPEB	25,737	0	25,737	27,978
Deferred Regulation Inflows	0	0	0	42,960
Service Concession Arrangements	0	0	0	31,300
Total Deferred Inflows	128,066	3,108	131,174	380,666
Net Position				
Net Investment in Capital Assets	11,318,869	2,085	11,320,954	3,879,624
Restricted for:				
Debt Service	354,476	315,067	669,543	347,563
Preservation of Wildlife	87,855	0	87,855	0
Lottery Benefits	0	10,582	10,582	0
Educational Systems	2,419,973	0	2,419,973	0
Unemployment Benefits	0	1,145,420	1,145,420	0
Stabilization	338,737	0	338,737	0
Federal Grant Programs	128,361	0	128,361	0
Tobacco Cessation and Public Health				
Nonexpendable	1,117,758	0	1,117,758	797,569
Expendable	107,052	0	107,052	3,017,076
Unrestricted	1,853,248	575,621	2,428,869	(89,810)
Total Net Position	$ 17,726,329	$ 2,048,775	$ 19,775,104	$ 7,952,022

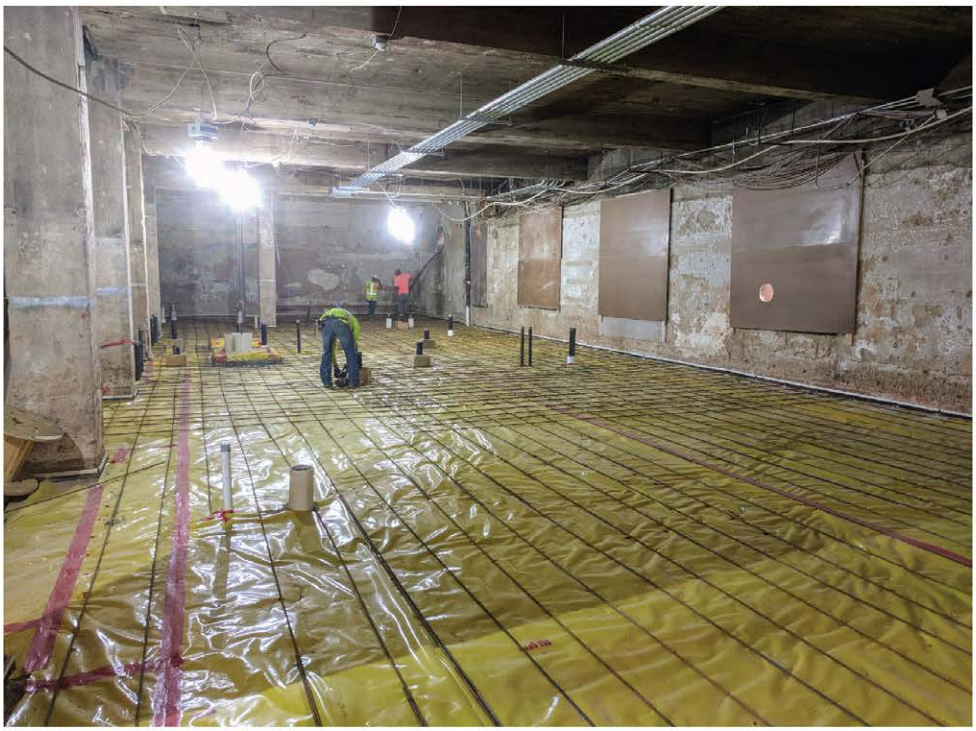
The Notes to the Financial Statements are an integral part of this statement

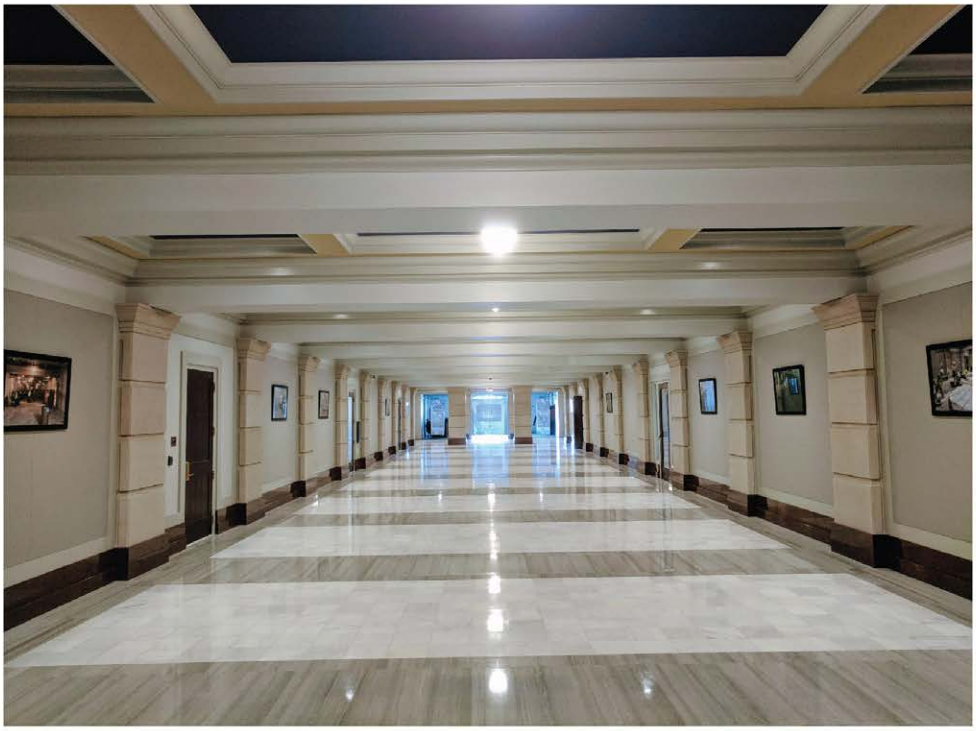
State of Oklahoma
Government-Wide Statement of Activities

For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government							
Governmental Activities:							
Education-General	$ 3,507,277	$ 70,919	$ 887,261	$ (2,549,097)		$ (2,549,097)	
Education-Payment to Higher Education	761,036	0	0	(761,036)		(761,036)	
Government Administration	2,111,959	350,687	140,144	(1,621,128)		(1,621,128)	
Health Services	5,603,631	579,414	3,282,039	(1,742,178)		(1,742,178)	
Legal and Judiciary	252,845	149,821	28,224	(74,800)		(74,800)	
Museums	11,281	2,748	819	(7,714)		(7,714)	
Natural Resources	281,187	179,350	60,875	(40,962)		(40,962)	
Public Safety and Defense	885,841	108,940	119,788	(657,113)		(657,113)	
Regulatory Services	115,590	132,435	6,701	23,546		23,546	
Social Services	2,137,520	72,277	1,489,362	(575,881)		(575,881)	
Transportation	1,148,291	122,764	666,467	(359,060)		(359,060)	
Interest on Long-Term Debt	56,493	0	0	(56,493)		(56,493)	
Total Governmental Activities	16,872,951	1,769,355	6,681,680	(8,421,916)		(8,421,916)	
Business-Type Activities							
Employment Security Commission	250,465	285,454	11,045		46,034	46,034	
Water Resources Board	37,489	47,802	4,575		14,888	14,888	
Office of Management and Enterprise Services	1,051,302	1,083,430	0		32,128	32,128	
Lottery Commission	161,388	221,643	0		60,255	60,255	
Total Business-Type Activities	1,500,644	1,638,329	15,620		153,305	153,305	
Total Primary Government	$ 18,373,595	$ 3,407,684	$ 6,697,300	(8,421,916)	153,305	(8,268,611)	
Component Units:							
Oklahoma Student Loan Authority	19,699	19,810	0				111
Oklahoma Housing Finance Agency	156,575	16,081	138,795				(1,699)
Oklahoma Turnpike Authority	222,711	318,082	0				95,371
Grand River Dam Authority	460,018	467,134	0				7,116
Oklahoma Municipal Power Authority	188,596	189,523	0				927
Higher Education	4,875,254	2,828,492	1,606,213				(440,549)
Nonmajor Component Units	467,778	368,195	2,035				(97,548)
Total Component Units	$ 6,390,631	$ 4,207,317	$ 1,747,043				(436,271)
General Revenues							
Taxes:							
Income Taxes-Individual				3,240,777	0	3,240,777	0
Income Taxes-Corporate				251,163	0	251,163	0
Sales Tax				2,823,427	0	2,823,427	0
Gross Production Taxes				596,196	0	596,196	0
Motor Vehicle Taxes				868,042	0	868,042	0
Fuel Taxes				441,978	0	441,978	0
Tobacco Taxes				261,234	0	261,234	0
Other Business Taxes				244,168	0	244,168	0
Other Personal Taxes				0	0	0	0
Insurance Taxes				181,614	0	181,614	0
Beverage Taxes				122,541	0	122,541	0
Other Taxes				200,532	0	200,532	0
Payments from Primary Government				0	0	0	862,903
Investment Earnings				58,075	0	58,075	0
Contributions to Permanent Funds				54,765	0	54,765	0
Transfers				63,001	(63,001)	0	0
Total General Revenues and Transfers				9,407,513	(63,001)	9,344,512	862,903
Change in Net Position				985,597	90,304	1,075,901	426,632
Net Position - Beginning of Year (as restated)				16,740,732	1,958,471	18,699,203	7,525,390
Net Position - End of Year				$ 17,726,329	$ 2,048,775	$ 19,775,104	$ 7,952,022

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





Top: Workers prepare for concrete floors to be poured in the food service area.
Bottom: The west corridor of the ground floor was completed in 2018.

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State of Oklahoma
Balance Sheet
Governmental Funds
June 30, 2018
(expressed in thousands)

	General	Permanent Funds: Commissioners of the Land Office	Permanent Funds: Department of Wildlife Lifetime Licenses	Permanent Funds: Tobacco Settlement Endowment	Total Governmental Funds
Assets					
Assets					
Cash/Cash Equivalents	$ 3,722,474	$ 109,048	$ 3,666	$ 39,950	$ 3,875,138
Investments	52,557	2,323,385	84,091	1,204,543	3,664,576
Security Lending Investments	21,855	0	0	110,178	132,033
Accounts Receivable	46,898	0	0	0	46,898
Interest and Investment Revenue Receivable	17,014	11,677	0	4,288	32,979
Federal Grants Receivable	413,661	0	0	0	413,661
Taxes Receivable	321,452	0	0	0	321,452
Leases Receivable	22,921	0	0	0	22,921
Leases Receivable-Component Units	341,027	0	0	0	341,027
Other Receivables	90	11,630	0	695	12,415
Due from Other Funds	11,708	0	91	0	11,799
Due from Fiduciary Funds	110	0	0	0	110
Due from Component Units	3,272	0	0	0	3,272
Due From Component Units-Noncurrent	53,706	0	0	0	53,706
Inventory	76,573	0	0	0	76,573
Prepaid Items	1,035	0	0	0	1,035
Other Assets	4,652	104	7	0	4,763
Total Assets	5,111,005	2,455,844	87,855	1,359,654	9,014,358
Liabilities					
Accounts Payable and Accrued Liabilities	1,002,163	28,260	0	22,308	1,052,731
Payable Under Securities Lending Agreements	21,855	0	0	110,178	132,033
Unearned Revenue	171,496	7,611	0	0	179,107
Tax Refunds Payable	2,227	0	0	0	2,227
Due to Other Funds	132	0	0	70	202
Due to Fiduciary Funds	76,115	0	0	0	76,115
Due to Component Units	69,238	0	0	2,288	71,526
Due to Others	157,501	0	0	0	157,501
Total Liabilities	1,500,727	35,871	0	134,844	1,671,442
Fund Balances					
Nonspendable	77,093	2,419,973	87,855	1,117,758	3,702,679
Restricted	1,145,684	0	0	0	1,145,684
Committed	2,274,589	0	0	65,263	2,339,852
Assigned	0	0	0	41,789	41,789
Unassigned	112,912	0	0	0	112,912
Total Fund Balances	$ 3,610,278	$ 2,419,973	$ 87,855	$ 1,224,810	$ 7,342,916

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		$	7,342,916
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	1,837,263		
Buildings and Improvements	1,635,454		
Equipment	569,832		
Infrastructure	20,016,546		
Construction in Progress	237,326		
Accumulated Depreciation	(12,083,525)		
			12,212,896
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 considered to be unearned.			116,101
The state's portion of the net pension asset ($35,425), net pension liability ($611,458), deferred inflows ($102,329), and deferred outflows ($486,996) as determined by the actuarial calculations of the pension systems created by statute.			(191,366)
The state's portion of the net other postemployment benefit asset ($724), net other postemployment benefit liability ($176,648), deferred inflows ($25,737,), and deferred outflows ($33,383) as determined by the actuarial calculations of the pension systems created by statute.			(168,278)
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.			840
Timing differences caused by the component units with alternative year end dates resulted in differences in due to/from other funds.			(37)
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	(69,995)		
General Obligation and Revenue Bonds	(1,163,697)		
Capital Leases and Certificates of Participation	(1,362)		
Bond Issue Premiums	(98,099)		
Accrued Interest on Bonds	(24,888)		
Compensated Absences	(158,017)		
Claims and Judgments	(70,685)		
			(1,586,743)
Net Position of Governmental Activities		$	17,726,329

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, 2018
(expressed in thousands)

	General	Permanent Funds: Commissioners of the Land Office	Permanent Funds: Department of Wildlife Lifetime Licenses	Permanent Funds: Tobacco Settlement Endowment	Total Governmental Funds
Revenues					
Taxes					
Income Taxes-Individual	$ 3,240,777	$ 0	$ 0	$ 0	$ 3,240,777
Sales Tax	2,823,427	0	0	0	2,823,427
Gross Production Tax	596,196	0	0	0	596,196
Income Taxes-Corporate	251,163	0	0	0	251,163
Motor Vehicle Taxes	868,042	0	0	0	868,042
Fuel Taxes	441,978	0	0	0	441,978
Tobacco Taxes	261,234	0	0	0	261,234
Other Business Taxes	244,168	0	0	0	244,168
Other Personal Taxes	0	0	0	0	0
Insurance Taxes	181,614	0	0	0	181,614
Beverage Taxes	122,541	0	0	0	122,541
Other Taxes	200,532	0	0	0	200,532
Licenses, Permits and Fees	778,446	0	2,203	0	780,649
Interest and Investment Revenue	161,121	183,291	0	91,245	435,657
Federal Grants	6,440,084	0	0	0	6,440,084
Sales and Services	217,647	0	0	0	217,647
Other Grants and Reimbursements	465,775	0	0	0	465,775
Fines and Penalties	58,732	0	0	0	58,732
Other	116,125	4,745	0	54,765	175,635
Total Revenues	17,469,602	188,036	2,203	146,010	17,805,851
Expenditures					
Education	4,125,378	137,444	0	0	4,262,822
Government Administration	1,936,229	0	0	45,523	1,981,752
Health Services	5,595,980	0	0	0	5,595,980
Legal and Judiciary	255,739	0	0	0	255,739
Museums	7,650	0	0	0	7,650
Natural Resources	252,484	0	0	0	252,484
Public Safety and Defense	838,098	0	0	0	838,098
Regulatory Services	114,355	0	0	0	114,355
Social Services	2,145,461	0	0	0	2,145,461
Transportation	215,428	0	0	0	215,428
Capital Outlay	1,494,528	0	0	12,206	1,506,734
Debt Service					
Principal Retirement	140,272	0	0	0	140,272
Interest and Fiscal Charges	59,145	0	0	0	59,145
Total Expenditures	17,180,747	137,444	0	57,729	17,375,920
Revenues in Excess of (Less Than) Expenditures	288,855	50,592	2,203	88,281	429,931
Other Financing Sources (Uses)					
Transfers In	78,997	0	0	0	78,997
Transfers Out	(4,979)	(11,017)	0	0	(15,996)
Bonds Issued	27,215	0	0	0	27,215
Bond Issue Premiums	10,023	0	0	0	10,023
Capital Leases	0	0	0	0	0
Sale of Capital Assets	10,447	0	0	0	10,447
Note Proceeds	61,505	0	0	0	61,505
Total Other Financing Sources (Uses)	183,208	(11,017)	0	0	172,191
Net Change in Fund Balances	472,063	39,575	2,203	88,281	602,122
Fund Balances - Beginning of Year (as restated)	3,138,215	2,380,398	85,652	1,136,529	6,740,794
Fund Balances - End of Year	$ 3,610,278	$ 2,419,973	$ 87,855	$ 1,224,810	$ 7,342,916

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		$	602,122
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 ($882,020) exceeded depreciation ($577,530) in the current period.			304,490
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.			(12,593)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(9,958)
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 ($138,894) exceeded proceeds ($88,720).			50,174
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.			(10,023)
The amount by which the state's portion of net pension asset ($18,207) increased, net pension liability ($385,287) decreased, deferred inflows from pensions ($218,614) decreased, and deferred outflows from pensions ($606,190) decreased compared to the prior fiscal year.			15,918
The amount by which the state's portion of net other postemployment benefit asset ($649) increased, net other postemployment benefit liability ($25,074) decreased, deferred inflows from other postemployment benefits ($25,737) increased, and deferred outflows from other postemployment benefits ($33,383) increased compared to the prior fiscal year.			33,369
For assets acquired 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 ($1,378) exceeded the addition of new capital leases ($0).			1,378
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	12,360		
Increase in entity-wide interest payable	2,652		
Decrease in compensated absences	245		
Amortization of losses on refunded bonds	(686)		
Timing difference of due from/to other funds	51		
Decrease in claims and judgments payable	(3,902)		
			10,720
Change in Net Position of Governmental Activities		$	985,597

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

State of Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2018
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	Total
Assets					
Current Assets					
Cash/Cash Equivalents	$ 1,055,575	$ 79,007	$ 88,025	$ 31,386	$ 1,253,993
Investments	0	104,370	177,597	0	281,967
Accounts Receivable	0	0	87,081	6,526	93,607
Interest and Investment Revenue Receivable	5,904	9,431	641	0	15,976
Federal Grants Receivable	6	973	0	0	979
Taxes Receivable	85,362	0	0	0	85,362
Notes Receivable	0	71,593	0	0	71,593
Due from Other Funds	0	0	80	0	80
Other Receivables	0	5	0	0	5
Other Current Assets	0	31	23,894	0	23,925
Total Current Assets	1,146,847	265,410	377,318	37,912	1,827,487
Noncurrent Assets					
Cash/Cash Equivalents, Restricted	0	88,274	0	0	88,274
Long-Term Investments	0	12,849	0	0	12,849
Long-Term Investments, Restricted	0	47,389	0	0	47,389
Long-Term Notes Receivable	0	1,168,882	0	0	1,168,882
Capital Assets, Net	0	415	1,569	101	2,085
Other Noncurrent Assets	0	0	0	4,491	4,491
Total Noncurrent Assets	0	1,317,809	1,569	4,592	1,323,970
Total Assets	1,146,847	1,583,219	378,887	42,504	3,151,457
Deferred Outflows of Resources					
Unamortized Loss on Defeasance	0	1,066	0	0	1,066
Deferred Pension Plan Outflows	0	0	1,359	477	1,836
Total Deferred Outflows	0	1,066	1,359	477	2,902
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	1,427	64	129,871	19,880	151,242
Interest Payable	0	9,053	0	0	9,053
Compensated Absences	0	95	0	140	235
Revenue Bonds (Net)	0	47,455	0	0	47,455
Due to Fiduciary Funds	0	0	0	0	0
Due to Component Units	0	0	4	0	4
Due to Other Funds	0	0	0	11,638	11,638
Other Current Liabilities	0	1,087	11,489	0	12,576
Total Current Liabilities	1,427	57,754	141,364	31,658	232,203
Noncurrent Liabilities					
Revenue Bonds (including Premiums)	0	857,453	0	0	857,453
Compensated Absences	0	44	590	70	704
Other Noncurrent Liabilities	0	0	9,731	0	9,731
Pension Obligation	0	0	1,905	480	2,385
Total Noncurrent Liabilities	0	857,497	12,226	550	870,273
Total Liabilities	1,427	915,251	153,590	32,208	1,102,476
Deferred Inflows of Resources					
Deferred Inflows from Pensions	0	0	341	90	431
Refinancing of Debt	0	2,677	0	0	2,677
Total Deferred Inflows	0	2,677	341	90	3,108
Net Position					
Invested in Capital Assets	0	415	1,569	101	2,085
Restricted for:					
Debt Service	0	315,067	0	0	315,067
Lottery Benefits	0	0	0	10,582	10,582
Unemployment Benefits	1,145,420	0	0	0	1,145,420
Unrestricted	0	350,875	224,746	0	575,621
Total Net Position	$ 1,145,420	$ 666,357	$ 226,315	$ 10,683	$ 2,048,775

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, 2018
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	Total
Operating Revenues					
Sales and Services	$ 260,258	$ 0	$ 1,062,958	$ 221,110	$ 1,544,326
Federal Grants	11,045	4,575	0	0	15,620
Interest and Investment Revenue	0	32,486	0	0	32,486
Other	0	0	3,711	117	3,828
Total Operating Revenues	271,303	37,061	1,066,669	221,227	1,596,260
Operating Expenses					
Facilities Operations and Maintenance	0	0	0	149	149
Administration and General	6,522	5,514	44,258	5,985	62,279
Prizes, Commissions and Other	0	0	0	154,470	154,470
Interest	0	31,765	0	0	31,765
Depreciation	0	89	628	34	751
Benefit Payments and Refunds	243,943	0	1,006,416	0	1,250,359
Total Operating Expenses	250,465	37,368	1,051,302	160,638	1,499,773
Operating Income (Loss)	20,838	(307)	15,367	60,589	96,487
Nonoperating Revenues (Expense)					
Interest and Investment Revenue	23,018	3,432	16,761	416	43,627
Other Nonoperating Revenues	2,178	0	0	0	2,178
Nonoperating Federal Grants	0	11,884	0	0	11,884
Other Nonoperating Expenses	0	(121)	0	(750)	(871)
Total Nonoperating Revenues (Expenses)	25,196	15,195	16,761	(334)	56,818
Income (Loss) Before Transfers	46,034	14,888	32,128	60,255	153,305
Transfers In	0	4,979	0	0	4,979
Transfers Out	0	(4,750)	0	(63,230)	(67,980)
Change in Net Position	46,034	15,117	32,128	(2,975)	90,304
Total Net Position - Beginning of Year	1,099,386	651,240	194,187	13,658	1,958,471
Total Net Position - Ending	$ 1,145,420	$ 666,357	$ 226,315	$ 10,683	$ 2,048,775

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, 2018
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	Total
Cash Flows from Operating Activities					
Receipts from Customers and Users	$ 252,935	$ 0	$ 1,324,619	$ 203,180	$ 1,780,734
Receipts from Federal Grants	10,852	4,074	0	0	14,926
Payments of Benefits	(250,465)	(661)	(1,255,878)	0	(1,507,004)
Payments to Suppliers	0	(2,588)	(42,181)	(12,134)	(56,903)
Payments to Employees	0	(2,448)	(8,198)	(2,428)	(13,074)
Payments to Prize Winners	0	0	0	(124,590)	(124,590)
Payments to fund deposit with Multi-State Lottery	0	0	0	(56)	(56)
Payments of Operating Interest Expense	0	(33,003)	0	0	(33,003)
Collections of Interest on Loans to Governmental Units	0	32,434	0	0	32,434
Net Cash Provided (Used) by Operating Activities	13,322	(2,192)	18,362	63,972	93,464
Cash Flows from Noncapital Financing Activities					
Federal Grants and Other Contributions	2,128	132,590	0	0	134,718
Transfers In	0	2,469	0	0	2,469
Transfers Out	0	(2,240)	0	(52,347)	(54,587)
Principal Paid on Bonds and Notes Payable	0	(66,865)	0	0	(66,865)
Net Cash Provided (Used) by Noncapital Financing Activities	2,128	65,954	0	(52,347)	15,735
Cash Flows from Capital and Related Financing Activities					
Payments for Acquistion of Capital Assets	0	(326)	0	(32)	(358)
Net Cash Used by Capital and Related Financing Activities	0	(326)	0	(32)	(358)
Cash Flows from Investing Activities					
Interest and Investment Revenue	22,871	3,136	3,505	391	29,903
Proceeds from Sale and Maturity of Investments	0	18,905	129,545	0	148,450
Payments to Purchase Investments	0	(1,780)	(144,422)	0	(146,202)
Collections of Principal on Loans to Governmental Units	0	123,013	0	0	123,013
Payments to Issue Notes Receivable	0	(167,053)	0	0	(167,053)
Miscellaneous	1	0	0	0	1
Net Cash Provided by Investing Activities	22,872	(23,779)	(11,372)	391	(11,888)
Net Increase in Cash/Cash Equivalents	38,322	39,657	6,990	11,984	96,953
Cash/Cash Equivalents - Beginning of Year	1,017,253	127,624	81,035	19,402	1,245,314
Cash/Cash Equivalents - End of Year	$ 1,055,575	$ 167,281	$ 88,025	$ 31,386	$ 1,342,267
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities					
Operating Income (Loss)	$ 20,838	$ (307)	$ 15,367	$ 60,589	$ 96,487
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	0	89	628	34	751
Amortization (Accretion) and Other Noncash Expenses	0	(1,878)	0	35	(1,843)
Decrease (Increase) in Assets					
Accounts Receivable	(7,307)	0	11,731	(4,006)	418
Federal Receivable	(1)	0	0	0	(1)
Interest and Investment Receivable	0	(562)	0	0	(562)
Deposit with Multi-State Lottery	0	0	0	(55)	(55)
Other Receivables	0	(662)	15,681	0	15,019
Increase (Decrease) in Liabilities					
Accounts Payable and Accrued Liabilities	0	(63)	(20,457)	2,654	(17,866)
Interest Payable	0	650	0	0	650
Prizes Payable	0	0	0	4,891	4,891
Compensated Absences	0	(9)	0	0	(9)
Due to other funds	0	0	0	130	130
Deferred Revenue	(208)	0	0	(217)	(425)
Other Current Liabilities	0	550	(4,588)	(83)	(4,121)
Net Cash Provided (Used) by Operating Activities	$ 13,322	$ (2,192)	$ 18,362	$ 63,972	$ 93,464

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, 2018
(expressed in thousands)

	Pension Trust Funds	Agency Fund
Assets		
Cash/Cash Equivalents	$ 811,776	$ 689,535
Investments, at fair value		
Equity Securities	17,534,747	0
Governmental Securities	3,793,071	0
Debt Securities	3,748,166	0
Mutual Funds	3,401,102	0
Other Investments	4,054,991	0
Securities Lending Investments	2,380,698	0
Accounts Receivable	0	175
Interest and Investment Revenue Receivable	103,906	0
Employer Contributions Receivable	47,532	0
Employee Contributions Receivable	27,651	0
Due from Brokers	365,499	0
Due from Primary Government	76,115	0
Due from Component Units	715	0
Inventory	0	8,594
Capital Assets, Net	6,400	0
Other Assets	600	0
Total Assets	36,352,969	698,304
Liabilities		
Accounts Payable	$ 16,438	$ 649
Deferred Revenue	0	159
Tax Refunds Payable	0	97,616
Securities Lending Payable	2,380,698	0
Due to Brokers	875,445	0
Due to Other Funds	110	0
Due to Component Units	1	0
Due to Others	0	599,880
Benefits in the Process of Payment	1,759	0
Other Liabilities	12,628	0
Total Liabilities	3,287,079	698,304
Net Position		
Net Position Restricted for Pensions	$ 33,065,890	

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, 2018
(expressed in thousands)

	Pension Trust Funds
Additions	
Contributions	
Employer Contributions	$ 795,846
Employee Contributions	440,516
Other Contributions	507,645
Total Contributions	1,744,007
Investment Earnings	
Net Increase (Decrease) in Fair Value of Investments	2,355,232
Interest and Investment Revenue	644,650
Total Investment Earnings	2,999,882
Less Investment Expenses	129,286
Net Investment Earnings	2,870,596
Total Additions	4,614,603
Deductions	
Administrative and General Expenses	21,461
Benefit Payments and Refunds	2,494,418
Total Deductions	2,515,879
Change in Net Position Restricted for Pensions	2,098,724
Net Position - Beginning of Year	30,967,166
Net Position - End of Year	$ 33,065,890

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

Description of Major Component Units

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

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.ompa.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 a Board of Regents. The Boards of Regents consist of five to ten members appointed by the governor, with the advice and consent of the Senate. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities:

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

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.

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State of Oklahoma
Combining Statement of Net Position
Major Component Units
June 30, 2018
(expressed in thousands)

	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
Assets								
Current Assets								
Cash/Cash Equivalents - Unrestricted	$ 0	$ 9,068	$ 98,422	$ 41,706	$ 9,594	$ 1,306,286	$ 190,300	$ 1,655,376
Investments	22,338	4,206	11,947	36,780	6,978	1,136,647	41,472	1,260,368
Accounts Receivable	0	938	3,960	38,435	15,001	508,283	84,586	651,203
Interest and Investment Revenue Receivable	5,500	1,015	285	5,014	126	1,970	237	14,147
Federal Grants Receivable	0	0	0	0	0	11,657	0	11,657
Other Receivables	0	0	0	0	0	27,286	1,068	28,354
Notes Receivable	0	0	0	0	0	5,735	996	6,731
Due from Component Units	0	0	0	1,482	0	11,543	303	13,328
Due from Primary Government	0	0	3,952	0	0	38,693	28,677	71,322
Inventory	0	0	8,632	63,150	6,282	20,801	0	98,865
Prepaid Items	0	369	332	5,010	0	5,566	3,082	14,359
Other Current Assets	0	0	0	12,926	979	3,750	4,475	22,130
Total Current Assets	27,838	15,596	127,530	204,503	38,960	3,078,217	355,196	3,847,840
Noncurrent Assets								
Cash/Cash Equivalents - Restricted	92	17,600	774,286	0	35,853	316,731	3,329	1,147,891
Investments - Restricted	47,439	245,611	179,706	0	79,151	1,945,610	901	2,498,418
Long-Term Investments Unrestricted	224,572	57,816	0	317,337	24,069	1,279,835	15,720	1,919,349
Net pension asset	0	0	0	0	0	193	0	193
Net OPEB asset	0	0	0	0	0	10,935	0	10,935
Long-Term Notes Receivable, Net								
Unrestricted	0	0	0	0	0	39,543	2,732	42,275
Restricted	0	1,921	0	0	0	0	0	1,921
Capital Assets								
Depreciable, Net	647	2,287	887,742	1,191,030	467,342	5,229,617	295,504	8,074,169
Land	0	550	221,994	37,660	0	210,867	4,396	475,467
Construction in Progress	0	0	308,200	17,351	4,314	331,944	3,714	665,523
Other Noncurrent Assets								
Unrestricted	289	0	0	6,567	126,451	86,155	40,354	259,816
Restricted	0	0	0	0	310	21	36	367
Total Noncurrent Assets	273,039	325,785	2,371,928	1,569,945	737,490	9,451,451	366,686	15,096,324
Total Assets	300,877	341,381	2,499,458	1,774,448	776,450	12,529,668	721,882	18,944,164
Deferred Outflow of Resources								
Deferred Outflows from Pensions	1,455	2,883	4,754	10,359	1,271	422,277	1,138	444,137
Accumulated Decrease in Fair Value of Derivatives	0	29	0	539	5,195	0	0	5,763
Lease Restructuring	0	0	0	0	0	2,929	0	2,929
Advance Refunding of Bonds	0	0	97,209	0	18,857	9,347	26	125,439
Deferred Outflows from OPEB	0	0	0	0	0	11,008	0	11,008
Defeasance of Bonds	0	0	0	37,967	0	1,324	0	39,291
Total Deferred Outflows	1,455	2,912	101,963	48,865	25,323	446,885	1,164	628,567

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

	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
Liabilities								
Current Liabilities								
Accounts Payable and Accrued Liabilities	1,354	2,558	30,491	38,627	15,078	260,946	62,381	411,435
Claims and Judgments	0	0	0	0	0	1,942	43,640	45,582
Interest Payable	426	523	19,162	3,914	14,386	23,183	363	61,957
Unearned Revenue	0	550	32,194	0	12,244	148,018	142	193,148
Due to Other Component Units	0	0	0	0	1,282	11,563	285	13,130
Due to Fiduciary Funds	0	0	0	617	77	1	20	715
Due to Primary Government	0	3	1,993	117	0	1,154	5	3,272
Capital Leases	0	0	0	235	0	66,782	240	67,257
Capital Leases-Primary Govt.	0	0	0	0	0	12,518	0	12,518
Compensated Absences	0	817	2,044	4,971	0	85,598	547	93,977
Notes Payable	0	0	15,000	0	2,379	1,342	4,255	22,976
General Obligation Bonds	0	0	0	0	0	0	10,000	10,000
Revenue Bonds	0	5,921	58,040	14,760	22,775	57,261	0	158,757
Other Current Liabilities	0	0	0	21	9,760	486,019	33,424	529,224
Total Current Liabilities	1,780	10,372	158,924	63,262	77,981	1,156,327	155,302	1,623,948
Noncurrent Liabilities								
Claims and Judgments	0	0	0	0	0	3,213	427,723	430,936
Due to Primary Government	0	0	53,706	0	0	0	0	53,706
Capital Leases	0	0	0	0	0	857,804	315	858,119
Capital Leases-Primary Govt.	0	0	0	0	0	328,509	0	328,509
Compensated Absences	0	0	0	0	0	39,384	59	39,443
Net Pension Liability	6,548	2,452	6,532	14,390	1,724	1,731,536	1,152	1,764,334
Notes Payable	52,849	0	0	0	33,244	12,784	15,682	114,559
General Obligation Bonds	0	0	0	0	0	0	30,000	30,000
Net OPEB Liability	0	0	0	3,267	0	516,225	0	519,492
Revenue Bonds	180,832	169,305	1,523,275	967,570	622,345	1,495,443	9,999	4,968,769
Unamortized Premium (Discount) on refunding	0	4,224	174,456	119,485	28,096	6,768	0	333,029
Other Noncurrent Liabilities	0	0	0	3,794	2,888	167,086	1,431	175,199
Total Noncurrent Liabilities	240,229	175,981	1,757,969	1,108,506	688,297	5,158,752	486,361	9,616,095
Total Liabilities	242,009	186,353	1,916,893	1,171,768	766,278	6,315,079	641,663	11,240,043
Deferred Inflow of Resources								
Accumulated Increase from Restructured Debt	0	0	0	0	0	5,800	0	5,800
Deferred pension plan inflows	870	880	1,134	3,582	308	265,613	241	272,628
Deferred OPEB plan inflows	0	0	0	0	0	27,978	0	27,978
Deferred Regulation inflows	0	0	0	42,960	0	0	0	42,960
Service Concession Arrangements	0	0	0	0	0	31,300	0	31,300
Total Deferred Inflows	870	880	1,134	46,542	308	330,691	241	380,666
Net Position								
Net Investment in Capital Assets	647	2,837	341,663	269,912	(27,958)	2,999,358	293,165	3,879,624
Restricted for:								
Debt Service	0	83,981	170,854	12,524	23,255	56,949	0	347,563
Other Special Purpose								
Expendable	45,015	2,205	56,302	2,230	10,375	2,897,445	3,504	3,017,076
Nonexpendable	0	0	0	0	0	797,569	0	797,569
Unrestricted	13,791	68,037	114,575	320,337	29,515	(420,538)	(215,527)	(89,810)
Total Net Position	$ 59,453	$ 157,060	$ 683,394	$ 605,003	$ 35,187	$ 6,330,783	$ 81,142	$ 7,952,022

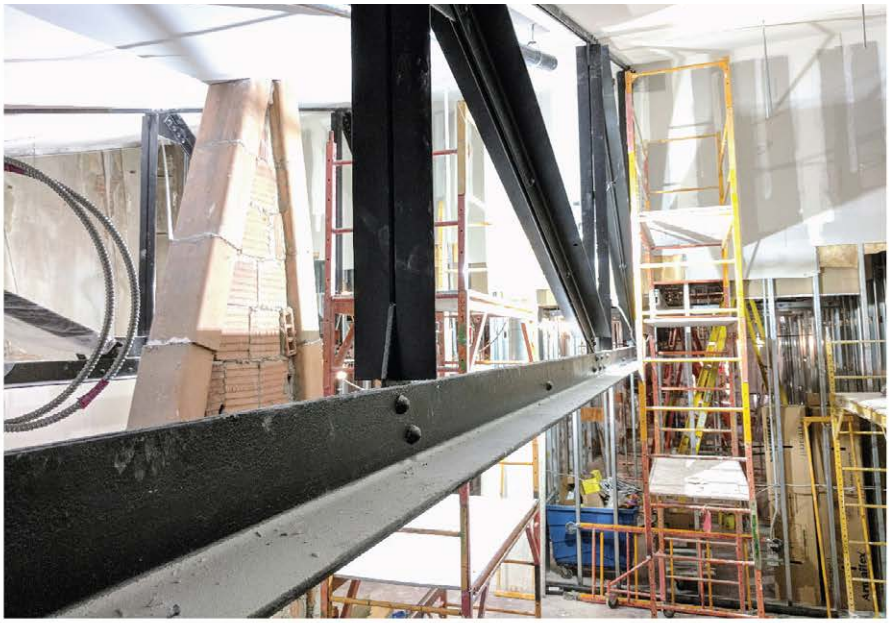
The Notes to the Financial Statements are an integral part of this statement.

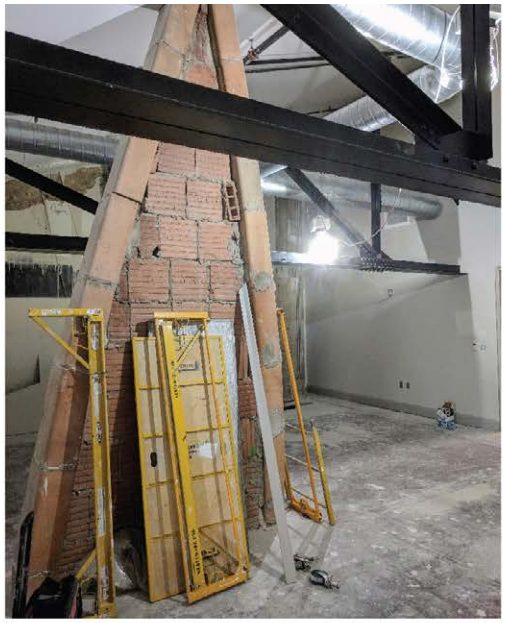
State of Oklahoma
Combining Statement of Activitites
Major Component Units

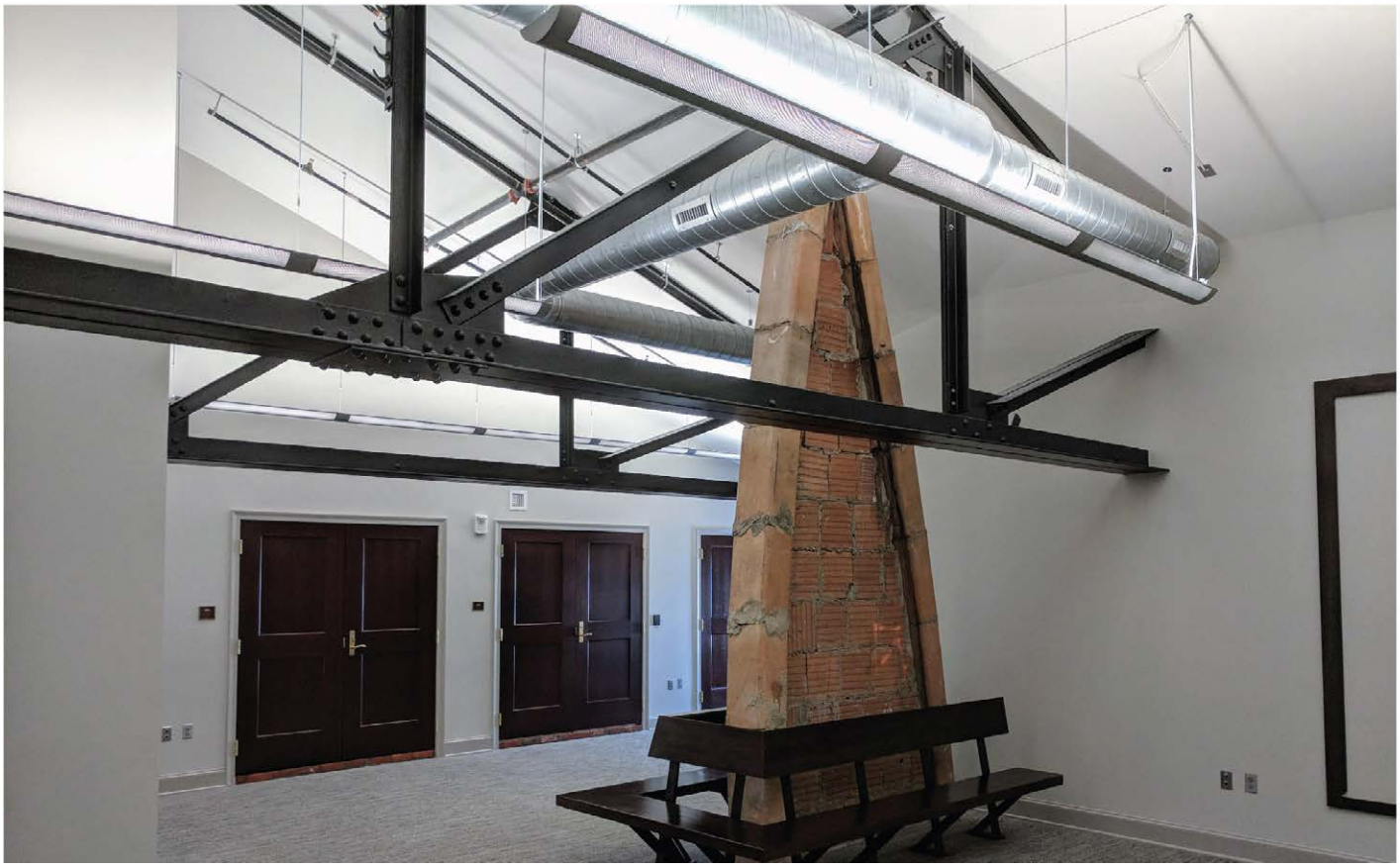
For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

		Program Revenues			General Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government	Change in Net Position	Net Position Beginning of Year (as restated)	Net Position End of Year
Component Units:								
Oklahoma Student Loan Authority	$ 19,699	$ 19,810	$ 0	$ 111	$ 0	$ 111	$ 59,342	$ 59,453
Oklahoma Housing Finance Agency	156,575	16,081	138,795	(1,699)	0	(1,699)	158,759	157,060
Oklahoma Turnpike Authority	222,711	318,082	0	95,371	0	95,371	588,023	683,394
Grand River Dam Authority	460,018	467,134	0	7,116	0	7,116	597,887	605,003
Oklahoma Municipal Power Authority	188,596	189,523	0	927	0	927	34,260	35,187
Higher Education Component Unit	4,875,254	2,828,492	1,606,213	(440,549)	761,036	320,487	6,010,296	6,330,783
Nonmajor Component Units Total	467,778	368,195	2,035	(97,548)	101,867	4,319	76,823	81,142
Total Component Units	$ 6,390,631	$ 4,207,317	$ 1,747,043	$ (436,271)	$ 862,903	$ 426,632	$ 7,525,390	$ 7,952,022

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







All pictures: Restoration of the Senate's sixth floor offices and conference room reveals iron trusses used to support the roof and chimneys that terminate in the roof above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Oklahoma (the "state") are prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement addresses accounting and financial reporting for Other Postemployment Benefits (OPEB) that are provided to the employees of the state and local governmental employers and 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 adoption of this standard had a significant impact on the financial statements.

The state was required to implement this standard for the fiscal year ended June 30, 2018.

In March of 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The adoption of this standard did not have a significant impact on the financial statements.

The state was required to implement this standard for the fiscal year ended June 30, 2018.

In March of 2017, GASB issued Statement No. 85, *Omnibus 2017.* This statement addresses practice issues that were identified during implementation and application of certain GASB statements including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The adoption of this standard did not have a significant impact on the financial statements.

The state was required to implement this standard for the fiscal year ended June 30, 2018.

In May of 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* This statement improves accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired only with existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The adoption of this standard did not have a significant impact on the financial statements.

The state was required to implement this standard for the fiscal year ended June 30, 2018.

New Accounting Pronouncements Issues Not Yet Adopted:

GASB Statement No. 83, *Certain Asset Retirement Obligations,* establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84, *Fiduciary Activities,* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.

GASB Statement No. 87, *Leases,* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contracts. The statement also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* improves the information disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. The statement also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of the construction period.

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, 2018, 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.

Discretely Presented 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 non-major component units.

The component units columns of the government-wide financial statements include the financial data of the following entities:

MAJOR COMPONENT UNITS

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, 2018, and their report, dated November 1, 2018, was 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 United States 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, 2017, and their report, dated January 11, 2018, was 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, 2017, and their report, dated March 29, 2018, was 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, 2017, and their report, dated March 31, 2018, was 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, 2017, and their report, dated March 30, 2018, was 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** 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, 2018, and their report, dated October 18, 2018, was 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, 2018, and their report, dated October 19, 2018, was 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, 2017, and their report, dated June 13, 2018, was 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, 2018, and their report, dated November 9, 2018, was 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, 2018, and their report, dated October 16, 2018, was 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, 2018, and their report, dated September 10, 2018, was previously issued under separate cover.

Oklahoma State University Medical Authority is affiliated with the Oklahoma State University (OSU) 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 Chief Executive Officer (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, 2018, and their report, dated October 18, 2018, was 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 are 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 provide retirement benefits for municipal firefighters. The system is administered by a board comprised of thirteen members: The president of the Professional Firefighters of Oklahoma, the president of the Oklahoma State Retired Firefighters 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, 2018, and their report, dated October 12, 2018, was 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, 2018, and their report, dated October 17, 2018, was 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 fourteen members: the State Insurance Commissioner (or designee), and the Director of the Office of Management and Enterprise Services (or designee), a member of the Corporation Commission (or designee) 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, the State Treasurer (or designee), 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, 2018, and their report, dated October 12, 2018, was 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 fourteen members: the State Insurance Commissioner (or designee), and the Director of the Office of Management and Enterprise Services (or designee), a member of the Corporation Commission (or designee) 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, the State Treasurer (or designee), 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, 2018, and their report, dated October 12, 2018, was 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, 2018, and their report, dated September 17, 2018, was 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 fifteen members: State Superintendent of Public Instruction, director of the Office of Management and Enterprise Services (or designee), director of the Oklahoma Department of Career and Technology Education (or designee), State Treasurer (or designee), two appointed by the governor with Senate approval, three appointed by the governor, two appointed by the president pro tempore of the Senate, two appointed by the speaker of the House of Representatives and one retired educators representative. The system was audited by other independent auditors for the year ended June 30, 2018, and their report, dated October 19, 2018, was 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 Ordnance 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 are 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 are met. Interfund services provided and used are not eliminated in the process of consolidation.

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 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 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 are accrued in accordance with GAAP since they are earned and expected to be collected within sixty days of the end of the period. Other revenues are considered 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 non-operating 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 Division, 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 are classified into the following major governmental and proprietary funds. In addition, a description of the fiduciary and component units follows:

1. Governmental Funds

General Fund - This fund accounts for all activities of the state not specifically required to be accounted for in other funds. Included are transactions for services such as education, general government, health services, legal and judiciary, museums, natural resources, public safety and defense, regulatory services, social services, and transportation. Debt service transactions and related cash balances are reported in the general fund with 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 accumulate 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 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 Division 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 the Consolidated Omnibus Budget Reconciliation Act of 1985 or 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. Department of the 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 statewide 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, primarily taxes collected, 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 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, 2018, and for the year then ended, except for the following funds and entities which were audited by other independent auditors:

Multiple Injury Trust Fund	12-31-17
Employees Group Insurance Division	12-31-17
Oklahoma Turnpike Authority	12-31-17
Grand River Dam Authority	12-31-17
Oklahoma Municipal Power Authority	12-31-17
Oklahoma Housing Finance Agency	09-30-17

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, 2018, 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 Finance, Administration, and Information Technology 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 Finance, Administration, and Information Technology 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 2018 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 are 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.

Generally accepted accounting principles establish a fair value hierarchy for the determination and measurement of fair value. This hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy generally is as follows:

1. Level 1 — Unadjusted quoted prices in active markets for identical assets
2. Level 2 — Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs
3. Level 3 — Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset

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 fiscal 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 section includes these transactions. However, as a general rule recorded intrafund revenues and expenditures are 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 fiscal 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 $455,000 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, unless received as part of a service concession arrangement at which point they would be recorded at acquisition cost.

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, was 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 received in a service concession arrangement are reported at acquisition, rather than fair value.

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 the 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. Unearned Revenue

Unearned 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. Unearned revenues also arise when resources are received by the state before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the state has a legal claim to the resources, the liability for unearned revenue is removed from the combined statement of net position, and revenue is recognized. Unearned revenues at the government-wide level arise only when the state receives resources before it has a legal claim to them. Also included in unearned 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 in the period incurred.

Arbitrage Rebate Liability – The enterprise funds and component units account for any arbitrage rebate payable as a liability of the fund.

R. 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.

S. 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 $462,493,000 at December 31, 2017. 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, 2018, the OCIB had negative net position of $997,000.

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.

T. Pollution Remediation Obligations

During the fiscal year ended June 30, 2018, it was determined that several agencies incurred expenses of $483,000 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 $1,646,000 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 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 (U.S.) Treasury Bills, Notes and Bonds
U.S. Government Agency Securities
Prime Banker's acceptances
Investment grade obligations of state and local governments
Short-term bond funds
Foreign bonds
Collateralized or insured certificates of deposit
Negotiable certificates of deposit
Prime commercial paper
Repurchase agreements
Money market funds

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 are invested in a single security or with a single financial institution. In addition, the treasurer's investments will not have an average maturity greater than 4 years unless otherwise specifically designated by the 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
Treasuries	No Limit	No Limit	10 Years	Aaa,AAA
U.S Government Agency Securities	50%	35%	10 Years	Aaa,AAA
U.S. Government Agency Mortgage Backed Securities	45%	No Limit	7 Years	Aaa,AAA
Collateralized or Insured Certificates of Deposit	Limit of $20 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	Securities must not be less than investment grade at purchase
Repurchase and Tri-party Repurchase Agreements	30%	10%	14 Days	A-1
Money Market Mutual Funds	30%	10%	N/A	AAAm
Foreign Bonds	2.5%	Must be listed as an industrialized country by the International Monetary Fund	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 Division (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 agree to the financial statements for the primary government. The following table details the investments held by the primary government at June 30, 2018 (expressed in thousands):

Investments - Primary Government

Investment Type	Government Administration	Permanent Funds	Business-Type Activities	Total Primary Government
POOLED INVESTMENTS				
US Agency & Treasury	$ 4,714,996	$ 6,463	$ -	$ 4,721,459
Money Market Mutual Funds	-	4,580	-	4,580
Securities Lending Collateral Pool	21,855	110,178	-	132,033
Mutual Funds	2,485	72,540	50,491	125,516
Certificates of Deposit & Commercial Paper	207,925	-	-	207,925
State & Muni Bond Issues	74,206	508	-	74,714
NON-POOLED INVESTMENTS				
US Agency & Treasury	16,983	489,248	209,280	715,511
Domestic Corporate Bonds	-	722,835	41,226	764,061
Foreign Corporate Bonds	19,973	223,280	-	243,253
Domestic Equities	23,565	1,167,974	71,224	1,262,763
Foreign Equities	-	453,612	-	453,612
Other	-	470,979	58,258	529,237
Money Market Mutual Funds	583,480	-	-	583,480
Totals	$ 5,665,468	$ 3,722,197	$ 430,479	$ 9,818,144

The primary government categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The primary government used the "market approach" for valuation purposes. The following table details the fair value of investments held by the primary government at June 30, 2018 (expressed in thousands):

	Amounts Measured At Fair Value	Primary Government Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured by Fair Value				
Debt Securities				
US Treasury, Agency and Municipal Securities	$ 5,511,684	$ 418,983	$5,092,658	$ 43
Certificates of Deposit & Commercial Paper	207,925	-	207,925	-
US Corporate Debt	764,061	-	763,077	984
Foreign Corporate Bonds	243,253	-	223,280	19,973
Equity Securities				
US Domestic Equities	1,024,979	1,024,861	80	38
Foreign Equities	205,531	205,521	-	10
Mutual Funds	125,516	123,031	2,485	-
Other	397,408	133,116	59,024	205,268
Total Investments Measured at Fair Value	$ 8,480,357			
Investments Measured at Amortized Cost	$ 588,060			
Investments Measured at Net Asset Value (NAV)	$ 617,694			

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 separate trading of registered interest and principal of securities (or STRIPS), collateralized mortgage obligations, convertible securities and variable rate instruments.

The fiduciary funds categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. The following table details the fair value of investments held by the fiduciary funds at June 30, 2018 (expressed in thousands):

	Amounts Measured At Fair Value	Pension Trust Funds Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured by Fair Value				
Debt Securities				
US Treasury, Agency and Municipal Securities	$ 3,454,112	$ 368,541	$ 3,076,068	$ 9,503
US Corporate Debt	3,390,705	-	3,377,350	13,355
Foreign Corporate Bonds	376,723	-	298,859	77,864
Equity Securities				
US Domestic Equities	14,631,341	13,635,403	994,142	1,796
Foreign Equities	1,823,137	1,226,578	596,559	-
Other	776,815	4,378	-	772,437
Total Investments Measured at Fair Value	$ 24,452,833			
Investments Measured at Amortized Cost	$ -			
Investments Measured at Net Asset Value (NAV)	$ 8,079,244			

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 component units categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. The following table details the fair value of investments held by component units at June 30, 2018 (expressed in thousands):

		Component Units Fair Value Measurements at Reporting Date Using		
	Amounts Measured At Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured by Fair Value				
Debt Securities				
US Treasury, Agency and Municipal Securities	$ 994,218	$ 526,121	$ 468,070	$ 27
US Corporate Debt	100,648	72,569	27,988	91
Foreign Corporate Bonds	92,946	68,869	-	24,077
Equity Securities				
US Domestic Equities	1,012,648	770,746	178	241,724
Foreign Equities	163,552	163,552	-	-
Other	1,529,070	586,266	621,135	321,669
Total Investments Measured at Fair Value	$ 3,893,082			
Investments Measured at Amortized Cost	$ 283,432			
Investments Measured at Net Asset Value (NAV)	$ 1,501,621			

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, 2018, 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 $1,055,575,000 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, 2018, the pension trust funds had deposits and cash equivalents of $811,776,000 of which $23,576,000 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 (S&P), 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, 2018, 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	$ 3,553,160	$ -	$ 57,549	$ -	$ 3,610,709
Aa/AA/AA	2,529,022	1,012	25,991	5,533	2,561,558
A/A/A	8,220	3,055	60,234	43,464	114,973
Baa/BBB/BBB	2,067	1,744	207,833	62,567	274,211
Ba/BB/BB	-	8,799	150,803	56,496	216,098
B/B/B	-	2,290	159,561	24,023	185,874
Caa/CCC/CCC	-	972	19,039	4,306	24,317
Ca/CC/CC	-	-	699	455	1,154
C/C/C	-	-	358	-	358
D/D/D	-	-	498	530	1,028
Not Rated/Not Applicable	2,045	-	86,726	28,007	116,778
Total	$ 6,094,514	$ 17,872	$ 769,291	$ 225,381	$ 7,107,058

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, 2018, 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	$ 2,948,442	$ -	$ 347,067	$ 7,298	$ 3,302,807
Aa/AA/AA	33,047	761	113,264	6,530	153,602
A/A/A	31,796	-	592,477	41,630	665,903
Baa/BBB/BBB	13,736	17,778	934,166	5,691	971,371
Ba/BB/BB	5,574	-	572,412	14,234	592,220
B/B/B	10,858	-	329,072	1,203	341,133
Caa/CCC/CCC	1,059	-	86,567	-	87,626
Ca/CC/CC	-	-	1,625	-	1,625
C/C/C	-	-	369	-	369
D/D/D	-	-	1,083	-	1,083
Not Rated/Not Applicable	729,297	723	413,508	279,970	1,423,498
Total	$ 3,773,809	$ 19,262	$ 3,391,610	$ 356,556	$ 7,541,237

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, 2018, 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	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	$ 713,100	$ 37,333	$ -	$ 750,433
Aa/AA/AA	24	39,508	-	39,532
Ba/BB/BB	-	46,242	-	46,242
Not Rated/Not Applicable	295,167	258,512	92,946	646,625
Total	$ 1,008,291	$ 381,595	$ 92,946	$ 1,482,832

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 are 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.

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 treasurer, and as a matter of policy are not as restrictive regarding maturities. At June 30, 2018, the primary government had the following investments with maturities (expressed in thousands):

Interest Rate Risk - Primary Government

Weighted Average Years to Maturity	US Treasury, Agency and Municipal Securities	International Government Instruments	US Corporate Debt Instruments	International Debt Instruments	Total
Less than 1 year Weighted Average to Maturity	$ 627,274	$ -	$ 142	$ 19,973	$ 647,389
1 - 5 years	5,121,653	-	740,334	36,236	5,898,223
6 - 10 years	82,157	17,872	24,235	169,172	293,436
10 or more years	25,787	-	-	-	25,787
No Maturity or Not Applicable	237,643	-	4,580	-	242,223
Total	$ 6,094,514	$ 17,872	$ 769,291	$ 225,381	$ 7,107,058

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, 2018, the Pension Trust Funds had the following exposure to interest rate risk (expressed in thousands):

Interest Rate Risk - Pension Trust Funds

Duration or Weighted Average Years	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Less than 1 year duration	$ 14,193	$ -	$ 147,215	$ 18,257	$ 179,665
1 - 5 years	119,019	-	2,074,405	22,854	2,216,278
6 - 10 years	1,430,947	19,262	949,047	10,277	2,409,533
10 or more years	2,202,223	-	112,508	35,166	2,349,897
No Duration	7,427	-	108,435	270,002	385,864
Total	$ 3,773,809	$ 19,262	$ 3,391,610	$ 356,556	$ 7,541,237

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, 2018, the component units had the following interest rate risk exposure (expressed in thousands):

Interest Rate Risk - Component Units

Weighted Average Years to Maturity	US Treasury, Agency and Municipal Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Less than 1 year Weighted Average to Maturity	$ 87,053	$ 25,335	$ -	$ 112,388
1 - 5 years	457,561	71,267	-	528,828
6 - 10 years	127,433	43,375	-	170,808
10 or more years	24,143	29	-	24,172
No Maturity or Not Applicable	312,101	241,589	92,946	646,636
Total	$ 1,008,291	$ 381,595	$ 92,946	$ 1,482,832

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, 2018, 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	$ 3,112	$ 130	$ 97	$ 3,339
Argentine peso	-	2,086	165	2,251
Armenian dram	-	215	-	215
Brazilian real	1,306	3,402	7	4,715
British pound sterling	32,880	7,575	301	40,756
Bermuda dollar	6,400	1,384	-	7,784
Canadian dollar	4,094	4,580	48	8,722
Cayman dollar	13,947	1,555	-	15,502
Columbian peso	-	1,541	1	1,542
Euro	71,064	14,261	82	85,407
Ghana Cedi	-	244	-	244
Honduran lempira	-	214	-	214
Hong Kong dollar	5,003	-	34	5,037
Indonesian rupiah	-	1,974	46	2,020
Japanese yen	22,825	-	-	22,825
Jersey pound	230	689	-	919
Kazahstan Tenge	-	442	-	442
Kenyan shilling	-	424	-	424
Korian Won	4,869	863	-	5,732
Liberian Dollar	-	1,293	-	1,293
Mexican nuevo peso	-	4,496	221	4,717
Moroccan dirham	-	525	-	525
Multiple	-	1,054	-	1,054
Netherlands Antillean guilder	2,679	-	-	2,679
New Taiwan dollar	5,022	-	-	5,022
Nigerian Naira	-	182	-	182
Norwegian krone	5,289	-	-	5,289
Peruvian nuevo sol	-	501	-	501
Philippines peso	-	220	-	220
Russian ruble	-	2,502	18	2,520
Singapore dollar	-	3,240	-	3,240
South African rand	-	-	1,022	1,022
Swedish krona	6,183	-	-	6,183
Swiss franc	13,360	-	-	13,360
Thai baht	1,802	-	-	1,802
Turkish lira	-	508	71	579
Uae Dirham	-	225	-	225
Yuan Renminbi	2,227	-	-	2,227
Totals	$ 202,292	$ 56,325	$ 2,113	$ 260,730

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, 2018 (expressed in thousands):

Foreign Currency Risk - Pension Trust Funds

Currency	Equities	Debt Instruments	Cash and Equivalents	Total
Argentine Peso	$ 22,474	$ 2,934	$ 120	$ 25,528
Australian dollar	103,794	12,042	26	115,862
Bermudian dollar	3,626	-	-	3,626
Brazilian real	39,305	6,364	88	45,757
British pound sterling	659,503	10,267	322	670,092
Bulgarian lev	-	-	2	2
Canadian dollar	143,858	(5)	78	143,931
Chilean peso	971	-	-	971
Chinese yuan	23,936	-	-	23,936
Czech koruna	409	-	-	409
Danish krone	53,351	-	-	53,351
Euro	927,508	10,905	(427)	937,986
Hong Kong dollar	278,425	95	397	278,917
Hungarian forint	6,299	-	-	6,299
Indian rupee	11,613	-	-	11,613
Indonesian rupiah	7,782	5,692	-	13,474
Israeli shekel	12,614	-	-	12,614
Japanese yen	669,791	(252)	1,642	671,181
Malaysian ringgit	19,007	10,177	107	29,291
Mexican peso	14,899	50,091	-	64,990
New Taiwan dollar	92,593	335	-	92,928
New Turkish lira	-	-	460	460
New Zealand dollar	750	-	-	750
Norwegian krone	24,917	2,280	-	27,197
Philippines peso	7,244	(59)	-	7,185
Polish zloty	4,442	8,994	-	13,436
Puerto Rico	531	-	-	531
Qatari rial	2,792	-	-	2,792
Singapore dollar	65,590	-	420	66,010
South African rand	40,849	7,883	-	48,732
South Korean won	129,626	(5)	35	129,656
Swedish krona	88,842	(132)	398	89,108
Swiss franc	215,552	-	620	216,172
Thai baht	20,929	-	4	20,933
Turkish lira	18,930	855	-	19,785
UAE dirham	3,127	-	-	3,127
Uruguayan peso	-	697	-	697
Venezuelan bolivar	-	1,111	-	1,111
Totals	$ 3,715,879	$ 130,269	$ 4,292	$ 3,850,440

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 Office of the State Treasurer 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 Office of the State Treasurer.

During the fiscal year ended June 30, 2018, 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, 2018, there were no securities on loan. The collateral balance of $21,855,000 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, 2018, 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 Settlement Endowment Trust Fund (TSET), a Permanent Fund of the state, participates in securities lending as defined by its investment policy. During the year, TSET 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 U.S., in which case a margin of 105% must be maintained. At June 30, 2018, the fair value of securities on loan was $105,537,000. The collateral for securities lent had a market value of $110,178,000. 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, 2018, 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 U.S. At June 30, 2018, the carrying amount and fair value of securities on loan was approximately $2,322,688,000. The underlying collateral for these securities had a fair value of approximately $2,543,873,000. Collateral of securities and letters of credit represented approximately $163,175,000 of total collateral. These securities and letters of credit cannot be sold or pledged unless the borrower defaults, therefor the collateral and related liability is 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, 2018, 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. Investments for TSET are reported at fair value based on the cash flows from interest and principal payments. The notional amount, financial statement classification and fair value balance of derivatives outstanding at June 30, 2018, 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	$ 15,447	Net Receivable	$ 1,569	Investment Income	$ 271

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, 2018, 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	$ (87,845)	Net Payable	$ (2,293)	Investment Income	$ (911)
Teachers' Retirement System (TRS)	Foreign Currency Forward Contracts	102,254	Investment	101,578	Investment Income	(677)

The OFPRS system uses foreign currency forward contracts primarily to hedge foreign currency exposure. The fair values of all OFPRS derivative instruments are determined from market quotes of the instruments or similar instruments. The receivable is net of gross receivables of $747,000 and liabilities of $3,040,000. The gross receivables are supported by collateral in investments valued at $747,000 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 values of foreign currency forward contracts for TRS are estimated based on the present value of their estimated cash flows.

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 are disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of June 30, 2018, 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	$ 61,853	$ 153,541	$ 933,764	$ 53,463
Less: Allowance for Uncollectibles	(14,955)	(68,179)	(282,561)	(2,536)
Net Receivables	$ 46,898	$ 85,362	$ 651,203	$ 50,927

Note 4. Interfund Accounts and Transfers

A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations at June 30, 2018, is shown below (expressed in thousands):

	Due From Other Funds			Due From Fiduciary Funds	Due From Other Component Units	Due to Other Funds			Due To Fiduciary Funds	Due To Component Units
	General Fund	Permanent Funds	Enterprise Funds			General Fund	Permanent Funds	Enterprise Funds		
Governmental Funds										
General Fund	$ -	$ 70	$ 11,638	$ 110	$ 56,978	$ -	$ 91	$ 41	$ 76,115	$ 69,238
Wildlife Permanent Fund	91	-	-	-	-	-	-	-	-	-
Tobacco Permanent Fund	-	-	-	-	-	70	-	-	-	2,288
Total Governmental Funds	$ 91	$ 70	$ 11,638	$ 110	$ 56,978	$ 70	$ 91	$ 41	$ 76,115	$ 71,526
Enterprise Funds										
Office of Management and Enterprise Services	$ 80	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4
Oklahoma Lottery Commission	-	-	-	-	-	11,638	-	-	-	-
Total Enterprise Funds	$ 80	$ -	$ -	$ -	$ -	$ 11,638	$ -	$ -	$ -	$ 4
Fiduciary Funds										
Pension Trust Funds:										
Firefighters Pension and Retirement System	$ 18,153	$ -	$ -	$ -	$ -	$ 3	$ -	$ -	$ -	$ -
Oklahoma Law Enforcement Retirement System	4,227	-	-	-	-	1	-	-	-	-
Oklahoma Public Employees Retirement System	8,728	-	-	-	715	52	-	-	-	1
Judges and Justices Retirement System	17	-	-	-	-	-	-	-	-	-
Oklahoma Police Pension and Retirement System	7,060	-	-	-	-	3	-	-	-	-
Teachers' Retirement System of Oklahoma	37,930	-	-	-	-	51	-	-	-	-
Total Fiduciary Funds	$ 76,115	$ -	$ -	$ -	$ 715	$ 110	$ -	$ -	$ -	$ 1

	Due From Primary Government			Due From Fiduciary Funds	Due From Other Component Units	Due To Primary Government			Due To Fiduciary Funds	Due To Other Component Units
	General Fund	Permanent Funds	Enterprise Funds			General Fund	Permanent Funds	Enterprise Funds		
Major Component Units:										
Oklahoma Housing Finance Agency	$ -	$ -	$ -	$ -	$ -	$ 3	$ -	$ -	$ -	$ -
Oklahoma Turnpike Authority	3,952	-	-	-	-	55,699	-	-	-	-
Grand River Dam Authority	-	-	-	-	1,482	117	-	-	617	-
Oklahoma Municipal Power Authority	-	-	-	-	-	-	-	-	77	1,282
Higher Education	36,405	2,288	4	1	11,538	1,154	-	-	1	11,563
Nonmajor Component Units:										
Multiple Injury Trust Fund	10,651	-	-	-	-	5	-	-	-	-
University Hospitals Authority	17,997	-	-	-	-	-	-	-	20	285
Oklahoma Development Finance Authority	29	-	-	-	303	-	-	-	-	-
Total Component Units	$ 69,034	$ 2,288	$ 4	$ 1	$ 13,323	$ 56,978	$ -	$ -	$ 715	$ 13,130

A reconciliation of interfund receivables and interfund payables at June 30, 2018 follows. Timing differences occur between agencies with a June 30 fiscal year end and the component units with September 30 or December 31 fiscal year ends.

Total Due From Other Funds:		**Total Due To Other Funds:**	
Wildlife Lifetime Licenses	$ 91	Tobacco Settlement Endowment	$ 70
Enterprise Funds	80	Enterprise Funds	11,638
Fiduciary Funds	76,115	Fiduciary Funds	110
Component Unit Funds	69,034	Component Unit Funds	56,978
General Fund Due From Permanent Funds	70	General Fund Due To Permanent Funds	91
Component Units Due From Permanent Funds	2,288	Due To Enterprise Funds	
Due From Enterprise Funds		General Fund	41
General Fund	11,638	Due To Fiduciary Funds	
Component Unit Funds	4	General Fund	76,115
Due From Fiduciary Funds		Component Unit Funds	715
General Fund	110	Due To Component Units	
Component Unit Funds	1	General Fund	69,238
Due From Component Units		Permanent Funds	2,288
General Fund	56,978	Proprietary Funds	4
Fiduciary Funds	715	Fiduciary	1
Other Component Unit Funds	13,323	Component Unit Funds	13,130
Total Interfund Receivables per Financial Statements	$ 230,447	Total Interfund Payables per Financial Statements	230,419
		Timing Differences, Fiscal Year Ending December 31, 2017: Component Units	28
		Total Interfund Payables	$ 230,447

The general fund due from other funds includes $53,986,000 from Oklahoma Turnpike Authority (OTA) ($53,706,000 at December 31, 2017) 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 are paid in full. The Wildlife Lifetime Licenses Permanent Fund is due $91,000 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 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 $341,027,000.

C. Interfund Transfers

A summary of interfund transfers for the fiscal year ended June 30, 2018, follows (expressed in thousands):

Transfers From (Out)	Transfers To (In)	For (Purpose)	Amount
Governmental Funds:			
General Fund	Oklahoma Water Resources Board	Payment for administrative costs	$ 4,979
		Total transfers out of the General Fund	4,979
Proprietary Funds:			
Oklahoma Water Resources Board	General Fund	Restricted investment revenue	4,750
Oklahoma Lottery Commission	General Fund	Transfer for expendible earnings	63,230
		Total Transfers in to the General Fund	67,980
		Net Transfers In/Out - General Fund	$ 63,001

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows (expressed in thousands):

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable				
Land	$ 1,799,992	$ 38,333	$ (1,062)	$ 1,837,263
Construction in progress	198,477	58,144	(19,295)	237,326
Total capital assets, nondepreciable	1,998,469	96,477	(20,357)	2,074,589
Capital assets, depreciable:				
Buildings and improvements	1,608,790	30,109	(3,446)	1,635,453
Equipment	569,041	20,500	(19,709)	569,832
Infrastructure	19,280,309	754,229	(17,992)	20,016,546
Total capital assets, depreciable	21,458,140	804,838	(41,147)	22,221,831
Less accumulated depreciation for:				
Buildings and improvements	(747,385)	(39,785)	1,748	(785,422)
Equipment	(404,057)	(38,447)	17,673	(424,831)
Infrastructure	(10,384,169)	(499,297)	10,195	(10,873,271)
Total accumulated depreciation	(11,535,611)	(577,529)	29,616	(12,083,524)
Total capital assets, depreciable, net	9,922,529	227,309	(11,531)	10,138,307
Governmental activities capital assets, net	$ 11,920,998	$ 323,786	$ (31,888)	$ 12,212,896
Business-type activities:				
Capital assets, depreciable:				
Equipment	$ 6,453	$ 358	$ (92)	$ 6,719
Total capital assets, depreciable	6,453	358	(92)	6,719
Less accumulated depreciation for:				
Equipment	(3,976)	(751)	93	(4,634)
Total accumulated depreciation	(3,976)	(751)	93	(4,634)
Business-type activities capital assets, net	$ 2,477	$ (393)	$ 1	$ 2,085

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

Government Activities:	
Education	$ 1,619
General government	13,765
Health services	7,366
Legal and judiciary	291
Museums	140
Natural resources	11,301
Public safety and defense	26,397
Regulatory services	180
Social services	3,769
Transportation	512,701
Total depreciation expense - Governmental Activities	$ 577,529
Business-type Activities:	
Government Administration	662
Natural resources	89
Total depreciation expense - Business-type Activities	$ 751

Component Units

Capital asset activity for the year ended June 30, 2018, (December 31, 2017, or September 30, 2017, for those entities identified in Item D of Note 1) was as follows (expressed in thousands):

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, nondepreciable:				
Land	$ 440,581	$ 40,808	$ (5,922)	$ 475,467
Construction in progress	1,125,737	449,717	(909,931)	665,523
Total capital assets, nondepreciable	1,566,318	490,525	(915,853)	1,140,990
Capital assets, depreciable				
Buildings and improvements	9,839,816	945,231	(47,414)	10,737,633
Equipment	2,072,741	98,224	(316,543)	1,854,422
Infrastructure	2,732,614	55,151	(181)	2,787,584
Total capital assets, depreciable	14,645,171	1,098,606	(364,138)	15,379,639
Less accumulated depreciation for:				
Buildings and improvements	(3,903,324)	(275,106)	29,602	(4,148,828)
Equipment	(1,522,344)	(97,879)	270,809	(1,349,414)
Infrastructure	(1,714,656)	(92,746)	174	(1,807,228)
Total accumulated depreciation	(7,140,324)	(465,731)	300,585	(7,305,470)
Total capital assets, depreciable,net	7,504,847	632,875	(63,553)	8,074,169
Capital assets, net	$ 9,071,165	$ 1,123,400	$ (979,406)	$ 9,215,159

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 automobile 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 Division (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, the Risk Management Department (RMD), part of Capital Assets Management, a division of OMES, was authorized to handle workers' compensation for all state agencies when House Bill 2009 was signed into law during 2014. The Risk Management Department Consolidated Workers' Compensation Program began operating on July 1, 2015.

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 of Existing Claims (WCCEC) for permanent total disability awards. There is no provision for incurred but not reported claims or claims pending WCCEC determination. Claims and Judgments which were due and owing at December 31, 2017, were charged to operations for the year ended December 31, 2017. 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 is established by the WCCEC or the Workers' Compensation Commission and ranges from 5.25% to 5.5%.

Coverage for liability and property losses is provided by the RMD of OMES. The RMD administers a self-insurance program to protect the state, its agencies, colleges, and universities against tort and automobile liability claims. Coverage and limits under this program correspond directly with the Oklahoma Governmental Tort Claims Act (GTCA). The RMD purchases commercial liability insurance for losses that fall outside of the GTCA. The RMD 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 RMD 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 are 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 RMD 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, 2018, (December 31, 2017, for 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
Current Fiscal Year						
General Fund -						
Office of Management and Enterprise Services (RMD)	$ 66,783	$ 20,500	$ (16,598)	$ 70,685	$ 54,087	$ 16,598
Proprietary Fund -						
Office of Management and Enterprise Services (EGID)	$ 135,216	$ 1,012,148	$ (1,026,915)	$ 120,449	$ 9,731	$ 110,718
Component Unit - *						
Multiple Injury Trust Fund	$ 424,131	$ 87,704	$ (40,472)	$ 471,363	$ 427,723	$ 43,640

* The Higher Education Component Unit's claims and judgments ($3,213 – 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
Prior Fiscal Year						
General Fund -						
Office of Management and Enterprise Services (RMD)	$ 46,698	$ 41,826	$ (21,741)	$ 66,783	$ 45,042	$ 21,741
Proprietary Fund -						
Office of Management and Enterprise Services (EGID)	$ 130,130	$ 1,022,183	$ (1,017,097)	$ 135,216	$ 9,395	$ 125,821
Component Unit -						
Multiple Injury Trust Fund	$ 406,476	$ 69,558	$ (51,903)	$ 424,131	$ 386,296	$ 37,835

Public Entity Risk Pool – Employees Group Insurance Division

The state operates the Employees Group Insurance Division of the Office of Management and Enterprise Services (EGID), a public entity risk pool.

A. Description of Plan

EGID 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 the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Disability coverage is available only to active state employees and local government employees. EGID is self-insured and provides participants with the option of electing coverage from certain health maintenance organizations (HMOs). Premium rates for the various groups are established separately.

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 223,000 primary participants and dependents, approximately 23,000 primary participants and 14,000 dependents were covered by HMOs. These counts relate to health coverage only.

All state agencies are required to participate in EGID. Eligible local governments may elect to participate in EGID (317 local governments actually participate). Any education entity or local government which elects to withdraw from EGID 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	24,000	9,000	54,000	---------- 38,000 ----------		
Dependents	---------- 61,000 ----------					

B. Unpaid Claims Liabilities

EGID establishes policy and contract claim reserves based on the estimated ultimate cost of settling claims that are reported but not settled, and of claims that are 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 EGID.

The reserves are determined using EGID's historical benefit payment experience. The length of time for which costs must be estimated depends on the coverages involved. Although such estimates are EGID'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 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, as required. 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 12/31/2017	Fiscal Year 12/31/2017	Fiscal Year 12/31/2017	Fiscal Year 12/31/2017
Reserves at beginning of period	$ 117,188	$ 5,801	$ 12,227	$ 135,216
Incurred claims:				
Provision for insured events of current period	982,833	28,744	4,433	1,016,010
Changes in provisions for insured events of prior periods	(4,082)	953	(733)	(3,862)
	978,751	29,697	3,700	1,012,148
Payments:				
Claims attributable to insured events of current period	885,037	24,849	566	910,452
Claims attributable to insured events of prior periods	109,143	4,473	2,847	116,463
	994,180	29,322	3,413	1,026,915
Reserves at end of period	$ 101,759	$ 6,176	$ 12,514	$ 120,449

D. Revenue and Claims Development Information

The separately issued audited financial statements for EGID 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, 2018, are as follows (expressed in thousands):

	General Fund	Fiduciary Funds	Component Units
2019	$ 2,209	$ 99	$ 16,768
2020	1,470	-	414
2021	60	-	119
2022	62	-	63
2023	54	-	51
2024-2028	283	-	1,206
2029-2033	319	-	142
2034-2038	359	-	-
2039-2043	245	-	-
Total	$ 5,061	$ 99	$ 18,763
Operating lease commitments for building rental for year ended June 30, 2019	$ 23,497	$ 458	$ 114
Rent expenditures/expenses for operating leases for year ended June 30, 2018	$ 25,365	$ 640	$ 16,878

Operating leases with an agreement of less than one year or a value less than $10,000 are not included in the general fund total due to state-wide accounting policy.

Note 8. Lessor Agreements

Primary Government

Direct Financing Leases

The Department of Transportation (DOT) 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 for this equipment passes to the counties at the end of the lease term. DOT also leases railroad lines within the state to various railroad companies with the longest lease term ending in 2026. 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 DOT in future years are approximately $22,918,000 which is also the net investment in direct financing leases at June 30, 2018. The following schedule represents minimum lease payments receivable for direct financing leases for each of the five succeeding fiscal years (expressed in thousands):

	2019	2020	2021	2022	2023	Thereafter	Total
Department of Transportation	$ 5,187	$ 4,762	$ 3,891	$ 3,201	$ 2,547	$ 3,298	$ 22,886
Oklahoma Capital Improvement Authority	12,518	9,925	10,405	26,275	27,570	254,334	341,027
Total	$ 17,705	$ 14,687	$ 14,296	$ 29,476	$ 30,117	$ 257,632	$ 363,913

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, 2018, the total minimum

lease payments due to OCIA from the Higher Education Component Unit are $341,027,000. These lease agreements end in fiscal year 2035.

Operating Leases

Non-state entities lease primarily state land and a lesser amount of state owned buildings through operating leases maintained by various state agencies. 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 $2,000. Minimum future rentals receivable from these operating leases is presented in the following schedule (expressed in thousands):

2019	2020	2021	2022	2023	Total
$ 291	$ 177	$ 120	$ 93	$ 73	$ 754

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):

2019	2020	2021	2022	2023	Total
$ 12,810	$ 9,863	$ 6,888	$ 4,366	$ 1,052	$ 34,979

The Oklahoma Department of Tourism and Recreation (ODTR) has various contracts with concessionaires to provide patron services within state parks. Contract expiration terms vary, as well as renewal options. ODTR receives concession revenue that is generally based on sales volume. The following schedule presents estimated minimum future concession revenue from these contracts (expressed in thousands):

2019	2020	2021	2022	2023	Thereafter	Total
$ 1,079	$ 1,079	$ 1,079	$ 1,079	$ 1,079	$ 2,158	$ 7,553

Component Units

The Oklahoma Municipal Power Authority (OMPA) 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. OMPA issued taxable limited obligation notes which were payable solely from lease payments made by FPLE Oklahoma. OMPA used the proceeds of the notes to finance OMPA'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, 2017 (expressed in thousands):

Total minimum lease payments to be received	$ 49,684
Less: Amounts representing interest included in total minimum lease payments	(14,061)
Net investment in direct financing leases	$ 35,623

Operating Leases

The Oklahoma Educational Television Authority leases excess capacity on various channels to a wireless communications provider. The leases will expire in February, 2047. Oklahoma Development Finance Authority leases a portion of its office space with a private company. The lease is in effect through February, 2021. The Oklahoma Turnpike Authority (OTA) 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. OTA receives concession revenue that includes minimum rentals plus contingent rentals based on sales volume. OTA also leases antenna space under noncancelable contracts with a 20 year term. Higher education institutions have entered into various agreements for land and building space leases. The leases expire between 2024 and 2068. The following schedule presents minimum future rentals receivable from these contracts (expressed in thousands):

	2019	2020	2021	2022	2023	Thereafter	Total
Oklahoma Educational Television Authority	$ 204	$ 204	$ 204	$ 204	$ 204	$ 4,811	$ 5,831
Oklahoma Development Finance Authority	10	10	10	-	-	-	30
Oklahoma Turnpike Authority	1,090	1,019	1,023	1,049	1,055	12,100	17,336
Higher Education	7,228	5,844	4,153	868	637	21,151	39,881
Total	$ 8,532	$ 7,077	$ 5,390	$ 2,121	$ 1,896	$ 38,062	$ 63,078

The cost, carrying amount and accumulated depreciation of OTA leased property for the year ended December 31, 2017, is $42,491,000, $30,867,000 and $11,624,000, respectively. The cost and carrying amount of the higher education institutions leased property for the year ended June 30, 2018 (expressed in thousands):

Land	$ 596
Buildings	34,707
Cost	35,303
Less Accumulated Depreciation	(3,102)
Net Leased Property	$ 32,201

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

Long-term obligations at June 30, 2018, and changes for the fiscal year then ended (expressed in thousands):

	Issue Date	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	DueWithin One Year
General Obligation Bonds Payable from Tax Revenue:								
Oklahoma Bldg 2010A, Refunding	2011	2.00%-5.00%	2019	$ 47,955	$ -	$ 26,495	$ 21,460	$ 21,460
Oklahoma Bldg 2013, Refunding	2013	2.00%-5.00%	2019	7,920	-	850	7,070	7,070
Total				55,875	-	27,345	28,530	28,530
Revenue Bonds Payable from Lease Rentals:								
OCIA Series 2009A	2009	1.00%-4.20%	2025	14,965	-	1,645	13,320	1,695
OCIA Series 2009AA	2010	2.00%-4.00%	2025	19,950	-	9,790	10,160	10,160
OCIA Series 2009B	2010	5.04%-5.34%	2025	68,830	-	-	68,830	-
OCIA Series 2010, Refunding\Revenue	2011	1.77%-5.61%	2031	110,965	-	5,700	105,265	5,930
OCIA Series 2010A, Refunding	2011	2.00%-5.00%	2019	63,590	-	31,450	32,140	32,140
OCIA Series 2010A DOT	2011	2.00%-5.00%	2021	53,740	-	12,650	41,090	13,125
OCIA Series 2010B DOT	2011	4.24%-4.79%	2026	92,075	-	-	92,075	-
OCIA Series 2012 DOT	2012	2.00%-2.54%	2026	42,705	-	3,970	38,735	4,130
OCIA Series 2013A	2013	2.00%-4.00%	2025	15,790	-	2,185	13,605	2,250
OCIA Series 2014A	2014	2.00%-5.00%	2031	205,410	-	3,320	202,090	3,730
OCIA Series 2014B	2015	2.00%-5.00%	2025	30,660	-	10,423	20,237	9,384
OCIA Series 2014C	2015	2.00%-5.00%	2035	79,335	-	2,615	76,720	2,695
OCIA Series 2015A	2015	2.00%-5.00%	2025	28,035	-	3,065	24,970	3,185
OCIA Series 2015B	2016	3.00%-5.00%	2027	39,535	-	3,315	36,220	3,420
OCIA Series 2016 DOT	2017	2.00%-5.00%	2035	170,000	-	-	170,000	-
OCIA Series 2017A, Refunding\Revenue	2017	2.00%-4.00%	2030	23,055	-	745	22,310	2,215
OCIA Series 2017B	2017	2.00%-5.00%	2026	70,000	-	3,880	66,120	6,735
OCIA Series 2017C	2018	2.00%-5.00%	2051	-	27,215	-	27,215	-
Dept of Corrections 2013, Central OK (ODFA)	2013	1.40%-5.00%	2023	13,093	-	2,087	11,006	2,135
Dept of Corrections 2016A, Central OK (ODFA)	2017	2.00-3.00%	2027	2,375	-	240	2,135	245
DHS-2008 (ODFA)	2008	3.25%-4.15%	2023	10,635	-	1,610	9,025	1,670
DHS-2012 (ODFA)	2012	4.00%-5.00%	2022	7,575	-	1,455	6,120	1,525
DHS-2014 (ODFA)	2014	2.00%	2019	1,815	-	900	915	915
Law Enforcement Education/Train (ODFA)	2013	2.50%-5.00%	2022	12,298	-	1,054	11,244	1,093
OMES 2009 (ODFA)	2009	2.50%-5.00%	2035	34,985	-	1,365	33,620	1,405
Total				1,211,416	27,215	103,464	1,135,167	109,782
Notes Payable from Grant Revenue:								
ODOT 2008A, Grant Anticipation	2009	3.00%-5.00%	2019	16,575	-	8,085	8,490	8,490
ODOT 2018A, Grant Anticipation	2018	3.00%-5.00%	2034	-	61,505	-	61,505	-
Total				16,575	61,505	8,085	69,995	8,490
Capital Leases				2,740	-	1,378	1,362	741
Compenstated Absences				158,262	94,570	94,815	158,017	94,815
Net Pension Liability				996,745	-	385,287	611,458	-
Bond Issue Premiums				100,434	10,023	12,358	98,099	12,535
Claims and Judgments Payable				66,783	20,500	16,598	70,685	16,598
Other Postemployment Benefits				201,722	-	25,074	176,648	-
Total Long-Term Obligations				$ 2,810,552	$ 213,813	$ 674,404	$2,349,961	$ 271,491

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2018, which have scheduled debt service amounts (expressed in thousands):

	2019	2020	2021	2022	2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048	2049-2053	Total
General Obligation bonds:												
Oklahoma Bldg 2010A, Refunding	$ 21,940	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,940
Oklahoma Bldg 2013, Refunding	7,411	-	-		-	-	-	-	-	-	-	7,411
Less: Interest	821	-	-				-	-	-	-	-	821
Total Principal	28,530	-	-	-	-	-	-	-	-	-		28,530
Revenue Bonds:												
OCIA 2009A Revenue	2,180	2,181	2,178	2,176	2,172	4,349	-	-	-	-	-	15,236
OCIA 2009A DOT	10,356	-	-	-	-	-	-	-	-	-	-	10,356
OCIA 2009B DOT	3,588	13,872	13,671	13,464	13,245	25,801	-	-	-	-	-	83,641
OCIA Series 2010, Refunding\Revenue	11,348	11,340	11,332	11,311	11,303	56,318	33,595	-	-	-	-	146,547
OCIA Series 2010A, Refunding	32,895	-	-	-	-	-	-	-	-	-	-	32,895
OCIA 2010A DOT	14,682	14,656	14,622	-	-	-	-	-	-	-	-	43,960
OCIA 2010B DOT	4,229	4,229	4,229	18,872	18,626	66,827	-	-	-	-	-	117,012
OCIA 2012 DOT	5,807	5,811	5,812	5,810	5,811	17,426	-	-	-	-	-	46,477
OCIA 2013A Revenue	2,666	2,670	2,653	2,236	2,234	2,591	-	-	-	-	-	15,050
OCIA 2014A Revenue	12,995	12,796	12,568	12,036	26,985	132,286	71,056	-	-	-	-	280,722
OCIA 2014B Revenue	10,025	9,995	229	232	243	489	-	-	-	-	-	21,213
OCIA 2014C Revenue	5,946	6,376	6,373	6,370	6,382	31,837	31,703	12,693	-	-	-	107,680
OCIA 2015A Revenue	4,233	4,228	4,228	4,230	4,233	8,459	-	-	-	-	-	29,611
OCIA 2015B Revenue	4,951	4,949	4,944	4,944	4,934	19,678	-	-	-	-	-	44,400
OCIA Series 2016	7,632	14,901	14,903	14,902	14,900	74,508	74,517	29,805	-	-	-	246,068
OCIA Series 2017A	2,889	2,884	2,872	2,872	2,870	10,091	1,525	-	-	-	-	26,003
OCIA Series 2017B	9,596	9,604	9,599	9,601	9,596	33,026	-	-	-	-	-	81,022
OCIA Series 2017C	1,090	1,090	1,585	1,584	1,581	7,903	7,883	7,865	7,840	7,813	4,667	50,901
Corrections 2013, Central OK (ODFA)	2,650	2,651	2,653	2,648	2,109	-	-	-	-	-	-	12,711
Corrections 2016A, Central OK (ODFA)	299	299	299	299	301	899	-	-	-	-	-	2,396
DHS-2008	2,032	2,029	2,030	2,033	2,032	-	-	-	-	-	-	10,156
DHS-2012	1,795	1,794	1,794	1,344	-	-	-	-	-	-	-	6,727
DHS-2014	933	-	-	-	-	-	-	-	-	-	-	933
Law Enforcement Education/Train (ODFA)	1,467	1,464	1,465	1,462	1,462	5,733	-	-	-	-	-	13,053
OMES 2009 (ODFA)	2,917	2,912	2,912	2,907	2,906	14,476	14,398	5,742	-	-	-	49,170
	159,201	132,731	122,951	121,333	133,925	512,697	234,677	56,105	7,840	7,813	4,667	1,493,940
Less: Interest	49,419	45,453	41,950	38,532	34,499	105,038	33,402	5,635	2,875	1,673	297	358,773
Total Principal	109,782	87,278	81,001	82,801	99,426	407,659	201,275	50,470	4,965	6,140	4,370	1,135,167
Notes Payable:												
ODOT 2008A, Grant Anticipation	8,490	-	-	-	-	-	-	-	-	-	-	8,490
ODOT 2018A, Grant Anticipation	2,519	5,167	5,922	5,917	5,914	29,496	29,369	5,852	-	-	-	90,156
	11,009	5,167	5,922	5,917	5,914	29,496	29,369	5,852	-	-	-	98,646
Less: Interest	2,519	3,022	2,892	2,737	2,574	10,126	4,639	142	-	-	-	28,651
Total Principal	8,490	2,145	3,030	3,180	3,340	19,370	24,730	5,710	-	-	-	69,995
Capital Leases	853	590	88	-	-	-	-	-	-	-	-	1,531
Less: Interest	106	44	1	-	-	-	-	-	-	-	-	151
Less: Executory Cost	6	6	6	-	-	-	-	-	-	-	-	18
Total Principal	741	540	81	-	-	-	-	-	-	-	-	1,362
Total	$ 147,543	$ 89,963	$ 84,112	$ 85,981	$ 102,766	$ 427,029	$ 226,005	$ 56,180	$ 4,965	$ 6,140	$ 4,370	$ 1,235,054
Compensated Absences												158,017
Net Pension Liability												611,458
Bond Issue Premiums												98,099
Claims and Judgments Payable												70,685
Other Postemployment Benefits												176,648
Total Long-Term Obligations												$ 2,349,961

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 eighteen 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 sale of series 2017C bonds for $27,215,000 was issued for construction and furnishing of the Museum of Popular Culture in Tulsa.

The Oklahoma Development Finance Authority (ODFA) issues lease revenue bonds to provide lease financing for the Department of Corrections, the Department of Human Services, 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) 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 2034. Total revenue received from the FHWA in fiscal year 2018 was $645,530,000 with a portion of that amount, $98,646,000, reserved as security for the notes. Current year note obligations for principal and interest totaled $11,009,000.

D. Capital Leases

The state enters 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 buildings and equipment under capital leases in capital assets at June 30, 2018, includes the following (expressed in thousands):

	Buildings	Equipment	Total
Cost	$ 5,793	$ 691	$ 6,484
Less: Accumulated depreciation	(2,462)	(301)	(2,763)
Total	$ 3,331	$ 390	$ 3,721

For fiscal year 2018, $ 375,000 was recognized as depreciation expense for leased assets.

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 obligations are for the Oklahoma Law Enforcement Retirement System, Oklahoma Public Employees Retirement System, Oklahoma Police Pension and Retirement System, Oklahoma Teachers Retirement System and Oklahoma Wildlife Conservation Retirement Plan (OWCRP). These plans 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 OWCRP obligations are liquidated by the general fund. The pension liabilities are for all other plans are liquidated by the respective pensions. Beginning other postemployment benefits liability was restated by $200,801,000 based on the requirements of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* The beginning balance of net pension liability was also restated by $45,803,000 to reclassify the portion that represented other postemployment benefits.

F. Authorized Unissued Bonds

The OCIA was authorized to issue bonds in the amount of $9,000,000 for the Department of Tourism and Recreation to acquire, construct and renovate offices. The Oklahoma Water Resources Board (OWRB) was 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 to provide funding for the completion of the American Indian Cultural Center and Museum in Oklahoma City, if certain conditions are met. During the 2016 legislative session, OCIA was authorized to issue up to $125,000,000 of bonds to fund repairs to the state capitol building. These bonds cannot be issued before fiscal year 2019. During 2017, the legislature authorized OCIA to issue $58,555,000 for the Department of Health to construct a new state health laboratory and $45,000,000 for Office of Juvenile Affairs to construct a new juvenile center to replace and consolidate multiple facilities. In 2018, the legislature authorized OCIA to issue $116,500,000 in new bonds for the Department of Corrections to maintain and repair existing facilities. OCIA was also authorized to issue $5,116,000 on behalf of the Oklahoma Conservation Commission for repair and improvement of flood-control dams.

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

The Oklahoma Water Resources Board (OWRB) along with the Department of Environmental Quality have issued 38 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. Three 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, 2018, and changes for the fiscal year then ended are as follows (expressed in thousands):

	Issue Dates	Issue Amount	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds Payable from User Fees:									
1999-2018 Issues	1999-2018	$1,327,045	0.188-5.25%	2047	$ 797,265	$ 110,100	$ 66,865	$ 840,500	$ 47,455
Adjusted for: Bond Premiums and (Discounts)					56,763	10,611	2,966	64,408	-
Revenue Bonds Payable Net of Bond Premiums and (Discounts)					854,028	120,711	69,831	904,908	47,455
Other Noncurrent Liabilities					9,395	336	-	9,731	-
Net Pension Liability					4,329	-	1,944	2,385	-
Compensated Absences					1,003	60	124	939	235
Total Long-Term Obligations					$ 868,755	$ 121,107	$ 71,899	$ 917,963	$ 47,690

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2018, which have scheduled debt service amounts (expressed in thousands):

	2019	2020	2021	2022	2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048	Total
Revenue Bonds:											
1999-2018 Issues	$ 80,780	$85,820	$86,408	$83,599	$ 82,193	$299,210	$243,867	$128,232	$55,184	$ 8,782	$1,154,075
Less: Interest	33,325	31,440	29,188	26,644	24,003	90,920	51,587	20,012	5,794	662	313,575
Principal	47,455	54,380	57,220	56,955	58,190	208,290	192,280	108,220	49,390	8,120	840,500
Adjusted for: Bond and Note Premium and (Discounts)											64,408
Long-Term Obligations without scheduled debt service:											
Other Noncurrent Liabilities											9,731
Net Pension Liability											2,385
Compensated Absences											939
Total Long-Term Obligations											$ 917,963

Several of the bonds bear interest at variable rates, initially set at 0.87% to 2.90% and are periodically adjusted, pursuant to the bond indenture provisions, to a maximum rate of 12% per year. Variable rates are reset semiannually by the remarketing agent. The interest rate on the bonds was 1.5% at June 30, 2018. At the option of OWRB and subject to applicable bond indenture provisions, 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, 2018 (September 30, 2017, for Oklahoma Housing Finance Agency and December 31, 2017, for Oklahoma Turnpike Authority, Grand River Dam Authority and Oklahoma 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	$ 40,000	$ -	$ -	$ 40,000	$ 10,000
Total General Obligation Bonds Payable				40,000	-	-	40,000	10,000
Revenue Bonds Payable from User Fees:								
Student Loan Authority	1995-2013	0.15 - 6.35%	2041	221,908	-	41,076	180,832	-
Development Finance Auth.	1996	2.50%	2031	9,999	-	-	9,999	-
Housing Finance Agency	1991-2013	1.45 - 7.35%	2044	233,236	-	58,010	175,226	5,921
Turnpike Authority	2006-2017	0.20 - 5.00%	2047	935,045	1,164,355	518,085	1,581,315	58,040
Grand River Dam Authority	2010-2017	1.80 - 7.16%	2040	1,012,241	90,455	120,366	982,330	14,760
Municipal Power Authority	1992-2016	1.71 - 6.44%	2047	666,785	-	21,665	645,120	22,775
University Hospitals Authority	2005	0.43 - 1.20%	2018	43,865	-	43,865	-	-
Higher Education	1993-2018	0.40 - 6.63%	2048	1,547,290	127,503	122,089	1,552,704	57,261
Total Before Discounts/Deferrals				4,670,369	1,382,313	925,156	5,127,526	
Adjusted for: Bond (Discount) Premiums				175,046	119,542	(38,441)	333,029	
Total Revenue Bonds Payable Net of Bond (Discounts) Premiums and Deferrals				4,845,415	1,501,855	886,715	5,460,555	158,757
Notes Payable:								
Multiple Injury Trust Fund	2000-2001	7.00%	2023	13,249	-	2,050	11,199	2,198
Oklahoma Turnpike Authority	2017	2.22%	2018	15,000	15,000	15,000	15,000	15,000
Student Loan Authority	2016-2017	1.9 - 2.00%	2032	65,221	-	12,372	52,849	-
OSU Medical Authority	2014	4.12 - 4.78%	2021	10,766	-	2,028	8,738	2,057
Municipal Power Authority	2003	6.00%	2028	37,868	-	2,245	35,623	2,379
Higher Education	2001-2017	1.00-6.00%	2046	107,058	712	93,644	14,126	1,342
Total				249,162	15,712	127,339	137,535	22,976
Capital Leases:								
Grand River Dam Authority				-	323	88	235	235
OSU Medical Authority				785	-	230	555	240
Higher Education				1,327,129	66,610	128,126	1,265,613	79,300
Total				1,327,914	66,933	128,444	1,266,403	79,775
Claims and Judgments				429,731	89,198	42,411	476,518	45,582
Due to Primary Government				53,263	443	-	53,706	-
Compensated Absences				128,753	94,567	89,900	133,420	93,977
Net Pension Liability				2,257,226	7,630	500,522	1,764,334	-
Other Postemployment Benefits				522,085	130,926	133,519	519,492	-
Other Noncurrent Liabilities				1,196,953	785,148	1,022,573	959,528	784,329
Total Long-Term Obligations				$11,050,502	$2,692,412	$2,931,423	$10,811,491	$1,195,396

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2018 (September 30, 2017, for Oklahoma Housing Finance Agency and December 31, 2017, for Oklahoma Transportation Authority, Grand River Dam Authority and Oklahoma Municipal Power Authority), which have scheduled debt service amounts (expressed in thousands):

	2019	2020	2021	2022	2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048	2049-2053	Total
General Obligation Bonds:												
Industrial Finance Authority	$ 10,812	$ 20,438	$ 250	$ 10,125	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,625
Less: Interest	812	438	250	125	-	-	-	-	-	-	-	1,625
Total Principal	10,000	20,000	-	10,000	-	-	-	-	-	-	-	40,000
Revenue Bonds:												
Student Loan Authority	5,690	5,690	5,690	5,690	5,690	28,449	28,449	87,093	133,387	-	-	305,828
Development Finance Auth.	250	250	250	250	250	1,000	10,936	-	-	-	-	13,186
Housing Finance Agency	12,146	12,136	12,088	10,373	10,363	62,378	47,916	46,051	35,991	4,372	-	253,814
Turnpike Authority	99,263	126,216	125,038	123,000	123,214	610,682	466,826	303,304	303,299	303,304	-	2,584,146
Grand River Dam Authority	60,948	72,146	82,053	82,047	82,687	415,872	396,075	248,086	93,371	-	-	1,533,285
Municipal Power Authority	51,544	49,975	49,748	47,769	47,823	213,030	168,734	145,147	149,729	151,012	-	1,074,511
University Hospitals Authority	-	-	-	-	-	-	-	-	-	-	-	-
Higher Education	119,827	118,408	117,989	117,703	118,171	559,471	486,359	395,077	263,545	84,134	-	2,380,684
	349,668	384,821	392,856	386,832	388,198	1,890,882	1,605,295	1,224,758	979,322	542,822	-	8,145,454
Less: Interest	190,911	214,806	207,777	199,823	191,782	820,156	575,412	370,420	190,394	56,447	-	3,017,928
Total Principal	158,757	170,015	185,079	187,009	196,416	1,070,726	1,029,883	854,338	788,928	486,375	-	5,127,526
Notes Payable:												
Multiple Injury Trust Fund	2,925	2,925	2,925	2,925	1,450	-	-	-	-	-	-	13,150
Oklahoma Turnpike Authority	15,333	-	-	-	-	-	-	-	-	-	-	15,333
Student Loan Authority	1,462	1,462	1,462	1,462	1,462	64,100	-	-	-	-	-	71,410
OSU Medical Authority	2,425	2,425	2,425	2,401	-	-	-	-	-	-	-	9,676
Municipal Power Authority	4,517	4,517	4,517	4,517	4,517	22,583	4,516	-	-	-	-	49,684
Higher Education	2,274	1,390	1,484	1,373	1,235	10,245	2,535	1,881	1,506	1,683	369	25,975
	28,936	12,719	12,813	12,678	8,664	96,928	7,051	1,881	1,506	1,683	369	185,228
Less: Interest	5,959	5,085	4,637	4,156	3,658	18,917	2,308	1,282	765	765	161	47,693
Total Principal	22,977	7,634	8,176	8,522	5,006	78,011	4,743	599	741	918	208	137,535
Capital Leases:												
Grand River Dam Authority	240	-	-	-	-	-	-	-	-	-	-	240
OSU Medical Authority	260	260	65	-	-	-	-	-	-	-	-	585
Higher Education	128,881	107,936	104,064	106,082	113,318	540,575	378,465	173,135	116,206	52,125	-	1,820,787
	129,381	108,196	104,129	106,082	113,318	540,575	378,465	173,135	116,206	52,125	-	1,821,612
Less: Interest	49,607	46,919	45,452	43,474	41,418	169,952	91,726	43,334	20,128	3,199	-	555,209
Total Principal	79,774	61,277	58,677	62,608	71,900	370,623	286,739	129,801	96,078	48,926	-	1,266,403
Total	$271,508	$258,926	$251,932	$268,139	$273,322	$1,519,360	$1,321,365	$ 984,738	$885,747	$536,219	$ 208	$ 6,571,464
Adjusted for: Net Discounts and Deferred Debits on Refundings												333,029
Long-Term Obligations without scheduled debt service:												
Claims and Judgments												476,518
Due to Primary Government												53,706
Compensated Absences												133,420
Net Pension Liability												1,764,334
Other Postemployment Benefits												519,492
Other Noncurrent Liabilities												959,528
Total Long-Term Obligations												$ 10,811,491

A. General Obligation Bonds

Oklahoma Industrial Finance Authority (OIFA) has four 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.

B. Revenue Bonds

The Oklahoma Student Loan Authority (OSLA) has issued four 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, 2018, the variable interest rates ranged from 2.6% to 3.5%.

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 OIFA's cost of funds on its outstanding variable rate bond issues. The interest rate at June 30, 2018 was 2.5%.

The Oklahoma Housing Finance Authority has eleven series of revenue bond issues 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 has seven series of revenue bonds outstanding with an original issue amount of $1,848,015,000. 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 seven series of revenue bonds outstanding with an original issue amount of $1,201,655,000. Oklahoma statutes authorize 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 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.

Eight of the state's colleges and universities within the Higher Education Component Unit have authorized and issued 60 series of revenue bonds with an original issue amount of $2,359,865,000. These bonds are 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, 2018 (December 31, 2017 for OMPA), totaling $30,980,000.

D. Notes Payable

The Multiple Injury Trust Fund (MITF) component unit reports a note payable to CompSource Oklahoma of $11,199,000 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 2.8%.

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, 2018, is $341,027,000. 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 $555,000 for equipment through fiscal year 2021.

Leased assets under capital leases in capital assets at June 30, 2018, included the following (expressed in thousands):

	Construction In Progress	Buildings	Equipment	Total
Cost	$ 460	$ 448,927	$ 424,203	$ 873,590
Less: Accumulated depreciation	-	(98,440)	(123,248)	(221,688)
Total	$ 460	$ 350,487	$ 300,955	$ 651,902

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, are 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, 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 $50,000,000 of authorized but unissued general obligation bonds. Certain institutions within the Higher Education Component Unit are authorized to issue revenue bonds in the amount of $35,000,000 for various construction projects, 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 were restated due to a correction of accounting errors (decrease of $12,879,000) and cumulative change in accounting principle (adoption of GASB 75 resulting in a decrease of $154,998,000) at July 1, 2017.

Component Units

Beginning net position for component units has been restated due to accounting errors (increase of $38,510,000), cumulative change in accounting principle (adoption of GASB 75 resulting in a decrease of $284,820,000) and an increase of $12,437,000 due to a GASB 61 reassessment in the Higher Education Component Unit. The net effect of the restatements decreased beginning net position by $233,873,000 as of July 1, 2017.

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):

		Permanent Funds			
	General	Commissioners of the Land Office	Wildlife Lifetime Licenses	Tobacco Settlement Endowment Trust	Total Governmental Funds
Nonspendable					
Inventories	$ 76,832	$ -	$ -	$ -	$ 76,832
Prepaids	261	-	-	-	261
Permanent Fund Principal	-	2,419,973	87,855	1,117,758	3,625,586
Restricted					
Education	21,020	-	-	-	21,020
Government Administration	664,073	-	-	-	664,073
Health Services	70,491	-	-	-	70,491
Legal and Judiciary	18,414	-	-	-	18,414
Museums	1,978	-	-	-	1,978
Natural Resources	9,047	-	-	-	9,047
Safety and Defense	4,669	-	-	-	4,669
Regulatory Services	6,683	-	-	-	6,683
Social Services	8,685	-	-	-	8,685
Transportation	1,887	-	-	-	1,887
Stabilization Fund (Rainy Day)	338,737	-	-	-	338,737
Committed					
Education	(3,292,236)	-	-	-	(3,292,236)
Government Administration	4,427,844	-	-	65,263	4,493,107
Health Services	(554,617)	-	-	-	(554,617)
Legal and Judiciary	70,312	-	-	-	70,312
Museums	14,837	-	-	-	14,837
Natural Resources	229,818	-	-	-	229,818
Safety and Defense	61,425	-	-	-	61,425
Regulatory Services	193,755	-	-	-	193,755
Social Services	755,309	-	-	-	755,309
Transportation	368,142	-	-	-	368,142
Assigned	-	-	-	41,789	41,789
Unassigned					
Stabilization Fund (Rainy Day)	112,912	-	-	-	112,912
Total Fund Balances	$ 3,610,278	$ 2,419,973	$ 87,855	$ 1,224,810	$ 7,342,916

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, 2018, are as follows (expressed in thousands):

	General Fund - Restricted			
	Debt Service Only	Federal Cash	By Enabling Legislation	Restricted Fund Balance
Restricted				
Education	$ -	$ 21,020	$ -	$ 21,020
Government Administration	659,010	5,063	-	664,073
Health Services	239	70,252	-	70,491
Legal and Judiciary	-	18,414	-	18,414
Museums	897	1,081	-	1,978
Natural Resources	4,948	4,099	-	9,047
Safety and Defense	137	4,532	-	4,669
Social Services	3,644	5,041	-	8,685
Regulatory Services	6,670	13	-	6,683
Transportation	-	1,887	-	1,887
Stabilization Fund (Rainy Day)	-	-	338,737	338,737
Total Fund Balances	$ 675,545	$ 131,402	$ 338,737	$ 1,145,684

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 is exercised, the same action must be taken to modify or rescind a previously approved bill or allocation of resources.

Under generally accepted accounting principles (GAAP) reporting, the nonspendable and restricted fund balance categories are considered restricted fund balance. The committed, assigned and unassigned fund balances are considered to be unrestricted fund balances. Generally, when the state has both restricted and unrestricted resources available, the restricted balances are used first as expenditures are incurred as long as conditions that created the restriction are met. When unrestricted fund balances are used, the order of use is generally 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 (Board). 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 (GRF) 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 (CRF) until the fund reaches 15% of the GRF 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 Board's estimate is lower than the current fiscal year certification. An additional 37.5% of the CRF at the beginning of the year may be appropriated for the current year if the Board determines that a revenue failure has occurred with respect to the GRF for the current year. The remaining 25% of the balance in the CRF 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 CRF, any balance within 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 CRF balance at June 30, 2018, was $451,649,000, with $338,737,000 presented as restricted fund balance and $112,912,000 as unassigned fund balance.

The Tobacco Settlement Endowment 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, 2018, the assigned fund balance was $41,789,000.

As explained in Note 1, *Summary of Significant Accounting Policies*, section J, the general fund inventory includes $455,000 in food commodities which is also included in deferred revenue. Therefore, nonspendable fund balance for inventory/prepaid on the balance sheet is $455,000 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, 2017, OHFA had six series of multifamily bonds outstanding with an aggregate principal amount payable of approximately $69,130,000. 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 are 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 ODFA for the specific purpose of enhancing and supporting the credit of such obligations. As of June 30, 2018, there were approximately $32,200,000 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, 2018, there are 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 (ODWC) 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 are 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 http://www.ok.gov/fprs/	Law Enforcement Retirement 421 N.W. 13th Street, Suite 100 Oklahoma City, OK 73103 http://www.olers.state.ok.us/	Police Pension and Retirement 1001 N.W. 63rd Street, Suite 305 Oklahoma City, OK 73116 http://www.ok.gov/OPPRS/
Public Employees Retirement P.O. Box 53007 Oklahoma City, OK 73152 http://www.opers.ok.gov/	Uniform Retirement System for Judges and Justices P.O. Box 53007 Oklahoma City, OK 73152 http://www.opers.ok.gov/	Teachers Retirement System P.O. Box 53524 Oklahoma City, OK 73152 http://www.ok.gov/TRS/
	Department of Wildlife Conservation P.O. Box 53465 Oklahoma City, OK 73152 http://www.wildlifedepartment.com	

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 is 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 July 1, 2017
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 firefighter for normally scheduled hours over the highest salaried thirty consecutive months of the last 60 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 July 1, 2017
a. Eligible to Participate	All law enforcement officers of the Oklahoma Highway Patrol (OHP) and Capitol Patrol of Department of Public Safety (DPS), 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 30 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 July 1, 2017
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 on or after November 1, 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 of the 36 highest months of compensation earned within the last 10 years of service (including highest 3 longevity payments); member after July 1, 2013, the average highest 60 months of compensation earned within 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	USRJJ as of July 1, 2017
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 36 months 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 July 1, 2017
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; works more than 25 hours per week and is not less than 21 or more than 45 years of age when accepting membership
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; Total Disability (Non-Duty): upon determina-

	tion 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): 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 July 1, 2017
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 Death benefit of $5,000 payable upon death of retiree to the designated beneficiary
d. Benefit Determination Base	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 July 1, 2017
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 three 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	Same as normal retirement
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	Lifetime benefit

D. Employees Covered by Benefit Terms

	OFPRS	OLERS	OPERS	URSJJ	OPPRS	TRS	WCRP
Active Employees	12,378	1,277	38,873	262	4,695	87,795	228
Deferred Vested Former Employees	1,563	24	5,951	19	867	11,796	26
Retirees or Retiree Beneficiaries	11,043	1,397	34,579	262	3,658	62,391	210
Total	24,984	2,698	79,403	543	9,220	161,982	464

E. Contribution Requirements

Oklahoma Firefighters Pension and Retirement System: 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 are 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 July 1, 2017. Municipalities with revenues in excess of $25,000 contribute $60 per year for each volunteer firefighter. Prior to November 1, 2013, the rate was 8% for employees, 13% for employers, and municipalities contributed $60 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 November 1, 2013, the contribution rate was 34%. For the year ended June 30, 2017, OFPRS recognized $153,696,000 in contributions to the plan based on covered payroll of $285,073,000.

Oklahoma Law Enforcement Retirement System: 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 are 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 July 1, 2017. 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, and 5% of insurance premium tax. For the year ended June 30, 2017, OLERS recognized $37,937,000 in contributions to the plan based on covered payroll of $86,496,000

Oklahoma Public Employees Retirement System: 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 are 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 July 1, 2017. Contributions for participating county and local agencies total 20% for employees and employers as of July 1, 2017. For the year ended June 30, 2017, OPERS recognized $339,787,000 in contributions to the plan based on covered payroll of $1,790,810,000.

Uniform Retirement System for Judges and Justices: 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 are made in accordance with Oklahoma statute. The rate for

employees is 8% of their covered salary and 19% of covered payroll for employers as of July 1, 2017. For the year ended June 30, 2017, URSJJ recognized $8,677,000 in contributions to the plan based on covered payroll of $34,811,000.

Oklahoma Police Pension and Retirement System: 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 are 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 July 1, 2017. 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, 2017, OPPRS recognized $97,086,000 in contributions to the plan based on covered payroll of $314,374,000.

Teachers Retirement System: 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 are 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 July 1, 2017. The rate for comprehensive and four year universities is 8.55% as of July 1, 2017. The state contributes 5% of revenues from sales taxes, use taxes, corporate and individual income taxes. The System receives 1% of the cigarette taxes collected by the State and 5% net lottery proceeds. For the year ended June 30, 2017, TRS recognized $991,645,000 in contributions to the plan based on covered payroll of $4,115,687,000.

Wildlife Conservation Retirement Plan: 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 are made in accordance with Oklahoma statute. The rate is 5% for employees of their covered salary. For the year ended June 30, 2017, WCRP recognized $5,413,000 in contributions to the plan based on covered payroll of $12,806,000.

F. Actuarial Assumptions

Oklahoma Firefighters Pension and Retirement System

Date of Last Actuarial Valuation		July 1, 2017
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 cost-of-living adjustment (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 three 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, 2017
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	3.5% - 9.75%
d. Post retirement cost-of-living increase	3% for eligible members
e. Inflation Rate	2.75%
f. Mortality table	Active employees (pre and post retirement): RP-2014 Blue Collar Healthy Table with Generational Projection using Scale MP-2016; Disabled pensioners: RP-2014 Blue Collar Table with no projection from 2006 rates.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males three years older than females
i. Turnover	Varies from 1.5% to 15%
j. Date of last experience study	July 2011 to June 2016

Oklahoma Public Employees Retirement System

Date of Last Actuarial Valuation	July 1, 2017
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.0%
c. Projected salary increase	3.5% - 9.5%
d. Post retirement cost-of-living increase	None
e. Inflation Rate	2.75%
f. Mortality table	Active employees (pre and post retirement): RP-2014 Blue Collar Healthy Employees with base rates projected to 2025 using Scale MP-2016; Disabled pensioners: Nondisabled retiree mortality set forward 12 years for disabled experience.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males four years older than females
i. Turnover	Varies from 1%-24%
j. Date of last experience study	July 1, 2013, to June 30, 2016

Uniform Retirement System for Justices and Judges

Date of Last Actuarial Valuation	July 1, 2017
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.0%
c. Projected salary increase	3.75%
d. Post retirement cost-of-living increase	None
e. Inflation Rate	2.75%
f. Mortality table	Active employees (pre and post retirement): RP-2014 Blue Collar Active/Retiree Healthy Mortality Table with base rate projected to 2025 using Scale MP-2016; Disabled pensioners: Nondisabled retiree mortality set forward 12 years for disabled experience
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males four years older than females
i. Turnover	2%
j. Date of last experience study	July 1, 2013, to June 30, 2016

Oklahoma Police Pension and Retirement System

Date of Last Actuarial Valuation	July 1, 2017
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 back 4 years
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males three 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, 2017
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	3.25% plus 1% productivity increase, plus step-rate promotional increases for members with less than 25 years of service
d. Post retirement cost-of-living increase	None
e. Inflation Rate	2.5%
f. Mortality table	Active employees - pre-retirement: RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, with male rates multiplied by 60% and females rates multiplied by 50%; Post-retirement: RP-2000 Combined Healthy Mortality table for males with White Collar Adjustments; Generational mortality improvements in accordance with Scale BB from the table's base year of 2000; For females the GRS Southwest Region Teacher Mortality Table, scaled at 105%; Generational mortality improvements in accordance with Scale BB from the table's base year of 2012; 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 three years older than females
i. Turnover	Varies from 1.5% to 23.0%
j. Date of last experience study	May 2015, for a five-year period ending June 30, 2014

Wildlife Conservation Retirement Plan

Date of Last Actuarial Valuation		July 1, 2017
a.	Actuarial cost method	Entry age normal
b.	Rate of return on investments and discount rate	7%
c.	Projected salary increase	3% to 8%
d.	Post retirement cost-of-living increase	none
e.	Inflation Rate	3%
f.	Mortality table	Active Members: RP-2014 Employee Mortality Table with Blue Collar Adjustment projected to 2030 with Scale BB; Retired Members: RP-2014 Mortality Table for Healthy Annuitants with Blue Collar Adjustment projected to 2030 with Scale BB; Disabled members: RP-2014 Mortality Table for Disabled Annuitants, projected to 2030 with Scale BB
g.	Percent of married employees	85% Males; 85% Females
h.	Spouse age difference	Males three years older than females
i.	Turnover	Varies from 1% to 8%
j.	Date of last experience study	July 1, 2010, to June 30, 2015

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 are made at the current contribution rate and that contributions from employers are made at contractually required rates. Projected cash flows also assume insurance premium taxes are contributed as 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 is 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%	4.38%
Equity	62%	8.71%
Alternative Investments	18%	6.35%
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 are 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 is 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	30%	6.49%
Equity	60%	12.14%
Alternative Investments	10%	7.50%
Total	100%	

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 are 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 7.0% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is 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%	

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 are 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 7.0% 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 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 plan contributions from members, state agencies, insurance premium taxes and other state sources are made at the contractually required rates. Projected cash flows also assume insurance premium taxes are contributed as 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%	4.51%
Equity	60%	8.72%
Alternative Investments	15%	6.07%
Total	100%	

Teachers Retirement System

The projection of cash flows used to determine the single discount rate assumed that plan member and employer contributions are made at the current statutory levels and remain a level percentage of payrolls. 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 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 is 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	24%	2.50%
Equity	47%	6.00%
International Equity	19%	8.50%
Alternative Investments	10%	6.10%
Total	100%	

Wildlife Conservation Retirement Plan

The projection of cash flows used to determine the discount rate assumed that contributions from plan members are made at the current contribution rate and that contributions from the department are 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% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is 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	40%	2.68%
Equity	50%	8.02%
Alternative Investments	10%	3.07%
Total	100%	

H. Changes in Net Pension Liability

The total pension liability for the various pension systems is determined based on actuarial valuations performed as of July 1, 2017, which is also the measurement date. There are no changes in assumptions or changes between the measurement date of July 1, 2017, and the state's report ending date of June 30, 2018, that would have a significant impact on the net pension liability. The following tables report the components of changes in net pension liability (in thousands):

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)
Balance Beginning of Year	$ 1,029,349	$ 853,584	$ 175,765
Changes for the Year:			
Service Cost	23,670	-	23,670
Interest	75,080	-	75,080
Difference between expected and actual experience	(2,307)	-	(2,307)
Changes in assumptions	1,107		1,107
Contributions-Employer	-	9,262	(9,262)
Contributions-State of Oklahoma, non-employer contributing entity	-	21,843	(21,843)
Contributions-Employee	-	6,832	(6,832)
Net Investment Income	-	106,519	(106,519)
Benefit payments, including refunds	(57,612)	(57,612)	-
Administrative expense	-	(1,083)	1,083
Net Changes	39,938	85,761	(45,823)
Balances at June 30, 2017	$ 1,069,287	$ 939,345	$ 129,942

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 (Asset) (a) - (b)
Balance Beginning of Year	$ 276,434	$ 293,727	$ (17,293)
Changes for the Year:			
Service Cost	10,085	-	10,085
Interest	19,229	-	19,229
Difference between expected and actual experience	(6,664)	-	(6,664)
Changes in Assumptions	1,491	(2,563)	4,054
Contributions-Employer	-	6,013	(6,013)
Contributions-Employee	-	2,664	(2,664)
Net Investment Income	-	36,312	(36,312)
Benefit payments, including refunds	(17,737)	(17,737)	-
Administrative expense	-	(153)	153
Net Changes	6,404	24,536	(18,132)
Balances at June 30, 2017	$ 282,838	$ 318,263	$ (35,425)

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)
Balance Beginning of Year	$ 118,719	$ 99,138	$ 19,581
Changes for the Year:			
Service Cost	1,627	-	1,627
Interest	8,203	-	8,203
Difference between expected and actual experience	(883)	-	(883)
Contributions-Employer	-	4,780	(4,780)
Contributions-Employee	-	633	(633)
Net Investment Income	-	10,797	(10,797)
Benefit payments, including refunds	(6,315)	(6,315)	-
Administrative expense	-	(52)	52
Net Changes	2,632	9,843	(7,211)
Balances at June 30, 2017	$ 121,351	$ 108,981	$ 12,370

I. Sensitivity of 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 (in thousands):

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)	$ 266,701	$ 129,942	$ 17,841

Oklahoma Public Employees Retirement System

	1% Decrease in Discount rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Net Pension Liability (Asset)	$ 1,254,718	$ 424,531	$ (278,443)

Uniform Retirement System for Justices and Judges

	1% Decrease in Discount rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability (Asset)	$ (8,890)	$ (35,425)	$ (58,457)

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)	$ 757	$ 22	$ (598)

Teachers 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)	$ 2,430,551	$ 1,764,704	$ 1,207,313

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)	$ 33,337,590	$ 19,581,480	$ 7,891,575

J. Deferred Outflows/Inflows of Resources

Reported deferred outflows of resources resulting from contributions subsequent to the measurement date are recognized as a decrease of the net pension liability in the year ended June 30, 2019.

Oklahoma Law Enforcement Retirement System

At June 30, 2017, OLERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 27,864	$ 4,811
Net difference between projected and actual plan investment earnings	17,991	-
Changes in Assumptions	904	-
Contributions made since measurement date	9,083	-
	$ 55,842	$ 4,811

Oklahoma Public Employees Retirement System

At June 30, 2017, OPERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 75,918
Net difference between projected and actual plan investment earnings	18,965	-
Changes in Assumptions	188,467	-
Changes in proportion and differences between employer contributions and proportionate share of contribuitions	-	4,221
Contributions made since measurement date	203,295	-
	$ 410,727	$ 80,139

Uniform Retirement State Judges and Justices

At June 30, 2017, URSJJ reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 10,419
Net difference between projected and actual plan investment earnings	368	-
Changes in Assumptions	5,987	43
Contributions made since measurement date	6,504	-
	$ 12,859	$ 10,462

Oklahoma Police Pension and Retirement System

At June 30, 2017, OPPRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 135
Net difference between projected and actual plan investment earnings	167	-
Changes in proportion and differences between employer contributions and proportionate share of contribuitions	36	-
Contributions made since measurement date	70	-
	$ 273	$ 135

Teachers Retirement System

At June 30, 2017, TRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 120,225
Net difference between projected and actual plan investment earnings	25,031	-
Changes in Assumptions	208,977	105,267
Changes in proportion and differences between employer contributions and proportionate share of contribuitions	58,791	-
Contributions made since measurement date	109,857	-
	$ 402,656	$ 225,492

Wildlife Conservation Retirement Plan

At June 30, 2017, WCRP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 412	$ 919
Net difference between projected and actual plan investment earnings	519	-
Changes in Assumptions	130	-
Contributions made since measurement date	3,100	-
	$ 4,161	$ 919

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 are recognized in pension expense as follows (in thousands):

	For year ended June 30, 2017					
	Law Enforcement Retirement System	Public Employees Retirement System	Retirement System Judges and Justices	Police Pension and Retirement System	Teachers Retirement System	Wildlife Conservation
2018	$ 10,610	$ 47,686	$ (4,008)	$ 30	$ (15,324)	$ (308)
2019	23,893	121,200	2,639	82	89,929	990
2020	15,753	28,200	368	38	55,408	431
2021	(8,205)	(69,793)	(3,106)	(67)	(41,418)	(824)
2022	(103)	-	-	(15)	(19,564)	(143)
2023	-	-	-	-	(1,724)	(4)
Total	41,948	127,293	(4,107)	68	67,307	142

L. Payables to the Pension Plans – The amounts presented below represent the amount, in thousands, payable from the State of Oklahoma to the pension plans at June 30, 2018. This includes both contributions payable and dedicated taxes that had yet to be paid.

	Payable at Fiscal Year End
Firefighters Pension and Retirement Plan	$ 18,153
Law Enforcement Retirement System	4,227
Public Employees Retirement System	8,824
Retirement System Judges and Justices	12
Police Pension and Retirement System	7,723
Teachers Retirement System	48,165
Total	$ 87,104

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 (in thousands) are determined based on actuarial valuations performed as of July 1, 2017, which is also the measurement date.

	General Fund Portion	Pension Assets	Pension Liabilities	Net Pension Liability (Asset)	Deferred Inflows	Deferred Outflows	Pension Expense
Law Enforcement Retirement System	92.120%	$ 865,326	$ 985,029	$ 119,703	$ 4,561	$ 51,441	$ 37,176
Public Employees Retirement System	74.027%	6,598,717	6,998,951	400,234	76,141	387,220	163,272
Judges and Justices Retirement System	100.000%	318,263	282,838	(35,425)	10,462	12,859	295
Police Pension and Retirement System	0.291%	6,978	7,000	22	135	273	137
Teachers Retirement System	1.193%	178,759	257,888	79,129	10,111	31,042	8,304
Wildlife Commission Retirement Plan	100.000%	108,981	121,351	12,370	919	4,161	2,037
Total		$ 8,077,024	$ 8,653,057	$ 576,033	$ 102,329	$ 486,996	$ 211,221

N. Changes Subsequent to Measurement Date

The following changes were made to pension plan policy since the measurement date. These changes could potentially change the calculation of net pension liability:

Oklahoma Firefighters and Retirement System:

House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This provision became effective May 8, 2018.

Oklahoma Law Enforcement Retirement System:

House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This provision became effective May 8, 2018.

House Bill 2517 clarifies that all benefits payable from the plan, including payments from deferred option plans, shall be paid from general assets of the fund. This provision became effective April 12, 2018.

Oklahoma Public Employees Retirement System:

House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This provision became effective May 8, 2018.

House Bill 2516 clarifies certain system provisions related to billing employers for sick leave and early retirement for elected officials. This provision became effective April 12, 2018.

Senate Bill 527 states that a statewide elected official or legislator who is first elected or appointed on or after November 1, 2018, and who has participating service in the OPERS defined benefit plan prior to November 1, 2015, shall be a member of the defined benefit plan. This provision became effective April 17, 2018.

Oklahoma Uniform Retirement System for Justices and Judges:

House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This provision became effective May 8, 2018.

Oklahoma Police Pension and Retirement System:

House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This provision became effective May 8, 2018.

House Bill 2515 clarifies that all benefits payable from the plan, including payments from deferred option plans, shall be paid from general assets of the fund. HB 2515 further provides that a permanent and total impairment equates to one hundred percent (100%) of the accrued retirement benefits. This provision became effective April 12, 2018.

Teacher's Retirement System of Oklahoma:

House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This provision became effective May 8, 2018.

O. Defined Contribution Plans

The ODWC's defined contribution plan (DC Plan) is a single-employer plan that covers the employees of 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, 2018, there were 125 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:

Years of Credited Service	Compensation Contributed by Employer
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 year ended June 30, 2018, the ODWC contributed $316,000, and eligible employees contributed $248,000 to the DC Plan.

House Bill 2630 and Senate Bill 2120 directed OPERS to establish a defined contribution retirement system for members first employed by a participating employer of the system on or after November 1, 2015, including statewide elected officials and legislators. The provisions of this bill are not applicable to hazardous duty members, district attorneys, assistant district attorneys or other employees of the district attorney's office who will continue to participate in the defined benefit plan. Also excluded are employees of a county, county elected officials, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates and is the primary beneficiary.

This defined contribution plan was created and implemented during the year ended June 30, 2016. Under this plan, participating employees contribute a minimum of 4.5% of their compensation. Participating employers match employee contributions up to 7%. In addition to the matching contributions, participating employers are required to remit to OPERS the difference between the matching contributions for defined contribution plan members and the amount the participating employer would have contributed for a defined benefit plan member.

At June 30, 2018, there were 6,605 plan members. For the year ended June 30, 2018, OPERS contributed $9,481,000 and eligible employees contributed $6,632,000 to the 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 insurance 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, allows for retirees that are not yet eligible for Medicare benefits to participate in the insurance plans available to active employees. Current and retired employees participate in the same plans with blended premium rates creating an implicit rate subsidy for the retirees in the plan. This plan is not administered through a trust, and as a result, there are no assets to net against the total liability. Separately issued reports for the EGID plan can be obtained at https://omes.ok.gov/services/accounting-reporting.

ODWC, part of the primary government, at its expense, provides a health insurance allowance 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 ODWC on an annual basis and can be discontinued at the board's discretion.

As mandated by statute, the Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Judges and Justices (URSJJ) and Teachers' Retirement System (TRS) 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 benefit is for a fixed amount that varies slightly from pension to pension, and the contribution is included in the employer pension contribution. Methods for obtaining separately issued independent audit reports, a summary of significant accounting policies of the pension plans and the statutory authority under which OPEB benefits are required to be paid are discussed in Note 14.

2. Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms:

	Plans Outside of Trusts		OPEB Trust Funds			
	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Judges and Justices	Public Employees Retirement System	Teachers' Retirement System
Active employees	31,971	212	1,277	262	38,873	87,795
Terminated, vested	-	27				
Inactive participants	3,038	219	619	160	20,213	61,875
Total	35,009	458	1,896	422	59,086	149,670

3. Net OPEB Liability

The State of Oklahoma measured a net OPEB asset of $11,819,000 and a net OPEB liability of $170,346,000 as of June 30, 2017, as determined by actuarial valuations of that date.

The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Judges and Justices	Public Employees Retirement System	Teachers' Retirement System
Inflation	0%	3.00%	2.75%	2.75%	2.75%	2.50%
Salary Increases	3.00-11.25%	N/A	3.50-9.75%	3.75%	3.50-9.50%	3.25%
Discount Rate	3.58%	3.62%	7.50%	7.00%	7.00%	7.50%
Healthcare cost trend	7.10% - 4.60%	5.00%	N/A	N/A	N/A	N/A
Retirees' share of benefit-related costs	0%	0%	0%	0%	0%	0%

Discount Rates

The discount rate was determined using the Bond Buyer GO 20-Bond Municipal Bond Index for the EGID. The discount rate for ODWC was measured using a Fidelity 20-year municipal bond index rate (AA/Aa or higher) as of June 29, 2018. For the remainder of OPEB plans, the discount rate is determined by the expected rate of return on assets of the associated pension plan as referenced in Note 14.

Mortality Rates

Mortality rates for EGID were based on RP-2006 combined healthy mortality table with a fully generational projection using Scale MP-2017.

ODWC based mortality rates for active and retired members on RP-2014 employee mortality tables with blue collar adjustment, projected to 2030 with Scale BB (separate rates for males and females). Disabled members of the ODWC plan have mortality rates calculated using the RP-2014 mortality table for disabled annuitants with blue collar adjustment, projected to 2030 with scale BB, separate rates for males and females.

The Oklahoma Law Enforcement Retirement System (OLERS) uses RP-2014 blue collar healthy table with generational projection using Scale MP-2016 for both pre-retirement and post-retirement for retiree mortality rates. For disability mortality rates, OLERS uses RP-2014 blue collar table with no projection from the 2006 base rates.

For the actuarial report prepared as of June 30, 2017, the Uniform Retirement System for Judges and Justices (URSJJ) determined mortality rates using RP-2014 blue collar active healthy mortality table with base rates projected to 2025 using scale MP-2016 rates set back one year. URSJJ uses RP-2014 blue collar retiree healthy mortality table with base rates projected to 2025 using Scale MP-2016 for retirees and disability mortality rates were based on the post-retirement mortality rates with rates set forward twelve years.

The Oklahoma Public Employees Retirement System (OPERS) uses RP-2014 mortality tables projected to 2025 by scale MP-2016. Disabled pensioner rates are set forward twelve years.

Oklahoma Teachers' Retirement System (OTRS) determines the discount rate using RP-2000 combined healthy mortality table for males with white collar adjustments for male retirees. Generational mortality improvements are in accordance with scale BB from the table's base year of 2000. For female retirees, OTRS uses Gabriel Roder Smith & Company

southwest region teacher mortality table, scaled to 105%. Generational mortality improvements are in accordance with scale BB from the table's base year of 2012.

Actuarial Assumptions

The EGID implicit rate subsidy valuation report dated July 1, 2017, is based on a measured date of July 1, 2017, with a measurement period of July 1, 2016, to July 1, 2017.

The ODWC actuarial assumptions in the actuarial report dated June 30, 2017, is prepared on a measured date of June 30, 2017, based on the results of an actuarial experience study for the period July 1, 2010, to June 30, 2015.

The actuarial assumptions used in the June 30, 2017, valuation report by OLERS is measured as of June 30, 2017, and are based on the results of the most recent actuarial experience study, which covers the five-year period ending June 30, 2016. The experience study report is dated May 10, 2017.

URSJJ is measured as of June 30, 2017, in the valuation report of the same date, and based the actuarial assumptions on the results of the most recent actuarial experience study, which covers the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

The actuarial assumptions used in the July 1, 2017, valuation report measured on the same date by OPERS are based on the results of the most recent actuarial experience study, which covers the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

The actuarial assumptions used in the July 1, 2017, valuation report by OTRS were measured July 1, 2017, and are based on the results of the most recent actuarial experience study, which covers the five-year period ending June 30, 2014. The experience study report is dated May, 2015.

4. Changes in the OPEB Liability

	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Judges and Justices	Public Employees Retirement System	Teachers' Retirement System	Total
Total Liability at June 30, 2016	$ 158,189	$ 4,532	$ 13,195	$ 2,488	$ 251,693	$ 113,391	$ 543,488
Change for the year:							
Service cost	5,920	119	357	123	6,714	1,733	14,966
Interest	4,497	177	958	174	17,716	8,274	31,796
Changes of benefit terms	-	2,992	-	-	-	-	2,992
Differences between expected and actual experience	-	(28)	(502)	(13)	(13,158)	(3,699)	(17,400)
Changes in assumptions or other inputs	(7,404)	180	(304)	107	8,695	-	1,274
Benefit Payments	(12,706)	(236)	(848)	(180)	(14,918)	(7,903)	(36,791)
Change in Total Liability	(9,693)	3,204	(339)	211	5,049	(1,595)	(3,163)
Total Liability at June 30, 2017	$ 148,496	$ 7,736	$ 12,856	$ 2,699	$ 256,742	$ 111,796	$ 540,325
Plan Net Position at June 30, 2016	$ -	$ -	$ -	$ 2,563	$ 219,958	$ 113,391	$ 335,912
Change for the year:							
Contributions - Employer	-	-	849	178	14,784	1,698	17,509
Net investment income	-	-	-	330	28,068	16,244	44,642
Benefit payments	-	-	(849)	(179)	(14,918)	(7,903)	(23,849)
Administrative expense	-	-	-	(1)	(144)	(7)	(152)
Change in Net Position	-	-	-	328	27,790	10,032	38,150
Total Net Position at June 30, 2017	$ -	$ -	$ -	$ 2,891	$ 247,748	$ 123,423	$ 374,062
Total OPEB Liability (Asset)	$ 148,496	$ 7,736	$ 12,856	$ (192)	$ 8,994	$ (11,627)	$ 166,263

(Balances are shown, in thousands, as of the measurement date.)

Changes in Assumptions and Other Inputs

Employees Group Insurance Division: The discount rate to calculate liabilities was changed from 2.85% as of July 1, 2016, to 3.58% as of July 1, 2017.

Oklahoma Department of Wildlife Conservation: Effective July 1, 2018, the health insurance allowance for eligible employees was increased from $150 per month to $250 per month.

Oklahoma Law Enforcement Retirement System: Price inflation was lowered from 3.00% to 2.75%; interest credit on deferred option plan balances was increased from 8.00% to 11.00%; mortality assumption was revised to reflect recent mortality improvements; revisions made to salary scale, retirement rates, withdrawal rates, disability rates, and included a salary increase reserve to stabilize liabilities with the historical pattern of infrequent, but large, across-the-board pay increases.

Uniform Retirement System for Judges and Justices: Investment return was decreased from 7.25% to 7.00%; price inflation was decreased from 3.00% to 2.75%; real wage growth was decreased from 1.00% to 0.75%; mortality assumption was changed to reflect recent mortality improvements; salary scale assumption was decreased from 5.00% to 3.75%, and retirement rates were revised.

Oklahoma Public Employees Retirement System: Investment return was decreased from 7.25% to 7.00%; price inflation was decreased from 3.00% to 2.75%; real wage growth was decreased from 1.00% to 0.75%; mortality assumption was changed to reflect recent mortality improvements; salary scale assumptions, withdrawal rates, disability rates, and retirement rates were revised.

5. Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the State of Oklahoma, as well as what the projected OPEB 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 discount rate (in thousands):

Employees Group Insurance Division

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	$ 158,499	$ 148,496	$ 139,181

Oklahoma Department of Wildlife Conservation

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB Liability	$ 8,603	$ 7,736	$ 6,996

Oklahoma Law Enforcement Retirement System

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	$ 14,305	$ 12,856	$ 11,636

Uniform Retirement System for Judges and Justices

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 34	$ (192)	$ (391)

Oklahoma Public Employees Retirement System

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 35,525	$ 8,994	$ (13,815)

Oklahoma Teachers Retirement System

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	$ (487)	$ (11,627)	$ (21,153)

6. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability at June 30, 2018, calculated using the healthcare trend rate, as well as what the trend rate increasing or decreasing by 1-percentage-point. Of the OPEB plans, only the EGID implicit rate subsidy and ODWC are affected by the healthcare trend rate.

Employee Group Insurance Division

	1% Decrease (6.10% - 3.60%)	Discount Rate (7.10% - 4.60%)	1% Increase (8.10% - 5.60%)
Total OPEB Liability	$ 136,291	$ 148,496	$ 162,633

Oklahoma Department of Wildlife Conservation

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	$ 7,709	$ 7,736	$ 7,761

7. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

The following tables illustrate the deferred inflows and outflows as of June 30, 2018, based on the requirements of Governmental Accounting Standards Board Statement 75 (in thousands):

	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Judges and Justices	Public Employees Retirement System	Teachers' Retirement System	Total
Deferred Outflows:							
Changes of assumptions or other inputs	$ -	$ 157	$ -	$ -	$ 7,325	$ -	$ 7,482
Subsequent contributions	11,008	236	1,285	180	14,982	759	28,450
Total deferred outflows	$ 11,008	$ 393	$ 1,285	$ 180	$ 22,307	$ 759	$ 35,932
Deferred Inflows:							
Changes of assumptions or other inputs	$ (5,795)	$ (24)	$ (436)	$ -	$ -	$ -	$ (6,255)
Differences between expected and actual experience	-	-	(265)	-	(11,086)	(3,121)	(14,472)
Differences between projected and actual investment earnings	-	-	-	-	(9,705)	(6,378)	(16,083)
Total deferred inflows	$ (5,795)	$ (24)	$ (701)	$ -	$ (20,791)	$ (9,499)	$ (36,810)
OPEB Expense	8,807	236	1,211	179	5,508	(431)	15,510

Amounts reported as deferred outflows of resources and deferred inflows of resources are recognized in OPEB expense as follows (in thousands):

	Employees Group Insurance Division	Department of Wildlife Conservation	Law Enforcement Retirement System	Uniform Retirement System for Judges and Justices	Public Employees Retirement System	Teachers' Retirement System	Total
Year ended June 30:							
2019	$ (1,610)	$ 19	$ (105)	$ -	$ (3,129)	$ (2,172)	$ (6,997)
2020	(1,610)	19	(105)	-	(3,129)	(2,172)	(6,997)
2021	(1,610)	19	(105)	-	(3,129)	(2,172)	(6,997)
2022	(965)	19	(105)	-	(3,129)	(2,172)	(6,352)
2023	-	19	(105)	-	(703)	(578)	(1,367)
Thereafter	-	38	(176)	-	(247)	(233)	(618)

Note 16. On-Behalf Payments

The Oklahoma Teachers' Retirement System (OTRS) 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 OTRS increased from 4.5% to 5.0% on July 1, 2007, and thereafter. OTRS receives 1% of the cigarette taxes and receives 5% of the net lottery proceeds collected by the state. OTRS received approximately $344,610,000 from the state for the year ended June 30, 2018.

The Oklahoma Firefighters Pension and Retirement System (OFPRS) received 36% of the state's insurance premium tax revenue. OFPRS received approximately $100,333,000 from the state for the year ended June 30, 2018. Of the same insurance premium tax revenue, the Oklahoma Police Pension and Retirement System (OPPRS) and Oklahoma Law Enforcement Retirement System (OLERS) received 14% and 5% respectively. OPPRS and OLERS received approximately $39,028,000 and $13,935,000, respectively, from the state for the year ended June 30, 2018.

Note 17. Commitments

Primary Government

For the year ended June 30, 2018, the general fund has encumbrances of $531,020,000 within the restricted and committed fund balances of the governmental funds.

The Department of Transportation has contractual commitments at June 30, 2018, of approximately $986,446,000 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 has long-term projects totaling $19,145,000 for the general fund.

The Oklahoma Capital Improvement Authority has issued bonds in the aggregate principal amount of $120,000,000 for the Office of Management and Enterprise Services to provide funding for repairs, refurbishments and improvements to the State Capitol Building. This bond issuance is the first series of obligations sold as part of two authorizations totaling $245,000,000 for the Capitol repair project.

Component Units

The University of Oklahoma has outstanding commitments under construction contracts totaling $29,122,000 at June 30, 2018.

Oklahoma State University has outstanding commitments under construction contracts of approximately $64,558,000 at June 30, 2018.

The Oklahoma Turnpike Authority (OTA) has commitments outstanding at December 31, 2017, relating to equipment orders and supplies of approximately $12,636,000. At December 31, 2017, OTA has commitments outstanding relating to construction and maintenance contracts of approximately $106,087,000.

The Oklahoma Municipal Power Authority (OMPA) purchased approximately $15,241,000 of power pursuant to several long-term purchase agreements during 2017. OMPA is obligated to purchase, at a minimum, approximately $14,770,000 of power in 2018.

The Grand River Dam Authority (GRDA) makes and receives commitments for purchases of coal and other materials. GRDA had contractual commitments at December 31, 2017 for long-term coal and freight purchases through 2025. The estimated minimum obligations for the next fiscal year, ending December 31, 2018, are $40,045,000, and total obligations of $362,578,000 are through 2025.

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 were adjudicated against the state, but remain unpaid as of June 30, 2018.

The state receives significant financial assistance from the federal government in the form of grants and entitlements. Assistance is generally conditioned upon compliance with requirements 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 can become a liability of the state.

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 $933,000 to $37,192,000.

The Department of Transportation (DOT) incurred significant expenditures on construction projects that 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, 2018, DOT has project expenditures of $233,000 that shall be reimbursed pending approval of the federal grantor.

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, 2018, OCIB has a maximum commitment line of credit of $16,000,000, and the line of credit had an outstanding balance of $10,683,000. All of the outstanding balance is classified as long-term debt. In addition to the debt, OCIB reported a net position deficit of $997,000 as of June 30, 2018.

The credits and OCIB’s right to transfer the credits expire if not utilized by July 1, 2020. As of June 30, 2018, $33,715,000 of tax credits were 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 authority to issue up to $20,000,000 of tax credits per year with an overall maximum of $100,000,000. The remaining $66,285,000 of tax credits were not considered impaired at June 30, 2018, as there is sufficient time remaining for the tax credits to be utilized before they expire.

Note 19. Tax Abatements

The State of Oklahoma (state) provides tax abatements under six programs: Historic Rehabilitation tax credits, Quality Jobs programs (Quality Jobs, Small Employer and 21st Century), Oklahoma Film Enhancement rebates, the Quality Events Program, Small Business Incubators (Sponsors and Tenants) and New Products Development Income Tax Exemptions. Tribal compacts with Native American tribes also provide abatements to cigarette tax collections.

The Historic Rehabilitation Tax Credits Program, established by the Legislature – 68 Oklahoma Statute (O.S.) § 2357.41 – promotes the rehabilitation of historic structures of every period. These credits can be claimed at any time after the relevant local governmental body responsible for doing so issues a certificate of occupancy or other document that is a precondition for the applicable use of the building or structure. During the fiscal year ended June 30, 2018, estimated tax credits in the amount of $37,623,000 were approved for 24 structures. Historic Rehabilitation tax credits used to reduce tax liability in 2017 was $7,502,000.

Three quality jobs programs are administered by the Oklahoma Department of Commerce (ODOC) for which the state provides incentive payments that are paid from income tax collections:

The Oklahoma Quality Jobs Program was established by the Legislature (68 O.S. § 3601) to provide an incentive for companies to expand or relocate jobs to Oklahoma. Companies meeting certain statutory requirements can receive a rebate up to 5% of new taxable payroll for up to 10 years. The requirements include creating jobs within a qualifying industry as noted by the North American Industry Classification System description; paying wages on the newly created jobs equal to the average county wage or state threshold wage, whichever is lower; achieving $2,500,000 in new annual taxable payroll within three years; and offering basic health insurance to employees within 180 days of employment. Companies can receive up to a 6% rebate if at least 10% of new payroll is comprised of qualified military veterans.

Under certain circumstances, some program requirements may be amended or waived.

A company that participates in the Oklahoma Quality Jobs Program but fails to maintain a business presence in the state of Oklahoma within three years of start date must repay all program benefits received and may not re-apply for the program for one year following dismissal.

The Small Employer Quality Jobs Program (68 O.S. §3901) was established to provide appropriate incentives to support the creation of quality jobs, particularly for small businesses, in basic industries of the state. Companies applying for the Small Employer program must have 90 employees or less at the time of application to the program. Rebates under the program are received for up to seven years. Program requirements include creating a minimum number of new jobs based on the population of the community where the company is located; having 75% out-of-state sales within one year of program start date; paying the newly created jobs at 110% of the average county wage; and offering basic health insurance within 180 days of employment (the employee must not pay more than 50% of the premium).

The 21st Century Quality Jobs Program (68 O.S. §3911-3920) was established to provide appropriate incentives to attract growth industries and sectors to Oklahoma in the 21st century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce. The program allows a net benefit rate of up to ten percent of payroll for up to ten years and requires at least ten full-time jobs at an annual average wage of the lesser of $95,243 (the state wage, which is indexed every year) or 300% of the county's average wage. Out-of-state sales for the company must be at least 50% for most participants. The program targets industries, such as knowledge-based service industries, including professional, scientific and technical services; music, film and performing arts; and specialty hospitals.

During the fiscal year ended June 30, 2018, 96 companies received payments totaling $60,085,000 as part of Quality Jobs Programs.

In an effort to increase the attractiveness of Oklahoma as a location for the film industry, the Oklahoma Film Enhancement rebate was established by the Legislature (68 O.S. §§ 3621-3626). A rebate, of up to 35% of documented expenditures made in Oklahoma directly attributable to the production of film, television production, or television commercials, may be paid to the production company. The Oklahoma Film and Music Commission and the Oklahoma Tax Commission (OTC) administer the program. During the fiscal year ended June 30, 2018, five film companies were rebated corporate income tax amounting to $2,474,000.

The Quality Events Incentive (68 O.S. §4301-4311) was designed to promote certain quality events that have a significant positive economic impact. A quality event is a new event of a meeting of a nationally recognized organization, a new or existing event that is a national, international or world championship, or a new or existing event that is managed or produced by an Oklahoma based national or international organization. The host community must submit a resolution and information pertaining to the event (geographic area, length of time for revenue capture, expenses, event history, and economic impact) to the OTC within 30 days of the date on which the host community adopts the ordinance or resolution. The OTC will then approve or disapprove the impact study. The ODOC and the Oklahoma Tourism and Recreation Department provide assistance and information, as requested, by the OTC to approve or disapprove an economic impact study.

During the fiscal year ended June 30, 2018, nine events were certified by the Quality Events Incentive Program, and $417,000 in sales tax was abated.

A business incubator is a facility in which small businesses may rent space and where management provides business development services, such as financial consulting and marketing assistance. The Small Business Incubators program offers tax exemptions for both sponsors (74 O.S. §5075) and tenants (74 O.S. §5078) of business incubators that register with ODOC.

The income of a certified incubator sponsor is exempt from Oklahoma income taxes on income earned from rental fees, other income derived from services provided to the tenants, or for providing funding for an incubator site.

The tenant is exempt from state tax liability on income earned as a result of activities conducted as an occupant in a certified incubator for up to ten years from the occupancy date in an incubator site in accordance with rules of the OTC. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of ten years.

Reporting for tax exemptions related to business incubator tenants and sponsors is commingled with other tax exemptions on the forms provided to the OTC. As a result, it is not possible to determine the amount of tax abated during the fiscal year ended June 30, 2018.

Under the New Products Development Income Tax Exemption (74 O.S. § 5064.7), royalties earned by an inventor from a product developed and manufactured in the state shall be exempt from state income tax for a period of seven years from the first year in which such royalty is received as long as the manufacturer remains in the state. In addition, such manufacturer may exclude from state taxable income, or in the case of an individual, the state adjusted gross income, 65% of the cost of depreciable property purchased and utilized directly in manufacturing the product. To qualify for the incentives, the product shall be patented or have patent pending pursuant to federal law and shall be registered with Oklahoma Center for the Advancement of Science and Technology.

The reporting for tax exemptions related to New Products Development Income Tax Exemptions is commingled with other tax exemptions on the forms provided to OTC. As a result, it is not possible to determine the amount of tax abated during the fiscal year ended June 30, 2018.

Twenty-nine American Indian tribes, governed within the state's borders, collect cigarette taxes on behalf of the state through compact agreements. Only a portion of the taxes are remitted to the state, with the tribe retaining the remainder as defined by the compact agreement. During the fiscal year ended June 30, 2018, the portion of tax retained by tribes ranged from 50-80% and resulted in $46,654,000 of tax abated.

Information relevant to disclosure of those programs for the fiscal year ended June 30, 2018, is:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Historic Rehabilitation Tax Credits Used	$ 7,502
Quality Jobs Programs	60,085
Oklahoma Film Enhancement Rebate	2,474
Quality Events Program	417
Cigarette Tax Tribal Compacts	46,654

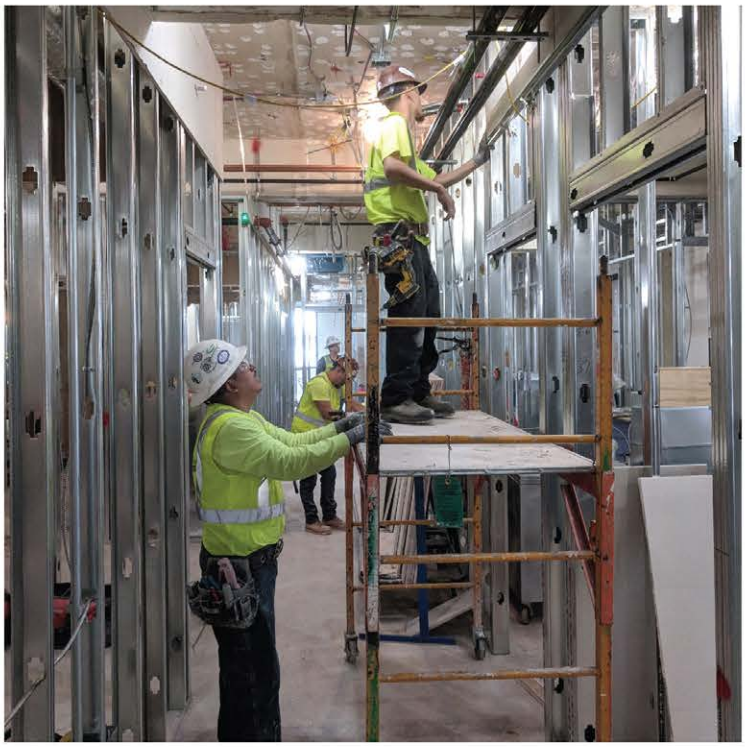
Note 20. Subsequent Events

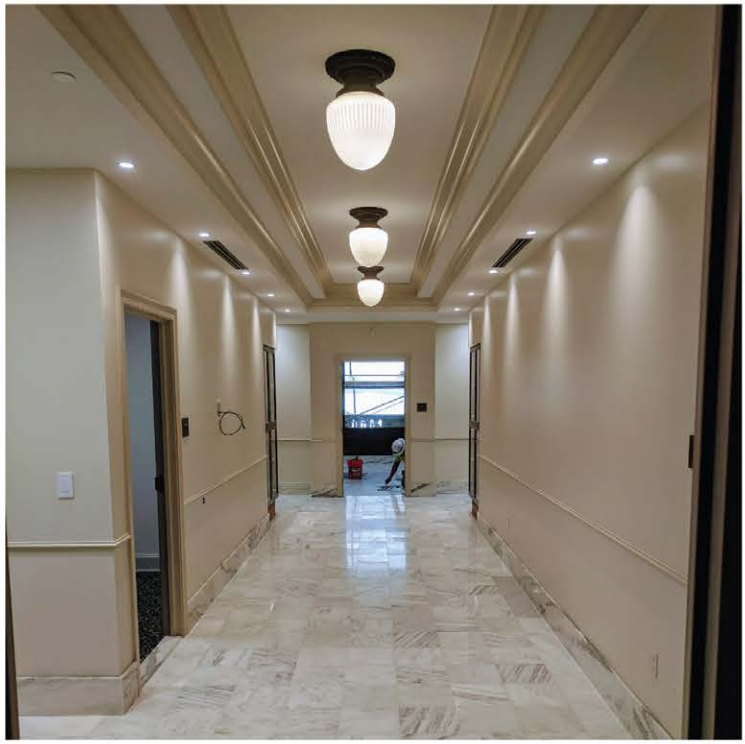
Oklahoma Capital Improvement Authority (OCIA) has authorized lease revenue bonds totaling $455,171,000 for outstanding tax-exempt issues. OCIA issued $212,345,000 from this authorization after, June 30, 2018.

Oklahoma Water Resources Board has authorized, but not issued, bonds totaling $300,000,000 for the state loan program.

Component Unit

Oklahoma State University has authorized but not issued bonds totaling $35,000,000 for the construction of facilities to expand telemedicine to rural areas in Oklahoma.





Top: Wall framing is installed in the auditor's office suite.
Bottom: The finishing touches are put on the Secretary of State's first floor suite.

Budgetary Comparison Schedule
Budget to Actual (Non-GAAP Budgetary Basis)
General Fund

For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
EDUCATION						
State Arts Council						
01	Duties	$ 2,795	$ (18)	$ 2,777	$ 1,727	$ 1,050
11	FY17 Carryover	-	315	315	24	291
	Agency Total	2,795	297	3,092	1,751	1,341
Department Of Education						
01	Financial support of Public Schools	1,036,430	(15,358)	1,021,072	1,020,794	278
01	Financial support of Public Schools (Min Lea)	4,275	-	4,275	2,930	1,345
02	Financial support of Public Schools (Min Lea)	2,624	-	2,624	2,624	-
18	Financial support of Public Schools (Lottery)	25,940	-	25,940	25,745	195
16	Financial support of Public Schools (Lottery)	5,430	-	5,430	5,430	-
02	Public School Activities	92,074	(755)	91,319	79,025	12,294
03	Certified Employee Health Benefit Allowance	299,320	-	299,320	299,320	-
04	Support Personnel Health Benefit Allowance	163,376	-	163,376	163,376	-
05	Administrative and Support Functions	15,681	(128)	15,553	9,630	5,923
18	Transfer to School Consolidation Assistance Fund (FY-2015)	2,882	-	2,882	-	2,882
16	Transfer to School Consolidation Assistance Fund (FY-2013)	603	-	603	603	-
18	Transfer to OTRS (FY-2018)	2,882	-	2,882	2,288	594
16	Transfer to OTRS (FY-2016)	603	-	603	603	-
03	Financial support of Public Schools	33,000	-	33,000	33,000	-
04	Financial support of Public Schools	18,000	-	18,000	18,000	-
01	Ad Valorem Reimbursement Fund	-	92,700	92,700	92,700	-
	Agency Total	1,703,120	76,459	1,779,579	1,756,068	23,511
Office of Educational Quality and Accountability						
01	Duties	1,120	(7)	1,113	665	448
03	Duties	500	-	500	297	203
11	FY17 Carryover	-	557	557	557	-
	Agency Total	1,620	550	2,170	1,519	651
Commissioners of the Land Office						
01	Duties	8,539	-	8,539	7,199	1,340
	Agency Total	8,539	-	8,539	7,199	1,340
Department of Libraries						
01	Duties	4,387	(29)	4,358	4,180	178
11	FY17 Carryover	-	100	100	100	-
	Agency Total	4,387	71	4,458	4,280	178
Physician Manpower Training Commission						
01	Duties	2,915	(22)	2,893	2,047	846
04	Duties	400	-	400	396	4
21	FY16 Carryover	-	3	3	3	-
11	FY17 Carryover	-	272	272	266	6
13	FY17 Carryover	-	121	121	107	14
	Agency Total	3,315	374	3,689	2,819	870
Center for Advancement of Science and Technology						
01	Duties	13,423	(89)	13,334	12,339	995
11	FY17 Carryover	-	258	258	246	12
	Agency Total	13,423	169	13,592	12,585	1,007

Oklahoma School of Science and Math

01	Duties	$ 6,121	$ (39)	$ 6,082	$ 4,789	$ 1,293
12	FY17 Carryover	-	1,062	1,062	1,019	43
	Agency Total	6,121	1,023	7,144	5,808	1,336

Department of Career and Technology Education

08	Duties	108,181	(746)	107,435	98,719	8,716
18	Ed & Gen Oper Budgets, Construc,Maint,Rep (FY-2016 Lottery	3,170	-	3,170	230	2,940
16	Ed & Gen Oper Budgets, Construc,Maint,Rep (FY-2014)	664	-	664	-	664
18	FY17 Carryover	-	7,491	7,491	7,491	-
	Agency Total	112,015	6,745	118,760	106,440	12,320

Education Total	1,855,335	85,688	1,941,023	1,898,469	42,554

GENERAL GOVERNMENT

Office of Management and Enterprise Services

01	Duties	24,007	(222)	23,785	22,770	1,015
01	For transfer to Bldg & Fac Revolv (Fund 245)	2,140	-	2,140	1,962	178
02	For transfer to Bldg & Fac Revolv (Fund 245)	1,736	-	1,736	1,736	-
01	Governor Transition Costs	-	30	30	-	30
03	Reconcile costs associated with state pension systems	-	5,600	5,600	-	5,600
02	Duties (Capitol Bond Debt Service)	-	13,865	13,865	-	13,865
21	FY16 Carryover	-	243	243	243	-
11	FY17 Carryover	-	1,393	1,393	1,393	-
	Agency Total	27,883	20,909	48,792	28,104	20,688

Department of Commerce

01	Duties	14,850	(96)	14,754	11,784	2,970
02	Duties - NACEA	5,968	(6)	5,962	5,323	639
01	Closing Fund	-	4,000	4,000	-	4,000
11	FY17 Carryover	-	1,873	1,873	1,238	635
12	FY17 Carryover	-	109	109	109	-
	Agency Total	20,818	5,880	26,698	18,454	8,244

State Election Board

01	Duties	6,338	(52)	6,286	5,058	1,228
04	Duties	1,500	-	1,500	215	1,285
11	FY17 Carryover	-	1,111	1,111	1,111	-
13	FY17 Carryover	-	671	671	671	-
	Agency Total	7,838	1,730	9,568	7,055	2,513

Ethics Commission

01	Duties	704	(5)	699	685	14
	Agency Total	704	(5)	699	685	14

Merit Protection Commission

01	Duties	361	(2)	359	231	128
11	FY17 Carryover	-	142	142	139	3
	Agency Total	361	140	501	370	131

State Auditor and Inspector

01	Duties	3,138	(21)	3,117	3,107	10
02	County Govt Personnel Educ & Trng	225	(2)	223	205	18
11	FY17 Carryover	-	29	29	28	1
12	FY17 Carryover	-	2	2	2	-
	Agency Total	3,363	8	3,371	3,342	29

Governor

01	Duties	1,641	(11)	1,630	1,553	77
11	FY17 Carryover	-	156	156	156	-
	Agency Total	1,641	145	1,786	1,709	77

Lieutenant Governor

01	Duties	373	(2)	371	263	108
21	FY16 Carryover	-	2	2	2	-
11	FY17 Carryover	-	133	133	133	-
	Agency Total	373	133	506	398	108

Tax Commission						
30	Duties	$ 43,026	$ (292)	$ 42,734	$ 39,443	$ 3,291
	Agency Total	43,026	(292)	42,734	39,443	3,291
Treasurer						
01	Duties	2,583	(18)	2,565	1,314	1,251
03	State Land Reimbursements	95	-	95	95	-
21	FY16 Carryover	-	126	126	115	11
11	FY17 Carryover	-	1,703	1,703	1,533	170
	Agency Total	2,678	1,811	4,489	3,057	1,432
General Government Total		108,685	30,459	139,144	102,617	36,527
HEALTH SERVICES						
Department of Health						
01	Duties	53,084	(348)	52,736	35,625	17,111
	Agency Total	53,084	(348)	52,736	35,625	17,111
Mental Health and Substance Abuse						
01	Duties	189,129	11,726	200,855	169,944	30,911
05	Duties	63,361	30,157	93,518	93,518	-
01	Duties (Health Care Enhancement Fund)	75,000	(75,000)	-	-	-
02	Duties	-	7,614	7,614	-	7,614
01	Duties	-	23,338	23,338	23,338	-
11	FY17 Carryover	-	2,099	2,099	2,099	-
	Agency Total	327,490	(66)	327,424	288,899	38,525
Health Care Authority						
01	Duties (to Disbursing Funds 200 and 340)	850,719	15,440	866,159	866,159	-
04	Duties (to Disbursing Funds 200 and 340)	52,000	22,866	74,866	74,866	-
02	Duties	-	7,179	7,179	7,179	-
01	Duties (Health Care Enhancement Fund)	70,000	(70,000)	-	-	-
02	Duties	-	17,712	17,712	17,712	-
01	Duties	32,000	-	32,000	32,000	-
	Agency Total	1,004,719	(6,803)	997,916	997,916	-
Health Services Total		1,385,293	(7,217)	1,378,076	1,322,440	55,636
LEGAL AND JUDICIARY						
Indigent Defense System						
01	Duties	15,960	(106)	15,854	13,798	2,056
11	FY17 Carryover	-	660	660	486	174
	Agency Total	15,960	554	16,514	14,284	2,230
Attorney General						
01	Duties	9,164	(54)	9,110	8,690	420
02	For transfer to the Legal Services Rev Fund	905	(6)	899	899	-
11	FY17 Carryover	-	542	542	504	38
	Agency Total	10,069	482	10,551	10,093	458
Court of Criminal Appeals						
01	Duties	3,605	(24)	3,581	3,405	176
11	FY17 Carryover	-	179	179	176	3
	Agency Total	3,605	155	3,760	3,581	179
District Courts						
01	Duties - District Courts	10,858	(363)	10,495	10,472	23
11	FY17 Carryover	-	285	285	285	-
	Agency Total	10,858	(78)	10,780	10,757	23
Supreme Court						
01	Duties	7,745	(76)	7,669	6,236	1,433
11	FY17 Carryover	-	886	886	886	-
	Agency Total	7,745	810	8,555	7,122	1,433
Legal and Judiciary Total		48,237	1,923	50,160	45,837	4,323

MUSEUMS

J.M. Davis Arms and Historical Museum

01	Duties	$ 231	$ (2)	$ 229	$ 196	$ 33
	Agency Total	231	(2)	229	196	33

Historical Society

01	Duties	10,906	(49)	10,857	10,137	720
	Agency Total	10,906	(49)	10,857	10,137	720

Museums Total

		11,137	(51)	11,086	10,333	753

NATURAL RESOURCES

Department of Agriculture

01	Duties	20,773	(145)	20,628	20,347	281
03	Duties	1,693	-	1,693	1,693	-
11	FY17 Carryover	-	142	142	58	84
	Agency Total	22,466	(3)	22,463	22,098	365

Department of Environmental Quality

01	Duties	4,696	(38)	4,658	4,416	242
	Agency Total	4,696	(38)	4,658	4,416	242

Department of Tourism and Recreation

01	Duties	16,491	(109)	16,382	13,660	2,722
11	FY17 Carryover	-	155	155	155	-
	Agency Total	16,491	46	16,537	13,815	2,722

Conservation Commission

01	Duties	9,707	(50)	9,657	8,122	1,535
11	FY17 Carryover	-	63	63	61	2
	Agency Total	9,707	13	9,720	8,183	1,537

Water Resources Board

01	Duties	5,247	(35)	5,212	4,933	279
11	FY17 Carryover	-	74	74	74	-
	Agency Total	5,247	39	5,286	5,007	279

Natural Resources Total

		58,607	57	58,664	53,519	5,145

PUBLIC SAFETY AND DEFENSE

Oklahoma Military Department

01	Duties	9,969	(62)	9,907	7,344	2,563
11	FY17 Carryover	-	862	862	737	125
	Agency Total	9,969	800	10,769	8,081	2,688

Alcohol Beverage Laws Enforcement

01	Duties	2,458	(16)	2,442	2,432	10
11	FY17 Carryover	-	17	17	17	-
	Agency Total	2,458	1	2,459	2,449	10

Department of Corrections

30	Duties	478,669	(3,189)	475,480	455,582	19,898
40	Duties	1,064	-	1,064	1,064	-
04	Duties	5,279	-	5,279	5,279	-
01	Duties	-	8,750	8,750	3,513	5,237
31	FY17 Carryover	-	8,166	8,166	8,071	95
	Agency Total	485,012	13,727	498,739	473,509	25,230

District Attorney's Council

01	Duties (w/ allowance to transfer $491,014 to 22500)	32,790	(217)	32,573	32,327	246
11	FY17 Carryover	-	484	484	478	6
	Agency Total	32,790	267	33,057	32,805	252

Pardon and Parole Board						
01	Duties	$ 2,182	$ (14)	$ 2,168	$ 1,375	$ 793
11	FY17 Carryover	-	466	466	466	-
	Agency Total	2,182	452	2,634	1,841	793
State Bureau of Investigation						
01	Duties	11,892	(65)	11,827	11,827	-
11	FY17 Carryover	-	87	87	-	87
	Agency Total	11,892	22	11,914	11,827	87
Department of Emergency Management						
01	Duties	479	(3)	476	428	48
11	FY17 Carryover	-	19	19	-	19
	Agency Total	479	16	495	428	67
Board of Medicolegal Investigations						
01	Duties	10,971	(73)	10,898	9,674	1,224
11	FY17 Carryover	-	976	976	976	-
	Agency Total	10,971	903	11,874	10,650	1,224
Council on Law Enforcement, Education, and Training						
01	Duties	2,684	(18)	2,666	2,367	299
02	Duties	86	-	86	67	19
11	FY17 Carryover	-	80	80	6	74
	Agency Total	2,770	62	2,832	2,440	392
Bureau of Narcotics and Dangerous Drugs						
01	Duties	2,941	(20)	2,921	2,921	-
	Agency Total	2,941	(20)	2,921	2,921	-
Department of Public Safety						
01	Duties	72,048	(651)	71,397	62,241	9,156
01	Duties (from State Public Safety Fund)	17,860	-	17,860	17,860	-
01	Duties (From CLEET fund)	624	18	642	464	178
	Agency Total	90,532	(633)	89,899	80,565	9,334
Public Safety and Defense Total		651,996	15,597	667,593	627,516	40,077
REGULATORY SERVICES						
Department of Mines						
01	Duties	738	(5)	733	723	10
12	FY16 Carryover	-	21	21	-	21
11	FY17 Carryover	-	11	11	-	11
	Agency Total	738	27	765	723	42
Corporation Commission						
01	Duties	7,787	(64)	7,723	7,712	11
11	FY17 Carryover	-	237	237	237	-
	Agency Total	7,787	173	7,960	7,949	11
Department of Labor						
04	Duties	1,858	(23)	1,835	1,451	384
01	Duties	1,425	-	1,425	1,011	414
02	Duties	234	-	234	134	100
13	FY17 Carryover	-	422	422	422	-
	Agency Total	3,517	399	3,916	3,018	898
Regulatory Services Total		12,042	599	12,641	11,690	951
SOCIAL SERVICES						
Commission on Children and Youth						
10	Duties	1,658	(11)	1,647	1,438	209
11	FY17 Carryover	-	131	131	131	-
	Agency Total	1,658	120	1,778	1,569	209

Office of Disability Concerns						
01	Duties	$ 234	$ (2)	$ 232	$ 151	$ 81
11	FY17 Carryover	-	50	50	50	-
	Agency Total	234	48	282	201	81
Office of Juvenile Affairs						
01	Duties	91,532	(607)	90,925	75,568	15,357
12	FY17 Carryover	-	304	304	-	304
11	FY17 Carryover	-	1,320	1,320	1,317	3
	Agency Total	91,532	1,017	92,549	76,885	15,664
Department of Veterans Affairs						
01	Duties	27,846	(199)	27,647	23,017	4,630
11	FY17 Carryover	-	2,512	2,512	2,512	-
	Agency Total	27,846	2,313	30,159	25,529	4,630
J.D. McCarty Center						
10	Duties	3,859	(19)	3,840	3,414	426
11	FY17 Carryover	-	50	50	31	19
	Agency Total	3,859	31	3,890	3,445	445
Department of Rehabilitation Services						
01	Duties (to disbursing funds)	29,564	(190)	29,374	29,374	-
	Agency Total	29,564	(190)	29,374	29,374	-
University Hospitals Authority						
01	Duties	37,669	(250)	37,419	33,550	3,869
11	FY17 Carryover	-	248	248	248	-
	Agency Total	37,669	(2)	37,667	33,798	3,869
Department of Human Services						
01	Duties (to Disbursing Funds)	571,868	2,826	574,694	574,694	-
05	Duties (to Disbursing Funds)	59,044	28,069	87,113	87,113	-
02	Duties	-	6,962	6,962	6,962	-
02	Duties	-	26,500	26,500	26,500	-
01	Duties (Health Care Enhancement Fund)	69,000	(69,000)	-	-	-
	Agency Total	699,912	(4,643)	695,269	695,269	-
Social Services Total		892,274	(1,306)	890,968	866,070	24,898
TRANSPORTATION						
01	Duties to Space Industries Dev. (To the Space Ind. Dev. Auth	290	-	290	290	-
	Agency Total	290	-	290	290	-
Transportation Total		290	-	290	290	-
General Fund Total		$ 5,023,896	$ 125,749	$ 5,149,645	$ 4,938,781	$ 210,864

SUMMARY OF REVENUE BY FUNCTION OF GOVERNMENT

Education Revenue Total	$ 76,136	$ -	$ 76,136	$ 78,135	$ (1,999)
General Government Revenue Total	5,783,597	-	5,783,597	6,165,480	(381,883)
Public Safety and Defense Total	22,312	-	22,312	25,985	(3,673)
Regulatory Services Total	1,500	-	1,500	1,563	(63)
Revenue Total	$ 5,883,545	$ -	$ 5,883,545	$ 6,271,163	$ (387,618)

Notes to Required Supplementary Information - Budgetary Reporting

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 15th in the following fiscal year. Certain appropriations are transferred to continuing funds for expenditure. Unexpended amounts may then be budgeted again 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, 2018, is presented below (expressed in thousands) for the general fund:

Budgetary Basis Fund Balance, June 30, 2017	$ 1,235,995
Excess of total sources over total uses of financial resources (Budgetary Basis)	956,504
Budgetary Basis Fund Balance, June 30, 2018	2,192,499
Entity and Perspective Differences:	
Non-budgeted Funds and Capital Funds	1,502,802
Encumbrances	101,585
Basis Differences:	
Add: Net accrued revenues, related receivables, and deferred revenues	1,065,015
Less: Net accrued expenditures and related liabilities	(1,251,623)
GAAP Basis Fund Balance, June 30, 2018	$ 3,610,278

Pension Schedules
Required by GASB 68

For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

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 (GASB), Statement 68, *Accounting and Financial Reporting for Pensions*. 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.olers.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

Schedules of Contributions and Related Ratios

Single Employer Plans

A. General Fund

Schedule of Contributions
Wildlife Commission Retirement Plan
Last Ten Fiscal Years
(Expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	$ 2,494	$ 2,988	$ 3,197	$ 3,691	$ 4,307	$ 4,267	$ 3,802	$ 3,180	$ 4,414	$ 3,406
Contributions in relation to the actuarially determined contribution	3,100	4,780	3,700	4,307	4,300	4,100	4,100	3,180	4,414	3,410
Contribution deficiency (excess)	$ (606)	$ (1,792)	$ (503)	$ (616)	$ 7	$ 167	$ (298)	$ -	$ -	$ (4)
Covered payroll	$ 12,208	$ 12,806	$ 13,388	$ 13,667	$ 13,599	$ 14,300	$ 14,662	$ 14,633	$ 14,839	$ 14,811
Contributions as percentage of covered payroll	25.39%	37.33%	27.64%	31.51%	31.62%	28.67%	27.96%	21.73%	29.74%	23.02%

Schedule of Net Pension Liability
Wildlife Commission Retirement Plan
Last Five Fiscal Years
(Expressed in thousands)

	2017	2016	2015	2014	2013
Total Pension Liability					
Service cost	$ 1,627	$ 1,848	$ 1,840	$ 1,930	$ 1,988
Interest	8,203	7,832	7,586	7,296	7,057
Differences between expected and actual experience	(883)	456	(357)	293	(844)
Changes in benefit terms	-	1,156	-	-	-
Changes of assumptions	-	195	-	-	-
Benefit payments	(6,315)	(5,594)	(5,540)	(5,032)	(4,445)
Net Change in Total Pension Liability	$ 2,632	5,893	3,529	4,487	3,756
Total Pension Liability - Beginning	118,719	112,826	109,297	104,810	101,054
Total Pension Liability - Ending	$ 121,351	$ 118,719	$ 112,826	$ 109,297	$ 104,810
Plan Fiduciary Net Position					
Contributions - employer	$ 4,780	$ 3,700	$ 4,307	$ 4,300	$ 4,100
Contributions - member	633	663	655	681	698
Net investment income	10,797	492	4,097	12,370	7,483
Benefit payments	(6,315)	(5,593)	(5,540)	(5,032)	(4,445)
Administrative expense	(52)	(55)	(49)	(38)	(38)
Net change in plan fiduciary net position	9,843	(793)	3,470	12,281	7,798
Plan fiduciary net position - beginning	99,138	99,931	96,461	84,180	76,382
Plan fiduciary net position - ending	108,981	99,138	99,931	96,461	84,180
Net pension liability	$ 12,370	$ 19,581	$ 12,895	$ 12,836	$ 20,630
Total pension liability	$ 121,351	$ 118,719	$ 112,826	$ 109,297	$ 104,810
Plan fiduciary net position	108,981	99,138	99,931	96,461	84,180
Net pension liability (asset)	$ 12,370	$ 19,581	$ 12,895	$ 12,836	$ 20,630
Ratio of plan fiduciary net position to total pension liability	89.81%	83.51%	88.57%	88.26%	80.32%
Covered payroll	$ 12,806	$ 13,388	$ 13,667	$ 13,599	$ 14,300
Net pension liability as a percentage of covered payroll	96.60%	146.26%	94.35%	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 2018 was determined as part of the July 1, 2018, actuarial valuation using the 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 3.0%-8.0%. The assumptions did not include 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

Schedule of Contributions
Oklahoma Law Enforcement Retirement System
Last Ten Fiscal Years
(Expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	$ 32,467	$ 33,110	$ 33,291	$ 31,838	$ 43,775	$ 44,734	$ 48,634	$ 50,094	$ 48,103	$ 36,616
Contributions in relation to the actuarially determined contribution	9,083	9,262	10,219	9,438	8,566	8,296	7,414	7,694	7,779	7,686
Contributions--State of Oklahoma insurance premium tax	23,673	21,843	22,981	22,861	21,165	19,807	18,836	16,965	15,456	17,311
Total Contribution	32,756	31,105	33,200	32,299	29,731	28,103	26,250	24,659	23,235	24,997
Contribution deficiency (excess)	$ (289)	$ 2,005	$ 91	$ (461)	$ 14,044	$ 16,631	$ 22,384	$ 25,435	$ 24,868	$ 11,619
Covered payroll	$ 86,121	$ 86,496	$ 88,683	$ 84,880	$ 76,838	$ 73,423	$ 71,598	$ 70,967	$ 73,400	$ 75,320
Contributions as percentage of covered payroll	38.03%	35.96%	37.44%	38.05%	38.69%	38.28%	36.66%	34.75%	31.66%	33.19%

Schedule of Net Pension Liability
Oklahoma Law Enforcement Retirement System
Last Four Fiscal Years
(Expressed in thousands)

	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 23,670	$ 23,126	$ 22,087	$ 20,294
Interest	75,080	72,766	66,613	64,959
Differences between expected and actual experience	(2,307)	6,137	51,090	(9,771)
Changes in assumptions	1,107	-	-	-
Benefit payments	(57,612)	(58,348)	(57,187)	(49,777)
Net Change in Total Pension Liability	$ 39,938	43,681	82,603	25,705
Total Pension Liability - Beginning	1,029,349	998,863	916,260	890,555
Total Pension Liability - Ending	$ 1,069,287	$ 1,042,544	$ 998,863	$ 916,260
Plan Fiduciary Net Position				
Contributions - employer	$ 9,262	$ 10,219	$ 9,438	$ 8,566
Contributions - nonemployer	21,843	22,981	22,861	21,165
Contributions - member	6,832	6,866	6,390	5,787
Net investment income	106,519	(22,244)	34,802	121,403
Benefit payments	(57,612)	(58,348)	(57,187)	(49,777)
Administrative expense	(1,083)	(1,031)	(1,069)	(927)
Net change in plan fiduciary net position	85,761	(41,557)	15,235	106,217
Plan fiduciary net position - beginning	853,584	895,141	879,906	773,689
Plan fiduciary net position - ending	$ 939,345	$ 853,584	$ 895,141	$ 879,906
Net pension liability	$ 129,942	$ 188,960	$ 103,722	$ 36,354
Total pension liability	1,069,287	1,042,544	998,863	916,260
Plan fiduciary net position	939,345	853,584	895,141	879,906
Net pension liability (asset)	$ 129,942	$ 188,960	$ 103,722	$ 36,354
Ratio of plan fiduciary net position to total pension liability	87.85%	81.88%	89.62%	96.03%
Covered payroll	$ 86,496	$ 88,683	$ 84,880	$ 76,838
Net pension liability as a percentage of covered payroll	150.23%	213.07%	122.20%	47.31%

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 2018 was determined as part of the July 1, 2018, 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 3.50%-9.75%, c) a cost-of-living allowance of 3% for eligible participants, and d) an inflation rate of 2.75%.

Benefit Changes:

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This became effective May 8, 2018.

House Bill 2517 clarifies that all benefits payable from the plan, including payments from deferred option plans, shall be paid from general assets of the fund. This became effective April 12, 2018.

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: Senate Bill 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 is 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:

July 1, 2017 Valuation:

- The cost of living assumption was 3% for eligible participants. The inflation assumption was 3%.
- Beginning with the July 1, 2017 valuation, there is a salary experience reserve. When base pay raises are small or non-existent, the reserve is credited with the liability gain resulting from this experience. When pay raises are granted, the reserve is released to offset any loss (or completely released, if less than the loss).

July 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.
- The mortality table used for disabled pensioners 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.

July 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.
- COLA assumption of 4% every other year was added.

Uniform Retirement System for Judges and Justices
Schedule of Contributions
Last Five Fiscal Years
(Expressed in thousands)

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 1,638	$ 3,626	$ 3,454	$ 4,897	$ 7,215
Actual Employer Contributions	6,504	6,013	5,832	5,295	4,611
Contribution deficiency (excess)	$ (4,866)	$ (2,387)	$ (2,378)	$ (398)	$ 2,604
Covered payroll	$ 33,359	$ 34,811	$ 34,537	$ 34,282	$ 34,325
Contributions as percentage of employee payroll	19.50%	17.27%	16.89%	15.45%	13.43%

Schedule of Net Pension Liability
Uniform Retirement System for Judges and Justices
Last Four Fiscal Years
(Expressed in thousands)

	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 10,085	$ 9,689	$ 9,602	$ 9,489
Interest	19,229	19,341	18,812	18,529
Differences between expected and actual experience	(6,664)	(7,480)	(4,598)	(7,597)
Changes of assumptions	3,979	5,843	-	(1,046)
Benefit payments	(17,648)	(17,198)	(16,093)	(14,939)
Refunds of contributions	(89)	(161)	(111)	(57)
Net Change in Total Pension Liability	$ 8,892	10,034	7,612	4,379
Total Pension Liability - Beginning	276,434	266,400	258,788	254,409
Adoption of GASB 74	(2,488)	-	-	-
Total Pension Liability - Ending	$ 282,838	$ 276,434	$ 266,400	$ 258,788
Plan Fiduciary Net Position				
Contributions - employer	$ 6,013	$ 5,832	$ 5,295	$ 4,611
Contributions - member	2,664	2,666	2,706	2,544
Net investment income	36,312	1,441	8,174	46,211
Benefit payments	(17,648)	(17,198)	(16,093)	(14,939)
Administrative expense	(153)	(149)	(144)	(132)
Refunds of contributions	(89)	(161)	(111)	(57)
Net change in plan fiduciary net position	$ 27,099	$ (7,569)	$ (173)	$ 38,238
Plan fiduciary net position - beginning	293,727	301,296	301,469	263,231
Adoption of GASB 74	(2,563)	-	-	-
Plan fiduciary net position - ending	$ 318,263	$ 293,727	$ 301,296	$ 301,469
Net pension liability	$ (35,425)	$ (17,293)	$ (34,896)	$ (42,681)
Total pension liability	282,838	276,434	266,400	258,788
Plan fiduciary net position	318,263	293,727	301,296	301,469
Net pension liability (asset)	(35,425)	$ (17,293)	$ (34,896)	$ (42,681)
Ratio of plan fiduciary net position to total pension liability	112.52%	106.26%	113.10%	116.49%
Covered payroll	$ 34,811	$ 34,537	$ 34,282	$ 34,325
Net pension asset as a percentage of covered payroll	101.76%	50.07%	101.79%	124.34%

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 2018 was determined as part of the July 1, 2018, actuarial valuation using the entry age normal method. The actuarial assumptions included a) a 7.00% investment rate of return (net of administrative expense) b) projected salary increases of 3.75%. The assumptions did not include a cost-of-living allowance for active, disabled, or retired members, and c) an inflation rate of 2.75%.

Benefit Changes:

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This became effective May 8, 2018.

2011: With the passage of House Bill 2132 benefits are not assumed to increase due to future ad hoc COLA increases.

Under House Bill 1010, the retirement age for judges taking office on or after January 1, 2012 increases from the current age 65 to age 67 with eight years of service. In addition, the current rule of 80 or age 60 changes to age 62 with 10 or more years of service.

Senate Bill 782 amends 62 O.S § 3109 to move the deadline for completion of an actuarial investigation from November 1 to December 1. The final bill deletes the requirement that the state pension systems submit reports annually to the Pension Commission using standard actuarial assumptions.

2009: Effective July 1, 2009, Senate Bill 212 provides that the funded ratio of the URSJJ should be at or near 90%. The bill also authorizes the Board of Trustees of the Oklahoma Public Employees Retirement System to establish and adjust the employer contribution rate annually up to the actuarially required contribution rate. If the increase to the full actuarially required contribution rate is in excess of three percent (3%), the Board may adopt a plan to raise the rate to the actuarially required contribution rate over a period of up to five (5) years. The board may consider the availability of funds to the administrative director of the courts, the Court of Civil Appeals, the Court of Criminal Appeals, and the Workers' Compensation Court in establishing the annual contribution rate.

House Bill 1254 provides for a payment of $6 million, in addition to the regular employer contributions, to be paid into the URSJJ for the fiscal year ending June 30, 2010.

2008: House Bill 3112 was passed by the 2008 Oklahoma Legislature and included a four percent (4%) COLA for members who were retired as of June 30, 2007, and still receiving a benefit as of July 1, 2008.

Changes in Actuarial Assumptions:

7/1/2017 valuation: Investment return decreased from 7.25% to 7.00%. Projected salary increases decreased from 5.00% to 3.75%. Inflation rate decreased from 3.00% to 2.75%.

7/1/2016 valuation: Investment return decreased from 7.5% to 7.25%

7/1/2014 valuation: Salary scale assumption was decreased. Retirement rates were adjusted.

7/1/2011 valuation: Salary increase assumption was revised. Payroll increase assumption was revised.

7/1/2008 valuation: Inflation assumption was increased from 2.5% to 3.0%. Investment return was increased from 7.25% to 7.5%. General wage growth assumption was set at 4.25%. Retirement rates were increased for ages before 65 and rates were lowered for ages above 67. Post-retirement mortality was changed to RP-2000 combined active/retired healthy mortality table projected to 2010, setback one year. Amortization methodology was changed for the unfunded actuarial accrued liability form level dollar to level percent of payroll. The board reset the amortization period to 20 years from July 1, 2007. The previous amortization period was 40 years from July 1, 1987.

Cost Sharing Pension Plans

A. Component Units

Schedule of Related Ratios
Oklahoma Firefighters Pension and Retirement System
Last Nine Fiscal Years
(Expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Plan fiduciary position as a percentage of the total pension liability	66.61%	64.87%	68.27%	68.12%	61.62%	59.22%	63.18%	46.99%	45.20%
Covered payroll	$ 285,073	$ 273,621	$ 270,536	$ 271,572	$ 253,955	$ 256,250	$ 243,684	$ 248,520	$ 246,816
Net pension liability as a percentage of covered payroll	441.19%	446.50%	392.34%	378.66%	465.75%	459.40%	417.04%	671.78%	682.74%
State portion of net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State employer portion of net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	0%

Schedule of Contributions
Oklahoma Firefighters Pension and Retirement System
Last Nine Fiscal Years
(Expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required employer contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Statutorily required employer contributions	100,333	88,134	92,330	91,236	79,545	76,311	68,246	59,876	54,159
Total required contributions	100,333	88,134	92,330	91,236	79,545	76,311	68,246	59,876	54,159
Actual employer contribution	-	-	-	-	-	-	-	-	-
State of Oklahoma, non employer contributions	100,333	88,134	92,330	91,236	79,545	76,311	68,246	59,876	54,159
Total Contributions	100,333	88,134	92,330	91,236	79,545	76,311	68,246	59,876	54,159
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer portion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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:

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This became effective May 8, 2018.

2017: House Bill 1705 modified certain provisions of eligible rollover distributions, provided treatment of certain mandatory distributions occurring on or after a certain date.

2016: Senate Bill 1021 modified the termination date of local boards. The termination date was extended from December 31, 2000 to December 31, 2016.

Senate Bill 1022 clarified certain forms of payments made to members of the Oklahoma Firefighters Pension and Retirement System (OFPRS).

2015: House Bill 2005 prevents any volunteer firefighter who begins service on or after age 45 from becoming a participant in the OFPRS.

House Bill 1002 directs OFPRS Board of Trustees to use IRS guidelines to determine if a potential rollover from another system may be rolled into OFPRS. The board is required to use IRS guidelines to determine the taxable portion of a distribution from the System.

2013: House Bill 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:

July 1, 2013 Valuation:

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

July 1, 2011 Valuation:

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

Changes in Actuarial Funding Methods:

2013: House Bill 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%.

Schedule of Related Ratios
Oklahoma Public Employees Retirement System
Last Four Fiscal Years
(Expressed in thousands)

	2017	2016	2015	2014
Plan fiduciary position as a percentage of the total pension liability	94.28%	89.48%	96.00%	97.90%
Covered payroll	$ 1,406,150	$ 1,443,199	$ 1,391,397	$ 1,359,348
Net pension liability as a percentage of covered payroll	30.19%	54.85%	20.62%	10.83%
State portion of net pension liability	$ 424,531	$ 793,756	$ 286,962	$ 147,158
State employer portion of net pension liability	78.52%	79.99%	79.78%	80.17%

Schedule of Contributions
Oklahoma Public Employees Retirement System
Last Four Fiscal Years
(Expressed in thousands)

	2018	2017	2016	2015
Contractually required employer contribution	$ 258,907	$ 269,511	$ 296,249	$ 292,197
Actual employer contribution	258,907	269,511	296,249	292,197
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer portion of net pension liability	78.52%	79.99%	79.78%	80.17%
Covered payroll	1,325,851	$ 1,432,469	$ 1,443,199	$ 1,391,397
Actual contributions as a percentage of covered payroll	19.53%	18.81%	20.53%	21.00%

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.

Covered payroll beginning in 2017 is for the defined benefit plan members only although employer contributions toward the net pension liability are being received on behalf of defined contribution plan members.

2017 was the first year to exclude health insurance subsidy.

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

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This became effective May 8, 2018.

House Bill 2516 clarifies certain system provisions related to billing employers for sick leave and early retirement for elected officials. Effective April 12, 2018.

Senate Bill 527 states that a statewide elected official or legislator who is first elected or appointed on or after November 1, 2018, and who has participating service in the OPERS defined benefit plan prior to November 1, 2015, shall be a member of the defined benefit plan. Effective April 17, 2018.

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

Schedule of Related Ratios
Oklahoma Police Pension and Retirement System
Last Four Fiscal Years
(Expressed in thousands)

	2017	2016	2015	2014
Plan fiduciary position as a percentage of the total pension liability	99.68%	93.50%	99.82%	101.53%
Covered payroll	$ 871	$ 862	$ 632	$ 608
Net pension liability as a percentage of covered payroll	2.57%	51.67%	1.38%	(11.63%)
State portion of net pension liability	22	446	12	(72)
State Employer portion of NPL	0.29%	0.29%	0.29%	0.21%

Schedule of Contributions
Oklahoma Police Pension and Retirement System
Last Four Fiscal Years
(Expressed in thousands)

	2018	2017	2016	2015
Contractually required employer contributions	$ 117	$ 113	$ 112	$ 173
Statutorily required employer contributions	39,028	34,283	35,915	35,490
Total required contributions	39,145	34,396	36,027	35,663
Actual employer contribution	117	113	112	173
State of Oklahoma, non employer contributions	39,028	34,283	35,915	35,490
Total contributions	39,145	34,396	36,027	35,663
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer portion of net pension liability	0.29%	0.29%	0.29%	0.21%
Covered payroll	$ 899	$ 871	$ 862	$ 632
Actual contributions as a percentage of covered payroll	4354.28%	3947.35%	4179.47%	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

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This became effective May 8, 2018.

House Bill 2515 clarifies that all benefits payable from the plan, including payments from deferred option plans, shall be paid from general assets of the fund. HB 2515 further provides that a permanent and total impairment equates to one hundred percent (100%) of the accrued retirement benefits. This became effective April 12, 2018.

2017: House Bill 1119 updates the rules for distributions to include rollover contributions for SIMPLE IRAs that are structured and timed in accordance with the IRS SIMPLE IRA regulations.

2016: House Bill 2273 amends the computation of final average salary to be based specifically on paid base salary in which required contributions are made. Amends and clarifies the definition of paid base salary, including its components and exclusions. Adds additional language regarding the purchase of transferred credited service to comply with IRS rules regarding the use of Roth and non-Roth type accounts.

2015: Senate Bill 345 authorizes the Oklahoma Police Pension and Retirement System Board of Trustees to adopt rules for computation of the purchase price for transferred service credit and the purchase methods available, including time periods available to complete the purchase, and added language regarding distributions necessary for the System to remain an IRS qualified plan.

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

July 1, 2018 Valuation:

- The price inflation assumption was decrease from 3.00% to 2.75%.
- The interest credit on DOP balances were increased from 7.75% to 11.00%.
- The real wage growth assumption was set at 0.75%
- The COLA basis assumption was increased from 3.00% to 3.50%.
- The retirement and termination rates were adjusted to better reflect observed experience.
- The salary scale was adjusted to better reflect observed experience.
- The expected severity of disability was increased from 25-49% to 50-74%.
- Surplus UAAL was amortized over an open 30-year period.

Schedule of Related Ratios
Teacher's Retirement System
Last Four Fiscal Years
(Expressed in thousands)

	2017	2016	2015	2014
Plan fiduciary position as a percentage of the total pension liability	69.32%	62.24%	70.31%	72.43%
Covered payroll	$ 1,103,585	$ 1,111,204	$ 1,079,239	$ 1,070,909
Net pension liability as a percentage of covered payroll	159.91%	199.19%	140.65%	125.85%
State portion of net pension liability	$ 1,764,704	$ 2,248,905	$ 1,611,824	$ 1,347,638
State employer portion of net pension liability	26.60%	26.84%	26.42%	24.88%

Schedule of Contributions
Teacher's Retirement System
Last Four Fiscal Years
(Expressed in thousands)

	2018	2017	2016	2015
Contractually required employer contributions	$ 4,926	$ 106,483	$ 108,240	$ 184,726
Statutorily required employer contributions	344,610	301,952	315,672	336,391
Total required contributions	349,536	408,435	423,912	521,117
Actual employer contribution	4,926	106,483	108,240	184,726
State of Oklahoma, non employer contributions	344,610	301,952	315,672	336,391
Total Contributions	349,536	408,435	423,912	521,117
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer portion of net pension liability	26.60%	26.84%	26.42%	24.88%
Covered payroll	$ 1,103,585	$ 1,092,555	$ 1,111,204	$ 1,079,239
Actual contributions as a percentage of covered payroll	31.67%	37.38%	38.15%	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:

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of Retirement benefits. A single payment of 2% of the gross annual retirement benefit is paid to qualifying members, subject to a cap and floor on the payment. This became effective May 8, 2018.

2011: Senate Bill 377 – changes the eligibility conditions for both normal and early retirement for members hired on or after November 1, 2011. Members are 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 are 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 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 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.

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

June 30, 2017 Valuation:

- Change in the election rate of the supplemental medical insurance benefit.

June 30, 2016 Valuation:

- Inflation rate was decreased from 3% to 2.5%
- Assumed investment return was decreased from 8% to 7.5%
- Wage inflation was decreased from 3.75% to 3.25%
- Payroll growth was decreased from 3.25% to 2.75%

Other Postemployment Benefits Schedules
Required by GASB 75

For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

The following information presented for other postemployment benefit plans that are reported as fiduciary component units of the State of Oklahoma are required by the Governmental Accounting Standards Board (GASB), Statement 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*. 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 administering plans:

Law Enforcement Retirement 421 N.W. 13th Street, Suite 100 Oklahoma City, OK 73103-3701 http://www.olers.state.ok.us/	Public Employees Retirement P.O. Box 53007 Oklahoma City, OK 73152-3007 http://www.opers.ok.gov/	Office of Management and Enterprise Services 5005 N. Lincoln Blvd, Suite 100 Oklahoma City, OK 73105 http://omes.ok.gov
Department of Wildlife Conservation P.O. Box 53465 Oklahoma City, OK 73152 http://www.wildlifedepartment.com	Teachers' Retirement System 2500 N. Lincoln Boulevard, 5th Floor Oklahoma City, OK 73105-4209 http://www.ok.gov/TRS/	Uniform Retirement System for Judges and Justices P.O. Box 53007 Oklahoma City, OK 73152-3007 http://www.opers.ok.gov/

Schedules of Contributions and Related Ratios

A. General Fund

Schedule of Contributions
Employee Group Insurance Division – Implicit Rate Subsidy
Last Fiscal Year
(Expressed in thousands)

	2018
Actuarially required contributions	$ 12,706
Contributions in relation to the Actuarially required contributions	12,706
Contribution deficiency (excess)	$ -
Covered employee payroll	$ 1,521,794
Contributions as a percentage of covered payroll	0.83%

Schedule of Total Other Postemployment Benefit Liability
Employee Group Insurance Division – Implicit Rate Subsidy
Last Fiscal Year
(Expressed in thousands)

	2017
Total OPEB liability	
Service cost	$ 5,920
Interest	4,497
Changes of benefit terms	-
Difference between expected and and actual experience	-
Changes of assumption or other inputs	(7,404)
Benefit payments	(12,706)
Net change in total OPEB liability	(9,693)
Total OPEB Liability-beginning	158,189
Total OPEB Liability-ending	$ 148,496
Covered employee payroll	$ 1,521,794
Total OPEB Liability as a percentage of covered employee payroll	9.76%

Notes to Schedules:

GASB Statement 75 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 75 and is the latest available at the date of publication.

There are no assets in a trust compliant with GASB Statement 75 from which to pay benefits.

Schedule of Contributions
Wildlife Commission Health Insurance Allowance
Last Fiscal Year
(Expressed in thousands)

	2018
Actuarially required contributions	$ 236
Contributions in relation to the Actuarially required contributions	236
Contribution deficiency (excess)	$ -
Covered employee payroll	$ 12,208
Contributions as a percentage of covered payroll	1.93%

Schedule of Total Other Postemployment Benefit Liability
Wildlife Commission Retirement Plan
Last Fiscal Year
(Expressed in thousands)

	2017
Total OPEB liability	
Service cost	$ 121
Interest	177
Changes of benefit terms	2,992
Difference between expected and and actual experience	(28)
Changes of assumption or other inputs	180
Benefit payments	(238)
Net change in total OPEB liability	3,204
Total OPEB Liability-beginning	4,532
Total OPEB Liability-ending	$ 7,736
Covered employee payroll	$ 12,208
Total OPEB Liability as a percentage of covered employee payroll	63.37%

Notes to Schedules:

GASB Statement 75 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 75 and is the latest available at the date of publication.

There are no assets in a trust compliant with GASB Statement 75 from which to pay benefits.

B. Component Units

Schedule of Contributions
Oklahoma Law Enforcement Retirement System
Last Two Fiscal Years
(Expressed in thousands)

	2018	2017
Actuarially determined contribution	$ 380	398
Contributions in relation to the contractually required contribution:		
State Agencies	1,285	849
Contributions--State of Oklahoma insurance premium tax and other state sources	-	-
Total contributions	1,285	849
Contribution deficiency (excess)	$ (905)	$ (451)
Covered employee payroll	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A

Schedule of Net Other Postemployment Benefit Liability
Oklahoma Law Enforcement Retirement System
Last Fiscal Year
(Expressed in thousands)

	2017
Total OPEB liability	
Service cost	357
Interest	958
Changes of benefit terms	-
Difference between expected and and actual experience	(501)
Changes of assumption or other inputs	(304)
Benefit payments	(849)
Net change in total OPEB liability	(339)
Total OPEB Liability-beginning	13,195
Total OPEB Liability-ending	12,856
Plan fiduciary net position (OPEB)	
Contributions - state agencies	849
Net investment (loss) income	-
Health insurance premiums paid	(849)
Administrative expense	-
Net change in fiduciary net position	-
Fiduciary net position OPEB-beginning	-
Fiduciary net position OPEB-ending	-
Net OPEB Liability	12,856
Fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	N/A
Net OPEB Liability (Asset) as a percentage of covered employee payroll	N/A

Notes to Schedules:

GASB Statement 75 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 75 and is the latest available at the date of publication.

As of June 30,2018, OPEB had allocated assets of approximately $430,000 and no allocated assets as of June 30, 2017. As such the return for both years is 0%. The returns in future years are the same for both OPEB and the pension plan.

Covered payroll is not meaningful to formulate a ratio of net OPEB liability as a percentage of covered payroll. Contributions are only received from employers.

Uniform Retirement System for Judges and Justices
Schedule of Contributions
Last Two Fiscal Years
(Expressed in thousands)

	2018	2017
Actuarially determined contribution	$ 15	35
Actual employer contributions	180	178
Contribution deficiency (excess)	$ (165)	$ (143)
Covered employee payroll	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A

Schedule of Net Other Postemployment Benefit Liability
Uniform Retirement System for Judges and Justices
Last Fiscal Year
(Expressed in thousands)

	2017
Total OPEB liability	
Service cost	122
Interest	174
Changes of benefit terms	-
Difference between expected and and actual experience	(13)
Changes of assumption or other inputs	107
Benefit payments	(179)
Net change in total OPEB liability	211
Total OPEB Liability-beginning	2,488
Total OPEB Liability-ending	2,699
Plan fiduciary net position (OPEB)	
Contributions - state agencies	178
Net investment (loss) income	330
Health insurance premiums paid	(179)
Administrative expense	(1)
Net change in fiduciary net position	328
Fiduciary net position OPEB-beginning	2,563
Fiduciary net position OPEB-ending	2,891
Net OPEB Liability	(192)
Fiduciary net position as a percentage of the total OPEB liability	107.11%
Covered employee payroll	N/A
Net OPEB Liability (Asset) as a percentage of covered employee payroll	N/A

Notes to Schedule:

GASB Statement 75 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 75 and is the latest available at the date of publication.

Covered payroll is not meaningful to formulate a ratio of net OPEB liability as a percentage of covered payroll. Contributions are only received from employers.

Cost Sharing Other Postemployment Plans

B. Component Units

Schedule of Contributions
Oklahoma Public Employees Retirement System
Last Two Fiscal Years
(Expressed in thousands)

	2018	2017
Actuarially determined contribution	$ 4,543	4,780
Actual employer contributions	14,982	14,784
Contribution deficiency (excess)	$ (10,439)	$ (10,004)
State portion of liability	78.52%	78.52%
Covered employee payroll	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A

Schedule of Net Other Postemployment Benefit Liability
Oklahoma Public Employees Retirement System
Last Fiscal Year
(Expressed in thousands)

	2017
Total OPEB liability	
Service cost	6,713
Interest	17,717
Changes of benefit terms	-
Difference between expected and and actual experience	(13,158)
Changes of assumption or other inputs	8,695
Benefit payments	(14,918)
Net change in total OPEB liability	5,049
Total OPEB Liability-beginning	251,693
Total OPEB Liability-ending	256,742
Plan fiduciary net position (OPEB)	
Contributions - state agencies	14,784
Net investment (loss) income	28,068
Health insurance premiums paid	(14,918)
Administrative expense	(144)
Net change in fiduciary net position	27,790
Fiduciary net position OPEB-beginning	219,958
Fiduciary net position OPEB-ending	247,748
Net OPEB Liability (Asset)	8,994
State portion of liability	78.52%
Fiduciary net position as a percentage of the total OPEB liability	96.50%
Covered employee payroll	N/A
Net OPEB Liability (Asset) as a percentage of covered employee payroll	N/A

Notes to Schedule:

GASB Statement 75 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 75 and is the latest available at the date of publication.

Covered payroll is not meaningful to formulate a ratio of net OPEB liability as a percentage of covered payroll. Contributions are only received from employers.

Schedule of Contributions
Teacher's Retirement System
Last Two Fiscal Years
(Expressed in thousands)

	2018	2017
Actuarially determined contribution	$ 760	1,698
Actual employer contributions	760	1,698
Contribution deficiency (excess)	$ -	$ -
State portion of liability	26.07%	26.07%
Covered employee payroll	1,081,956	1,061,401
Contributions as a percentage of covered payroll	0.07%	0.16%

Schedule of Net Other Postemployment Benefit Liability
Teacher's Retirement System
Last Fiscal Year
(Expressed in thousands)

	2017
Total OPEB liability	
Service cost	1,733
Interest	8,274
Changes of benefit terms	-
Difference between expected and and actual experience	(3,699)
Changes of assumption or other inputs	-
Benefit payments	(7,903)
Net change in total OPEB liability	(1,595)
Total OPEB Liability-beginning	113,391
Total OPEB Liability-ending	111,796
Plan fiduciary net position (OPEB)	
Contributions-employer	1,698
Contributions-employee	-
Net investment (loss) income	16,244
Health insurance premiums paid	(7,903)
Administrative expense	(7)
Net change in fiduciary net position	10,032
Fiduciary net position OPEB-beginning	113,391
Fiduciary net position OPEB-ending	123,423
Net OPEB Liability (Asset)	(11,627)
State portion of liability	26.07%
Fiduciary net position as a percentage of the total OPEB liability	110.40%
Covered employee payroll	1,061,401
Net OPEB Liability (Asset) as a percentage of covered employee payroll	-1.10%

Notes to Schedule:

GASB Statement 75 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 75 and is the latest available at the date of publication.

Top: The concrete structure for the Capitol's new electrical switch gear is in place.
Bottom: The Capitol's new state-of-the-art electrical room is complete.

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

OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM
421 NW 13th St., Suite 100, Oklahoma City, Oklahoma 73103
www.olers.state.ok.us
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
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
The System provides retirement benefits for justices and judges in the State of Oklahoma.

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM
1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116
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
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 were 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 Net Position
Pension Trust Funds (Including Similar Component Units)

June 30, 2018
(expressed in thousands)

	Primary Government	Fiduciary Component Units						
	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	TeachersRetirementSystem ofOklahoma	Total
Assets								
Cash/Cash Equivalents	$ 4,856	$ 70,883	$ 16,368	$ 223,015	$ 8,168	$ 38,434	$ 450,052	$ 811,776
Investments, at fair value								
Equity Securities	70,003	1,655,371	595,816	3,313,189	237,094	1,481,914	10,181,360	17,534,747
Governmental Securities	28,517	82,716	62,279	1,997,498	71,339	20,716	1,530,006	3,793,071
Debt Securities	6,535	232,112	201,552	1,023,581	32,754	365,758	1,885,874	3,748,166
Mutual Funds	0	0	0	3,401,102	0	0	0	3,401,102
Other Investments	4,378	674,151	131,542	12,596	0	646,516	2,585,808	4,054,991
Securities Lending Investments	0	88,147	71,716	476,470	14,401	0	1,729,964	2,380,698
Interest and Investment Revenue Receivable	0	4,095	1,117	21,948	490	2,723	73,533	103,906
Contributions Receivable:								
Employer	0	1,458	0	4,163	0	2,275	39,636	47,532
Employee	0	925	563	1,241	0	1,399	23,523	27,651
Due from Broker	0	0	0	194,906	7,304	1,272	162,017	365,499
Due from Component Units	0	0	0	715	0	0	0	715
Due from Other Funds	0	18,153	4,227	8,728	17	7,060	37,930	76,115
Capital Assets, Net	0	1,008	679	213	0	0	4,500	6,400
Other Assets	0	0	2	598	0	0	0	600
Total Assets	114,289	2,829,019	1,085,861	10,679,963	371,567	2,568,067	18,704,203	36,352,969
Liabilities								
Accounts Payable and Accrued Liabilities	0	15,045	815	0	0	578	0	16,438
Securities Lending Payable	0	88,147	71,716	476,470	14,401	0	1,729,964	2,380,698
Due to Broker	0	5,809	13,713	501,408	19,131	2,646	332,738	875,445
Due to Component Units	0	0	0	1	0	0	0	1
Due to Other Funds	0	3	1	52	0	3	51	110
Benefits in the Process of Payment	0	0	494	0	0	1,265	0	1,759
Other Liabilities	0	119	59	0	0	129	12,321	12,628
Total Liabilities	0	109,123	86,798	977,931	33,532	4,621	2,075,074	3,287,079
Net Position Restricted for Employees' Pension Benefits	$ 114,289	$ 2,719,896	$ 999,063	$ 9,702,032	$ 338,035	$ 2,563,446	$ 16,629,129	$ 33,065,890

State of Oklahoma
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds (Including Similar Component Units)

For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

	Primary Government	Fiduciary Component Units						
	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	Total
Additions								
Contributions								
Employer Contributions	$ 3,100	$ 41,591	$ 10,368	$ 277,987	$ 6,684	$ 40,135	$ 415,981	$ 795,846
Employee Contributions	610	26,087	6,667	66,930	2,608	24,747	312,867	440,516
Other Contributions	0	100,333	23,674	0	0	39,028	344,610	507,645
Total Contributions	3,710	168,011	40,709	344,917	9,292	103,910	1,073,458	1,744,007
Investment Income								
Net Appreciation in Fair Value of Investments	6,658	280,541	71,286	622,573	23,989	205,758	1,144,427	2,355,232
Interest and Investment Revenue	2,059	27,545	14,511	156,232	2,877	15,317	426,109	644,650
	8,717	308,086	85,797	778,805	26,866	221,075	1,570,536	2,999,882
Less Investment Expenses	218	18,717	5,792	18,327	426	15,636	70,170	129,286
Net Investment Income	8,499	289,369	80,005	760,478	26,440	205,439	1,500,366	2,870,596
Total Additions	12,209	457,380	120,714	1,105,395	35,732	309,349	2,573,824	4,614,603
Deductions								
Administrative and General Expenses	6,843	2,098	1,092	5,340	156	1,721	4,211	21,461
Benefit Payments and Refunds	58	244,858	59,904	627,523	18,695	139,563	1,403,817	2,494,418
Total Deductions	6,901	246,956	60,996	632,863	18,851	141,284	1,408,028	2,515,879
Net Increase	5,308	210,424	59,718	472,532	16,881	168,065	1,165,796	2,098,724
Net Position Reserved for Employees' Pension Benefits								
Beginning of Year (as restated)	108,981	2,509,472	939,345	9,229,500	321,154	2,395,381	15,463,333	30,967,166
End of Year	$ 114,289	$ 2,719,896	$ 999,063	$ 9,702,032	$ 338,035	$ 2,563,446	$ 16,629,129	$33,065,890

State of Oklahoma
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018
(expressed in thousands)

	Taxes Held for Outside Entity	Assets Held in Escrow	Assets Held for Beneficiaries	Other	Total
Assets					
Cash/Cash Equivalents	$ 554,646	$ 81,051	$ 9,604	$ 44,234	$ 689,535
Accounts Receivable	0	18	157	0	175
Inventory	0	0	0	8,594	8,594
Total Assets	554,646	81,069	9,761	52,828	698,304
Liabilities					
Account Payable	0	0	649	0	649
Tax Refunds Payable	97,616	0	0	0	97,616
Deferred Revenue	0	2	157	0	159
Due to Others	457,030	81,067	8,955	52,828	599,880
Total Liabilities	$ 554,646	$ 81,069	$ 9,761	$ 52,828	$ 698,304

State of Oklahoma
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Taxes Held for Outside Entities				
Assets				
Cash/Cash Equivalents	$ 524,497	$ 729,179	$ 699,030	$ 554,646
Total Assets	524,497	729,179	699,030	554,646
Liabilities				
Tax Refunds Payable	105,639	97,616	105,639	97,616
Due to Others	418,858	631,563	593,391	457,030
Total Liabilities	524,497	729,179	699,030	554,646
Funds Held in Escrow				
Assets				
Cash/Cash Equivalents	76,371	23,335	18,655	81,051
Accounts Receivable	34	18	34	18
Total Assets	76,405	23,353	18,689	81,069
Liabilities				
Account Payable	40	0	40	0
Deferred Revenue	0	2	0	2
Due to Others	76,365	23,351	18,649	81,067
Total Liabilities	76,405	23,353	18,689	81,069
Assets Held for Beneficiaries				
Assets				
Cash/Cash Equivalents	8,211	440,807	439,414	9,604
Accounts Receivable	7	157	7	157
Total Assets	8,218	440,964	439,421	9,761
Liabilities				
Account Payable	657	649	657	649
Deferred Revenue	1	157	1	157
Due to Others	7,560	440,158	438,763	8,955
Total Liabilities	8,218	440,964	439,421	9,761
Other				
Assets				
Cash/Cash Equivalents	47,332	6,075	9,173	44,234
Inventory	7,501	8,594	7,501	8,594
Total Assets	54,833	14,669	16,674	52,828
Liabilities				
Due to Others	54,833	14,669	16,674	52,828
Total Liabilities	54,833	14,669	16,674	52,828
Total - All Agency Funds				
Assets				
Cash/Cash Equivalents	656,411	1,199,396	1,166,272	689,535
Accounts Receivable	41	175	41	175
Inventory	7,501	8,594	7,501	8,594
Total Assets	663,953	1,208,165	1,173,814	698,304
Liabilities				
Account Payable	697	649	697	649
Tax Refunds Payable	105,639	97,616	105,639	97,616
Deferred Revenue	1	159	1	159
Due to Others	557,616	1,109,741	1,067,477	599,880
Total Liabilities	663,953	1,208,165	1,173,814	698,304

Description of 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, OK 73113
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, OK 73118
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 13th Street Suite 105, Oklahoma City, OK 73103
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, OK 73126
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, OK 73118
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, OK 73134
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. 17th Street, Tulsa, OK 74107
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, 2018
(expressed in thousands)

	Oklahoma Educational Televison 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
Assets								
Current Assets								
Cash/Cash Equivalents								
Unrestricted	$ 7,505	$ 39,031	$ 9,700	$ 69,622	$ 16,801	$ 14	$ 47,627	$ 190,300
Investments	29,401	0	0	2,321	0	9,750	0	41,472
Accounts Receivable	722	0	0	73,501	0	0	10,363	84,586
Interest and Investment Revenue Receivable	30	177	18	12	0	0	0	237
Other Receivables	0	0	0	0	0	0	1,068	1,068
Notes Receivable	0	967	0	0	29	0	0	996
Due from Other Component Units	0	0	0	0	303	0	0	303
Due from Primary Government	0	0	10,651	17,997	29	0	0	28,677
Prepaid Items	465	0	0	3	0	0	2,614	3,082
Other Current Assets	0	0	0	0	930	0	3,545	4,475
Total Current Assets	38,123	40,175	20,369	163,456	18,092	9,764	65,217	355,196
Noncurrent Assets								
Cash/Cash Equivalents - Restricted	3,064	15	0	250	0	0	0	3,329
Investments - Restricted	0	0	0	883	18	0	0	901
Long-Term Notes Receivable, Net	0	2,732	0	0	0	0	0	2,732
Long-Term Investments-Unrestricted	0	15,720	0	0	0	0	0	15,720
Capital Assets								
Depreciable, Net	9,251	37	16	254,644	1,211	0	30,345	295,504
Land	26	75	0	4,009	286	0	0	4,396
Construction in Progress	0	0	0	2,027	0	0	1,687	3,714
Other Noncurrent Assets								
Unrestricted	0	0	0	40,000	0	0	354	40,354
Restricted	0	0	0	36	0	0	0	36
Total Noncurrent Assets	12,341	18,579	16	301,849	1,515	0	32,386	366,686
Total Assets	50,464	58,754	20,385	465,305	19,607	9,764	97,603	721,882
Deferred Outflows								
Advance Refunding of Bonds	0	26	0	0	0	0	0	26
Deferred Outflows from Pensions	552	132	0	454	0	0	0	1,138
Total Deferred Outflows	552	158	0	454	0	0	0	1,164
Liabilities								
Liabilities								
Current Liabilities								
Accounts Payable and Accrued Liabilities	175	0	29	47,719	679	78	13,701	62,381
Claims and Judgements	0	0	43,640	0	0	0	0	43,640
Interest Payable	0	167	196	0	0	0	0	363
Unearned Revenue	139	0	0	3	0	0	0	142
Due to Other Component Units	0	0	0	285	0	0	0	285
Due to Fiduciary Funds	0	0	0	20	0	0	0	20
Due to Primary Government	0	0	5	0	0	0	0	5
Capital Leases	0	0	0	0	0	0	240	240
Compensated Absences	236	46	86	179	0	0	0	547
Notes Payable	0	0	2,198	0	0	0	2,057	4,255
Gen Obligation Bonds Payable	0	10,000	0	0	0	0	0	10,000
Revenue Bonds	0	0	0	0	0	0	0	0
Other Current Liabilities	1	15,299	0	0	320	10,683	7,121	33,424
Total Current Liabilities	551	25,512	46,154	48,206	999	10,761	23,119	155,302
Noncurrent Liabilities								
Claims and Judgements	0	0	427,723	0	0	0	0	427,723
Net Pension Liability	565	138	0	449	0	0	0	1,152
Compensated Absences	59	0	0	0	0	0	0	59
Notes Payable	0	0	9,001	0	0	0	6,681	15,682
General Obligation Bonds	0	30,000	0	0	0	0	0	30,000
Capital Leases	0	0	0	0	0	0	315	315
Revenue Bonds	0	0	0	0	9,999	0	0	9,999
Unamortized Premium (Discount)	0	0	0	0	0	0	0	0
Other Noncurrent Liabilities	310	0	0	0	119	0	1,002	1,431
Total Noncurrent Liabilities	934	30,138	436,724	449	10,118	0	7,998	486,361
Total Liabilities	1,485	55,650	482,878	48,655	11,117	10,761	31,117	641,663
Deferred Inflows of Resources								
Deferred Inflows from Pensions	136	25	0	80	0	0	0	241
Total Deferred Inflows	136	25	0	80	0	0	0	241
Net Position								
Net Investment in Capital Assets	9,277	0	0	260,680	1,497	0	21,711	293,165
Restricted for:								
Other Special Purpose Expendable	2,320	15	0	1,169	0	0	0	3,504
Unrestricted	37,798	3,222	(462,493)	155,175	6,993	(997)	44,775	(215,527)
Total Net Position	$ 49,395	$ 3,237	$ (462,493)	$ 417,024	$ 8,490	$ (997)	$ 66,486	$ 81,142

State of Oklahoma
Combining Statement of Activities
NonMajor Component Units

For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

		Program Revenues			General Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government	Change in Net Asset	Net Position Beginning of Year	Net Position End of Year
Nonmajor Component Units:								
Oklahoma Educational Televison Authority	$ 11,696	$ 8,292	$ 2,035	$ (1,369)	$ 2,702	$ 1,333	$ 48,062	$ 49,395
Oklahoma Industrial Finance Authority	1,411	1,436	0	25	0	25	3,212	3,237
Multiple Injury Trust Fund	90,445	146	0	(90,299)	48,683	(41,616)	(420,877)	(462,493)
University Hospitals Authority	219,318	213,616	0	(5,702)	37,663	31,961	385,063	417,024
Oklahoma Development Finance Authority	1,008	1,426	0	418	0	418	8,072	8,490
Oklahoma Capital Investment Board	855	2,719	0	1,864	0	1,864	(2,861)	(997)
Oklahoma State Univ. Medical Authority	143,045	140,560	0	(2,485)	12,819	10,334	56,152	66,486
Total Nonmajor Component Units	$ 467,778	$ 368,195	$ 2,035	$ (97,548)	$ 101,867	$ 4,319	$ 76,823	$ 81,142

Top: A crane carefully lowers the Capitol's new emergency power generator into place.
Bottom: The completed emergency power generator weighs over 24,000 pounds and generates 828 kilowatts of electricity.

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, 2018, 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 22, 2018, 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 fifty percent of the assets, thirty-three percent of the net position and three percent of the revenues of the proprietary 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, the Regents for Higher Education, and the Oklahoma Housing Finance Agency which in the aggregate represent eighty-one percent of the assets, eighty-six percent of the net position and seventy-three 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;
- the financial statements of the Oklahoma Public Employees Retirement System, the Oklahoma Teachers Retirement System, and the Oklahoma Firefighters Pension and Retirement System which in the aggregate represent eighty-seven percent of the assets, eighty-eight percent of the net position and ninety percent of the additions of the aggregate remaining fund information;
- the financial statements of the Department of Wildlife, Department of Commerce, and Oklahoma Capital Improvement Authority which in the aggregate represent ten percent of the assets, fourteen percent of the net position and one percent of the revenues of the general fund.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 18-695-006 and 18-090-008 that we consider to be significant deficiencies.

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.*

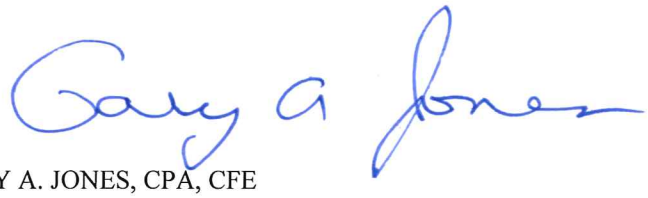
State of Oklahoma's Response to Findings

The State of Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 22, 2018

Schedule of Findings and Responses

Reference Number: 18-695-006
State Agency: Oklahoma Tax Commission (the Commission)
Fund Type: Governmental Activities
Other Information: Accounts Receivable/Taxes Receivables

Criteria: The GASB 33 *Recognition Standards* section states, in part, "The timing of recognition for each class of nonexchange transactions is outlined below. . . . *Derived tax revenues* – Assets–when the underlying exchange transaction occurs or resources are received, whichever is first." Paragraph 16 states, in part, "Governments should recognize assets from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs or when the resources are received, whichever occurs first." Paragraph 67 states, in part, "for derived tax revenues, a government should recognize assets when the exchange transaction on which the government imposes the tax occurs. At that point, the government has a legal claim to the provider's resources, supported by the enabling legislation. That is so, even if actual payment to the government in not required until a later date or, if the amount of the required payment is not certain (but is reasonably estimable), until a tax return or other require validation report is submitted and accepted."

The Governmental Accounting, Auditing, and Financial Reporting Chapter 7, *Measurement Focus and Basis of Accounting* states, in part, "Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. All other financial statements (proprietary fund, fiduciary fund, and government-wide) use the economic resources measurement focus and the accrual basis of accounting, with the exception of agency funds (which technically have no measurement focus but do employ the accrual basis of accounting for purposes of asset and liability recognition)." Chapter 8, *Categories of Transactions and Events and Their Recognition* states, in part, "Governments frequently generate revenue from exchange transactions to which they are not a party." It also states, "Accountants describe such arrangements as derived tax revenues, because the revenue results (*derives*) from events unrelated to the government's own operations. A government should recognize both a receivable and revenue (net of estimated refunds and uncollectible amounts) as soon as the underlying exchange transaction has taken place." Chapter 9, *Revenue Recognition in Governmental Funds* states, in part, "Derived tax revenues arise when a government imposes a tax on an exchange transaction to which it is not a party. The most commonly encountered examples are sales taxes and income taxes." It also states, "A government should recognize a receivable, net of estimated refunds and uncollectible amounts, as soon as the underlying exchange transaction has taken place."

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

Office of Management and Enterprise Services (OMES) GAAP Conversion Manual for GAAP Package E. Taxes Receivable and Refunds Payable Conversion Package IV. A. 3. states, "Taxes receivables as of June 30 can be estimated by compiling the tax receipts in July and August. Specify by the type of tax. If your agency has a receivable system in place that system should be used."

Office of Management and Enterprise Services (OMES) GAAP Conversion Manual for GAAP Package C. Accounts Receivable/Deferred Revenue Conversion Package IV. A. states, "Calculate or estimate the amount of cash that has been collected or reported, or will be collected or reported, for each type of revenue for any year(s) subsequent to this fiscal year to determine the amount of deferred revenue." Section III. E. states, in part, "Accounts receivable are <u>all</u> amounts that are measurable and due to your agency from parties outside state government at June 30. As of June 30, you either:

* Have billed these non-state parties and not yet collected the related cash, or
* Know that these parties owe you money even though you have not yet billed them."

Condition: We noted the amount reported by the Commission as Taxes Receivable on the GAAP Package E-1 was derived from taxes due to the Commission as of June 30, 2018 and received between July 1, 2018 to August 30, 2018. Since the Commission reported tax payments received between July 1 and August 30, 2018, the remaining taxes due to the Commission as of June 30, 2018 were not accounted for on the GAAP Package E-1. Based on the definition of accrual accounting, the taxes earned and expected to be collected by the Commission as of June 30, 2018 should have been included in the taxes receivable balance reported for SFY 2018.

We noted the amount reported by the Commission as Accounts Receivable on the GAAP Package C-1 was derived from interest and penalties due to the Commission as of June 30, 2018 and received between July 1, 2018 to August 30, 2018. Since the Commission reported interest and penalty payments received between July 1 and August 30, 2018, the remaining interest and penalties due to the Commission as of June 30, 2018 were not accounted for on the GAAP Package C-1. Based the of definition of accrual accounting, the interest and penalties earned and expected to be collected by the Commission as of June 30, 2018 should have been included in the accounts receivable balance reported for SFY 2018.

Cause: The method currently being used by the Commission to calculate Taxes Receivable and Accounts Receivable does not comply with GAAP accrual basis accounting. The method used does not consider all taxes, interest, and penalties due to the Commission at year-end but rather only accounts for the taxes, interest, and penalties collected for July and August related to June 30, 2018.

Effect: The Taxes Receivable amount reported by the Commission on the GAAP Package E-1 and the Accounts Receivable amount reported by the Commission on the GAAP Package C-1 excluded some of the taxes, interest, and penalties due to the Commission at year-end.

Recommendation: We recommend the Commission develop a method to determine and report Taxes Receivables and Accounts Receivable in compliance with the accrual basis of accounting. This method should include taxes, interest, and penalties earned as of year-end.

Agency Management Response: The Tax Commission agrees that we are not using the accrual basis of accounting to report Taxes Receivable and Accounts Receivable on the GAAP packages. We have consistently followed the modified accrual basis of accounting this year and all past years. We have not seen nor been made aware of any harm to entities that used these reports in prior years. This method has ensured that the Tax Commission did not overstate Taxes Receivable nor Accounts Receivable, which could cause adverse issues with the users of this information if larger estimated figures were relied upon for future collections. The Tax Commission will move forward with identifying a method and related system that could produce reliable estimates for use in reporting Taxes Receivable and Accounts Receivable under the accrual basis of accounting. Research will also be pursued to contact other state Departments of Revenue to determine how other state governments are implementing the accrual basis of accounting to report Taxes Receivable in their state financial reports.

Reference Number: 18-090-008
State Agency: Office of Management and Enterprise Services
Fund Type: Governmental Activities & General Fund

Criteria: Statewide Accounting Manual paragraph 12.13 *Supervising Internal Control Activities* states, "...Supervisors should systematically review each staff member's work."

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

Paragraph 13.02 of GAO *Standards for Internal Control in the Federal Government* states, "Management designs a process that uses the entity's objectives and related risks to identify the information requirements needed to achieve the objectives and address the risks."

Paragraph 13.04 of GAO *Standards for Internal Control in the Federal Government* states, "... Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability."

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

Condition: During our review of the preliminary financial statements and statewide adjusting journal entries, we noted 4 material errors that required adjustment to the preliminary financial statements. The errors noted were, as follows:

- An overstatement of the Net Pension Liability by approximately $1.7 billion.
- A misclassification of expenditures resulting in an overstatement of $568.8 million in Social Services expenditures and an understatement of $568.8 million in Education expenditures.
- The recording of an entry from FY 2017 again instead of the entry for FY 2018 resulting in an understatement of Capital Outlay by approximately $33.5 million.
- An understatement of the Government-Wide Net Position of approximately $191.1 million relating to an incorrect recording of Deferred Inflows and Deferred Outflows of Resources Relating to Pensions.

After the errors were discussed with the Financial Reporting Unit at OMES, all necessary corrections were made.

Cause: The current review process in place at OMES did not detect the errors in the adjusting journal entries prior to recording them.

Effect: Material misstatements were present in the preliminary financial statements that were provided to the Auditor's Office.

Recommendation: The agency should review their internal control procedures and implement additional controls to strengthen the review process of the adjusting journal entries and preliminary financial statements to ensure they are adequately reviewed prior to submitting to the Auditor's Office. In addition, we recommend that the agency perform a comparison of preliminary financial statements and adjusting journal entries (government-wide and fund) to the prior year to identify any unexpected change in balances.

Agency Management Response: State law and accounting policies require agency (component unit) financial statements be reported to OMES by October 31 each year. The purpose is to allow OMES 60 days to issue the state's Consolidated Accounting Financial Report. OMES streamlines the preparation of the CAFR by presenting the State Auditor and Inspector information as soon as the entries are made realizing that formal compilation and review is ongoing.

If preliminary data is not submitted until after the CAFR is complete, the timeframe for the completion, review and audit of the CAFR would be compressed significantly. OMES management concurs that this process is not ideal but has historically found it necessary to meet the deadlines of presenting the CAFR. The short time frame for preparation of the CAFR is compounded by agencies that routinely miss the October deadline for reporting their information.

OMES management will expand interim reviews providing more accuracy of preliminary information. OMES management will add a financial preparer so the manager can focus on review activities. OMES management recommends the state allow OMES to impose a penalty to agencies that do not submit their information timely causing for untimely reviews and delays in the CAFR preparation.

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Top: Scaffolding is removed from a completed elevation on the east wing of the Capitol.
Bottom: A completed elevation of the building includes restored windows, repaired limestone, newly cleaned limestone, new gutters, and new mortar in the stone joints.

STATISTICAL SECTION
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Using the Statistical Section

The statistical section of the Comprehensive Annual Financial Report (CAFR) 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 CAFR of the relevant year.

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

	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	$ 7,364,509	$ 8,148,821	$ 8,710,430	$ 9,276,689
Restricted	2,268,701	2,492,399	3,647,627	3,957,319
Unrestricted	2,970,902	2,415,428	1,895,301	2,091,507
Total governmental activities net position	12,604,112	13,056,648	14,253,358	15,325,515
Business-type activities				
Net investment in capital assets	527	330	202	126
Restricted	1,178,940	834,824	867,777	1,102,997
Unrestricted	10,972	8,887	5,346	273,981
Total business-type activities net position	1,190,439	844,041	873,325	1,377,104
Primary government				
Net investment in capital assets	7,365,036	8,149,151	8,710,632	9,276,815
Restricted	3,447,641	3,327,223	4,515,404	5,060,316
Unrestricted	2,981,874	2,424,315	1,900,647	2,365,488
Total primary government net position	$ 13,794,551	$ 13,900,689	$ 15,126,683	$ 16,702,619

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

	2009	2010	2011	2012	2013	2014
General Fund						
Reserved	$ 767,554	$ 679,812	$ -	$ -	$ -	$ -
Unreserved	3,166,157	2,644,239	-	-	-	-
Nonspendable	-	-	64,817	73,539	84,743	74,278
Restricted	-	-	1,020,229	1,244,592	1,240,573	1,340,771
Committed	-	-	2,630,649	2,755,138	2,788,761	2,632,260
Assigned	-	-	-	-	1,960	1,777
Unassigned	-	-	62,301	144,365	133,796	133,796
Total General Fund	3,933,711	3,324,051	3,777,996	4,217,634	4,249,833	4,182,882
All Other Governmental Funds						
Reserved	1,906,950	2,232,060	-	-	-	-
Nonspendable	-	-	2,539,403	2,549,833	2,829,731	3,226,796
Restricted	-	-	23,294	15,980	12,438	7,417
Committed	-	-	-	-	-	53,430
Assigned	-	-	2,928	66,135	60,952	70,096
Unassigned	-	-	26,355	25,724	39,056	-
Total All Other Governmental Funds	1,906,950	2,232,060	2,591,980	2,657,672	2,942,177	3,357,739
Total All Governmental Fund Balances	$ 5,840,661	$ 5,556,111	$ 6,369,976	$ 6,875,306	$ 7,192,010	$ 7,540,621

Note: Effective 6/30/11, GASB statement 54 established new fund balance reporting classifications based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Prior year unreserved funds are now labeled unassigned funds. Prior year reserved funds are now separated into in four categories.

2013	2014	2015	2016	2017	2018
$ 9,650,570	$ 9,992,791	$ 10,425,644	$ 10,865,784	$ 11,031,695	$ 11,318,869
4,182,822	4,698,509	4,930,516	4,140,040	4,392,708	4,554,212
2,106,533	2,029,441	1,696,768	1,397,498	1,484,206	1,853,248
15,939,925	16,720,741	17,052,928	16,403,322	16,908,609	17,726,329
1,037	1,415	1,914	2,856	2,477	2,085
1,353,998	1,573,491	1,601,651	1,468,588	1,423,476	1,471,069
602,997	636,300	582,633	528,198	532,518	575,621
1,958,032	2,211,206	2,186,198	1,999,642	1,958,471	2,048,775
9,651,607	9,994,206	10,427,558	10,868,640	11,034,172	11,320,954
5,536,820	6,272,000	6,532,167	5,608,628	5,816,184	6,025,281
2,709,530	2,665,741	2,279,401	1,925,696	2,016,724	2,428,869
$ 17,897,957	$ 18,931,947	$ 19,239,126	$ 18,402,964	$ 18,867,080	$ 19,775,104

2015	2016	2017	2018
$ -	$ -	$ -	$ -
-	-	-	-
76,851	80,281	78,555	77,093
1,572,465	815,862	790,129	1,145,684
2,634,649	2,445,893	2,245,651	2,274,589
1,045	609	542	-
96,297	25,866	23,338	112,912
4,381,307	3,368,511	3,138,215	3,610,278
-	-	-	-
3,228,359	3,212,407	3,508,054	3,625,586
1,265	5,081	-	-
48,967	29,394	41,833	65,263
79,460	77,296	52,692	41,789
-	-	-	-
3,358,051	3,324,178	3,602,579	3,732,638
$ 7,739,358	$ 6,692,689	$ 6,740,794	$ 7,342,916

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

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Education-General	$ 3,548,104	$ 3,573,881	$ 3,506,316	$ 2,413,027
Education-Payment to Higher Education	1,074,409	1,076,248	1,065,225	1,982,235
Government Administration	1,718,794	1,611,256	1,663,883	1,763,437
Health Services	4,542,241	4,750,304	4,866,858	5,432,791
Legal and Judiciary	230,706	256,867	241,360	236,979
Museums	17,507	14,572	13,539	15,455
Natural Resources	265,197	249,020	257,998	223,444
Public Safety and Defense	951,387	811,999	850,190	825,787
Regulatory Services	130,033	119,044	127,211	116,789
Social Services	1,976,556	2,287,486	2,269,749	2,126,879
Transportation	902,151	842,394	934,272	845,784
Interest on Long-Term Debt	70,026	70,549	100,363	95,097
Governmental Activities	15,427,111	15,663,620	15,896,964	16,077,704
Business-Type Activities:				
Employment Security Commission	533,629	1,146,720	776,001	537,575
Water Resources Board	25,527	26,739	40,769	39,979
Office of Management and Enterprise Services	-	-	-	-
Lottery Commission	122,961	132,642	132,812	127,729
Business-Type Activities	682,117	1,306,101	949,582	705,283
Total Primary Government Expenses	16,109,228	16,969,721	16,846,546	16,782,987
Program Revenues				
Governmental Activities:				
Charges for Services:				
Government Administration	230,663	224,563	226,054	263,050
Health Services	126,087	167,567	174,185	476,950
Social Services	190,535	198,086	171,890	62,997
All Others	569,538	707,820	570,744	564,370
Total Charges for Services	1,116,823	1,298,036	1,142,873	1,367,367
Operating Grants and Contributions	6,141,165	7,804,862	7,982,737	7,181,699
Total Governmental Activities	7,257,988	9,102,898	9,125,610	8,549,066
Business-Type Activities:				
Charges for Services:				
Employment Security Commission	267,591	206,763	352,458	634,373
Water Resources Board	53,973	26,979	76,225	59,461
Office of Management and Enterprise Services	-	-	-	-
Lottery Commission	193,326	199,926	198,274	199,973
Total Charges for Services	514,890	433,668	626,957	893,807
Operating Grants and Contributions	134,029	596,350	421,483	260,936
Total Business-Type Activities	648,919	1,030,018	1,048,440	1,154,743
Total Primary Government Revenue	7,906,907	10,127,765	10,172,410	9,703,247
Net (Expense) Revenue:				
Governmental Activities	(8,169,123)	(6,560,722)	(6,771,354)	(7,528,638)
Business-Type Activities	(33,198)	(276,083)	98,858	449,460
Total Primary Government	(8,202,321)	(6,836,805)	(6,672,496)	(7,079,178)
General Revenues				
Governmental Activities:				
Taxes	7,865,257	6,825,428	7,736,326	8,371,138
Investment Earnings	141,264	45,116	117,128	80,488
Contributions to Permanent Funds	73,548	62,325	61,738	64,861
Gain (Loss) on Sale of Assets	1,316	3,816	-	-
Special Item	-	-	-	7,384
Transfers	69,826	70,315	69,574	65,880
Total Governmental Activities	8,151,211	7,007,000	7,984,766	8,589,751
Business-Type Activities:				
Transfers	(69,826)	(70,315)	(69,574)	(65,880)
Total Business-Type Activities	(69,826)	(70,315)	(69,574)	(65,880)
Total General Revenues and Transfers	8,081,385	6,936,685	7,915,192	8,523,871
Change in Net Position (Governmental)	(17,912)	446,278	1,213,412	1,061,113
Change in Net Position (Business-Type)	(103,024)	(346,398)	29,284	383,580
Net Position - Beginning of Year (as restated)	13,915,217	13,800,809	13,883,987	15,257,926
Net Position - End of Year	$ 13,794,281	$ 13,900,689	$ 15,126,683	$ 16,702,619

2013	2014	2015	2016	2017	2018
$ 2,405,694	$ 3,322,341	$ 3,424,751	$ 3,435,184	$ 3,361,645	$ 3,507,277
2,003,101	1,037,785	1,030,060	942,707	889,389	761,036
1,866,501	1,830,570	1,114,539	2,114,501	1,870,606	2,111,959
5,462,257	5,766,102	5,660,101	5,710,985	5,613,009	5,603,631
245,372	261,344	205,622	262,081	267,320	252,845
15,916	17,691	18,189	12,502	11,316	11,281
353,243	264,233	288,333	290,366	318,494	281,187
820,506	863,080	787,751	859,395	895,929	885,841
129,206	131,756	153,511	193,245	97,804	115,590
2,222,255	2,240,638	2,187,576	2,356,625	2,199,151	2,137,520
941,132	1,043,522	1,086,603	1,109,349	1,128,688	1,148,291
112,030	71,270	58,330	78,130	76,321	56,493
16,577,213	16,850,332	16,015,366	17,365,070	16,729,672	16,872,951
386,399	289,959	281,058	395,192	320,111	250,465
39,398	35,286	32,641	34,673	34,932	37,489
843,065	925,327	1,023,920	1,051,966	1,031,753	1,051,302
128,642	123,180	112,624	121,139	97,619	161,388
1,397,504	1,373,752	1,450,243	1,602,970	1,484,415	1,500,644
17,974,717	18,224,084	17,465,609	18,968,040	18,214,087	18,373,595
469,439	189,753	558,328	330,500	447,826	350,687
472,502	557,041	544,828	625,906	633,940	579,414
26,317	61,925	11,962	36,311	9,984	72,277
697,964	627,565	628,232	659,458	698,598	766,977
1,666,222	1,436,284	1,743,350	1,652,175	1,790,348	1,769,355
6,939,234	7,326,805	6,744,975	6,785,553	7,131,617	6,681,680
8,605,456	8,763,089	8,488,325	8,437,728	8,921,965	8,451,035
535,290	475,453	305,538	254,001	278,815	285,454
54,877	55,315	53,329	61,237	42,455	47,802
860,767	941,890	964,432	984,734	1,026,482	1,083,430
200,324	191,564	171,989	190,074	151,917	221,643
1,651,258	1,664,222	1,495,288	1,490,046	1,499,669	1,638,329
138,918	37,901	10,935	8,302	9,031	15,620
1,790,176	1,702,123	1,506,223	1,498,348	1,508,700	1,653,949
10,396,260	10,465,028	9,997,863	9,936,752	10,430,665	10,104,984
(7,971,757)	(8,087,243)	(7,527,041)	(8,927,342)	(7,807,707)	(8,421,916)
392,672	328,371	55,980	(104,622)	24,285	153,305
(7,579,085)	(7,758,872)	(7,471,061)	(9,031,964)	(7,783,422)	(8,268,611)
8,342,838	8,691,182	8,612,118	8,232,688	8,131,948	9,231,672
68,601	59,298	60,007	60,792	53,157	58,075
87,515	60,516	59,287	58,810	59,460	54,765
-	-	-	-	-	-
615	-	(451)	-	-	-
77,745	81,020	76,211	78,979	65,456	63,001
8,577,314	8,892,016	8,807,172	8,431,269	8,310,021	9,407,513
(77,745)	(81,020)	(76,211)	(78,979)	(65,456)	(63,001)
(77,745)	(81,020)	(76,211)	(78,979)	(65,456)	(63,001)
8,499,569	8,810,996	8,730,961	8,352,290	8,244,565	9,344,512
605,557	804,773	1,280,131	(496,073)	502,314	985,597
314,927	247,351	(20,231)	(183,601)	(41,171)	90,304
16,977,473	17,879,823	17,979,226	19,082,638	18,405,937	18,699,203
$ 17,897,957	$ 18,931,947	$ 19,239,126	$ 18,402,964	$ 18,867,080	$ 19,775,104

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

	2009	2010	2011	2012
Revenues				
Taxes:				
Income Taxes-Individual	$ 2,537,221	$ 2,093,097	$ 2,527,208	$ 2,722,648
Income Taxes-Corporate	449,910	219,795	351,074	443,358
Sales Tax	2,190,082	1,982,820	2,191,359	2,400,752
Gross Production Taxes	1,136,279	762,223	818,572	837,302
Motor Vehicle Taxes	585,084	579,852	638,189	692,046
Fuel Taxes	397,852	402,999	405,555	410,949
Tobacco Taxes	254,006	253,172	270,307	278,797
Insurance Taxes	105,076	88,156	113,951	124,653
Beverage Taxes	90,071	90,276	95,115	100,547
Other Taxes	119,946	353,038	324,996	360,086
Licenses, Permits and Fees	357,226	361,338	405,062	598,030
Interest and Investment Revenue	89,296	476,597	699,254	336,295
Federal Grants	6,227,575	7,456,421	7,499,163	6,934,571
Sales and Services	201,307	185,037	166,584	190,779
Other	570,192	780,704	521,740	614,350
Total Revenues	15,311,123	16,085,525	17,028,129	17,045,163
Expenditures				
Education	4,619,951	4,648,786	4,572,304	4,395,104
Government Administration	1,631,219	1,560,521	1,634,351	1,741,287
Health Services	4,525,993	4,737,363	4,851,630	5,436,158
Legal and Judiciary	225,225	248,996	232,245	231,292
Museums	16,903	14,993	13,801	14,281
Natural Resources	271,487	279,830	250,174	211,946
Public Safety and Defense	915,880	755,376	798,995	764,714
Regulatory Services	127,803	117,821	115,076	111,911
Social Services	1,933,117	2,259,473	2,252,188	2,091,972
Transportation	199,517	177,683	182,708	208,009
Capital Outlay	1,438,064	1,626,181	1,551,017	1,302,447
Debt Service				
Principal Retirement	95,155	111,816	118,163	98,831
Interest and fiscal Charges	70,026	70,549	72,074	95,097
Total Expenditures	16,070,340	16,609,388	16,644,726	16,703,049
Revenues in Excess of (Less Than) Expenditures	(759,217)	(523,863)	383,403	342,114
Other Financing Sources (Uses)				
Transfers In	77,371	84,362	71,919	73,168
Transfers Out	(7,545)	(14,047)	(2,345)	(7,287)
Bonds Issued	105,400	148,080	559,045	68,805
Notes Issued	98,230	-	-	-
Refunding Bonds Issued	-	-	-	6,140
Bond Issue Premiums	2,478	2,671	38,627	11,282
Bond Issue Discounts	(730)	-	-	(35)
Payment to Refunded Bond Escrow Agent	-	-	(246,044)	-
Capital Leases and Certificates of Participation	3,655	8,116	2,640	5,659
Sale of Capital Assets	5,832	10,142	7,601	8,139
Total Other Financing Sources (Uses)	284,691	239,324	431,443	165,871
Net Changes in Fund Balances	**(474,526)**	**(284,539)**	**814,846**	**507,985**
Fund Balances - Beginning of Year (as restated)	6,315,187	5,840,650	5,555,130	6,367,321
Fund Balances - End of Year	$ 5,840,661	$ 5,556,111	$ 6,369,976	$ 6,875,306
Debt Service as a Percentage of Noncapital Expenditures	1.1%	1.2%	1.3%	1.3%

2013	2014	2015	2016	2017	2018
$ 2,854,034	$ 2,893,520	$ 2,965,231	$ 2,944,246	$ 2,948,868	$ 3,240,777
583,829	396,087	373,518	333,838	169,639	251,163
2,523,139	2,599,078	2,553,978	2,481,242	2,460,238	2,823,427
512,875	666,825	543,656	326,608	412,898	596,196
678,075	788,668	772,697	761,052	757,223	868,042
403,641	420,105	424,048	432,607	432,780	441,978
270,682	248,623	252,978	257,813	254,935	261,234
145,420	167,489	183,722	181,133	164,008	181,614
105,145	109,390	112,718	116,246	118,449	122,541
265,997	401,397	429,572	397,902	412,914	444,700
626,597	672,008	695,364	682,750	711,014	780,649
509,424	692,697	318,679	254,610	655,229	435,657
6,647,031	6,746,151	6,652,689	6,667,592	6,695,846	6,440,084
174,523	200,086	180,315	212,169	222,086	217,647
865,023	508,809	810,615	729,640	759,334	700,142
17,165,435	17,510,933	17,269,780	16,779,448	17,175,461	17,805,851
4,406,724	4,359,511	4,459,227	4,373,024	4,247,212	4,262,822
1,857,921	2,204,090	1,522,733	1,699,571	1,935,755	1,981,752
5,447,207	5,745,842	5,636,440	5,704,161	5,614,255	5,595,980
239,421	250,376	248,668	251,114	254,551	255,739
14,915	14,532	9,698	9,074	7,444	7,650
337,867	246,556	273,081	281,530	295,638	252,484
768,059	798,173	786,197	826,716	837,157	838,098
122,354	128,460	150,864	191,627	95,621	114,355
2,196,864	2,214,898	2,177,124	2,347,661	2,192,547	2,145,461
212,248	225,768	203,021	237,427	203,290	215,428
1,104,103	894,684	1,451,605	1,764,073	1,575,479	1,506,734
221,187	361,488	408,643	191,272	179,384	140,272
112,030	71,269	60,833	76,228	72,994	59,145
17,040,900	17,515,647	17,388,134	17,953,478	17,511,327	17,375,920
124,535	(4,714)	(118,354)	(1,174,030)	(335,866)	429,931
67,955	81,020	83,587	85,002	81,634	78,997
-	-	(7,376)	(6,023)	(16,178)	(15,996)
22,795	235,505	189,250	39,535	265,665	27,215
-	-	-	-	-	61,505
67,555	-	-	-	-	-
8,099	25,679	18,398	5,276	39,067	10,023
(121)	-	-	-	-	-
-	-	-	-	-	-
5,256	322	365		440	-
11,928	10,798	87,267	14,451	13,343	10,447
183,467	353,324	371,491	138,241	383,971	172,191
308,002	**348,610**	**253,137**	**(1,035,789)**	**48,105**	**602,122**
6,884,008	7,192,011	7,486,221	7,728,478	6,692,689	6,740,794
$ 7,192,010	$ 7,540,621	$ 7,739,358	$ 6,692,689	$ 6,740,794	$ 7,342,916
2.1%	2.6%	2.9%	1.7%	1.6%	1.3%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Personal Income	$ 131,070	$ 132,144	$ 133,149	$ 142,862	$ 154,958	$ 161,188	$ 167,292	$ 178,250	$ 179,238	$ 170,791
Farm Earnings	828	110	955	881	1,253	1,128	1,303	2,043	1,390	949
Nonfarm Earnings	93,894	93,158	92,177	101,345	108,094	113,571	118,038	126,040	126,433	117,485
Private Earnings	**73,787**	**71,887**	**70,174**	**79,024**	**87,058**	**92,367**	**96,706**	**103,580**	**103,347**	**94,362**
Forestry, Fishing & Agriculture	203	199	193	273	244	268	357	229	255	275
Mining, Oil & Natural Gas Extraction	7,963	8,528	5,813	9,467	14,809	14,736	15,626	13,859	11,878	8,100
Utilities	1,309	1,473	1,407	1,468	1,537	1,573	2,044	1,637	1,648	1,526
Construction	4,722	4,383	4,861	5,390	6,381	7,296	7,509	7,767	7,964	7,348
Manufacturing - Durable	6,266	5,389	5,717	5,907	6,486	6,725	7,108	7,311	6,885	6,749
Manufacturing - Nondurable	5,734	5,476	3,240	3,675	3,500	3,839	3,915	3,147	3,255	3,014
Wholesale Trade	4,060	3,727	3,667	4,026	4,298	4,559	4,839	4,844	4,763	4,875
Retail Trade	6,255	5,810	6,414	6,749	7,080	7,329	7,603	7,253	7,450	7,147
Transportation and Warehousing	3,732	3,698	3,931	5,063	4,316	5,739	5,893	14,222	14,538	11,522
Services	33,543	33,204	34,931	37,006	38,407	40,303	41,812	43,311	44,711	43,806
Government	**20,107**	**21,271**	**22,003**	**22,321**	**21,036**	**21,204**	**21,332**	**22,460**	**23,086**	**23,122**
Federal, civilian	4,193	4,467	4,797	4,884	4,409	4,277	4,308	4,582	4,786	4,921
Military	2,825	3,024	3,261	3,240	2,438	2,355	2,216	2,171	2,195	2,228
State and Local	13,089	13,780	13,945	14,197	14,189	14,572	14,808	15,707	16,105	15,973
Highest Personal Income Tax Rate	5.50%	5.50%	5.50%	5.50%	5.25%	5.25%	5.25%	5.25%	5.00%	5.00%
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 avaialable at time of printing.

State of Oklahoma
Personal Income Tax Filers and Liability by Adjusted Gross Income
Calendar (Tax) Years 2017 and 2008

Calendar Year 2017

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	215,924	13%	$1,294,403,783	52%
$75,001 - $100,000	127,704	8%	$348,380,487	14%
$50,001 - $75,000	210,654	13%	$378,616,145	16%
$25,001 - $50,000	409,940	25%	$346,882,390	14%
$10,001 - $25,000	368,426	23%	$63,229,023	3%
$10,000 and lower	283,461	18%	$625,795	1%
Total	1,616,109	100%	$2,432,137,623	100%

Calendar Year 2008

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	182,781	10%	$1,480,858,878	48%
$75,001 - $100,000	114,714	6%	$354,200,229	11%
$50,001 - $75,000	213,805	12%	$451,832,819	15%
$25,001 - $50,000	411,469	23%	$442,783,617	14%
$10,001 - $25,000	423,921	23%	$127,726,335	4%
$10,000 and lower	472,880	26%	$230,436,521	8%
Total	1,819,570	100%	$3,087,838,399	100%

Source: Oklahoma Tax Commission

State of Oklahoma
Tax Collections
Last Ten Years

Taxes	2009	2010	2011	2012
Aircraft Excise Tax	$ 4,172,388	$ 4,234,993	$ 4,358,022	$ 5,884,147
Alcoholic Beverage Excise Tax	21,886,066	21,905,099	22,777,383	23,614,156
Beverage Tax	26,359,749	25,303,290	24,934,826	24,979,667
Bingo Tax	222,436	140,859	136,038	132,086
Business Activity Tax	-	-	4,869,667	50,733,207
Charity Games Tax	51,222	54,607	20,623	28,177
Cigarette Tax	204,236,542	196,519,460	215,941,799	227,840,813
City Use Tax - Collect/Deposit	958,607	1,002,399	1,000,347	1,259,015
Coin Operated Device Decal	3,956,591	3,111,604	2,197,531	4,044,697
Controlled Dangerous Substance Tax	33,260	20,674	30,586	34,874
County Tax (Use & Lodging)	219,223	194,713	237,749	280,394
Diesel Fuel Excise Tax	72,681,342	71,963,557	69,230,643	77,027,777
Documentary Stamp Tax	13,307,236	11,090,994	10,981,645	11,991,469
Farm Implement Tax Stamps	8,287	6,397	8,033	8,328
Franchise Tax	46,908,656	46,714,746	32,647,715	758,202
Freight Car Tax	707,694	530,685	619,364	665,287
Fuels Excise Tax	-	-	49,665	-
Gaming Exclusivity Fees	104,803,681	118,624,111	123,560,707	124,300,610
Gasoline Excise Tax	206,287,240	208,545,441	197,712,177	206,179,731
Gross Production Tax - Oil and Gas	976,062,637	579,700,531	631,755,429	724,903,048
Horse Track Gaming	13,727,728	13,710,940	16,915,904	18,612,058
Income Tax (Individual)	2,605,269,216	2,230,787,128	2,385,413,131	2,723,887,073
Income Tax (Corporate)	376,971,517	212,866,850	330,905,421	412,808,773
Inheritance and Estate Tax	43,803,931	23,433,845	5,661,243	1,814,854
Insurance Premium Tax	165,916,913	141,255,690	170,627,316	199,620,667
Mixed Beverage Gross Receipts Tax	31,554,602	32,494,306	35,344,321	39,241,847
Occupational Health and Safety Tax	2,521,511	2,757,188	2,672,792	3,027,902
Pari-Mutuel Taxes	1,647,939	1,265,853	1,117,663	1,272,843
Pari-Mutuel - Other Tax	18,178	28,721	11,155	7,633
Petroleum Excise Tax	16,010,447	11,045,779	13,077,225	14,309,381
Rural Electric Co-operative Tax	1,602,814	1,521,744	1,642,867	1,770,676
Sales Tax	1,989,494,833	1,806,049,515	1,982,182,368	2,165,311,137
Sales Tax - City	13,720,926	13,113,139	12,948,170	14,906,819
Sales Tax - County	2,851,342	2,715,907	2,853,587	3,304,647
Special Fuel Decal	315,226	355,578	503,848	396,838
Special Fuel Use Tax	1,438,287	1,498,427	1,522,816	1,539,054
Tag Agent Remittance Tax	261,581,867	247,546,872	307,579,624	348,562,103
Telephone Surcharge	885,980	837,385	796,832	722,113
Tobacco Products Tax	26,073,091	27,045,416	30,947,514	34,415,644
Tourism Gross Receipt Tax	2,946	-	-	-
Tribal Compact in Lieu of Tax Payments	43,708,777	47,165,891	40,180,597	41,910,495
Unclaimed Property Assessment	11,444,647	11,418,562	9,424,634	12,083,796
Unclassified Tax Receipts	510,559	274,693	188,102	366,977
Use Tax	191,222,671	152,323,434	176,061,390	206,228,223
Vehicle Revenue Tax Stamps	39,793	37,247	40,797	43,650
Workers' Compensation Awards - Assessments	23,056,945	23,440,505	25,534,690	22,723,364
Workers' Compensation Insurance Premium Tax	7,567,468	7,452,455	8,802,817	8,693,887
Other Taxes	19,825,879	19,113,157	21,172,515	23,170,322
Total	$ 7,535,648,889	$ 6,321,220,387	$ 6,927,199,288	$ 7,785,418,461

Prepared using cash basis to aid in budgetary analysis.
Source: Oklahoma Tax Commission as adjusted.

2013	2014	2015	2016	2017	2018
$ 4,910,204	$ 4,074,978	$ 3,243,398	$ 4,828,624	$ 5,391,211	$ 4,053,797
25,553,610	26,372,098	26,987,301	26,646,189	28,106,231	28,556,548
24,653,353	23,896,702	23,283,684	22,887,790	22,331,800	21,877,356
127,801	105,890	80,475	61,400	29,185	101,233
45,051,074	33,395,208	816,420	107,215	33,469	20,356
42,535	34,835	37,195	18,534	13,514	17,394
210,231,001	195,926,775	197,553,535	198,606,624	185,771,745	197,801,584
1,229,331	1,313,014	1,356,836	658,449	694,396	899,474
4,191,200	3,602,660	3,794,511	3,719,626	3,585,473	3,557,522
57,556	72,283	63,393	55,753	42,755	45,251
314,817	357,102	372,177	181,421	161,073	178,659
73,785,574	80,309,870	79,234,208	68,837,914	80,680,616	83,928,077
15,282,903	15,763,766	18,191,408	18,008,889	19,078,660	21,022,186
10,818	11,611	11,697	10,666	7,886	8,177
540,824	1,126,420	56,540,151	56,198,494	52,175,517	59,063,475
717,516	837,888	826,793	850,181	797,132	1,016,667
-	-	-	-	-	-
129,286,255	123,376,190	128,443,759	134,390,332	135,437,136	139,811,191
203,403,445	202,091,479	207,370,800	214,758,884	204,215,392	213,150,162
373,494,633	477,781,300	401,619,064	196,635,110	270,569,184	480,533,689
20,483,704	20,615,037	20,592,150	20,890,153	20,738,589	25,459,166
2,844,880,206	2,835,207,273	3,152,729,993	2,941,832,022	2,881,519,924	3,207,252,928
594,181,209	408,109,649	375,873,186	371,445,751	167,149,379	233,637,308
135,523	873,332	1,056,925	126,278	256,834	176,713
213,675,180	223,090,507	244,415,684	257,217,612	243,245,651	280,967,940
43,357,002	46,127,916	50,193,262	52,872,099	54,204,358	57,325,035
2,681,651	2,597,953	2,171,916	2,280,573	1,615,273	1,590,164
1,287,912	1,168,333	1,163,885	1,068,502	1,085,121	1,105,126
9,352	6,961	6,028	24,116	8,318	10,119
12,450,983	16,135,417	14,152,206	8,148,238	11,897,143	15,825,493
1,842,173	2,055,243	2,214,029	2,031,514	2,048,871	2,163,108
2,275,444,163	2,335,326,717	2,424,380,716	2,268,723,336	2,192,792,253	2,511,931,524
15,541,756	14,952,187	16,725,211	8,964,736	8,283,457	8,903,019
3,374,051	3,328,337	3,800,593	1,919,312	1,632,995	1,602,075
460,204	450,950	351,812	159,254	930,292	760,693
1,421,676	1,485,281	1,534,694	1,541,979	1,068,339	1,175,495
330,838,092	388,643,946	376,730,773	385,676,774	391,613,483	404,913,340
719,897	634,760	570,979	493,779	403,749	288,787
37,643,515	40,243,152	44,462,393	47,592,850	50,725,702	52,835,101
-	-	-	-	-	-
43,741,973	31,908,905	27,372,341	28,901,523	30,894,381	38,587,904
10,575,619	10,235,907	9,433,401	10,200,000	11,033,333	9,366,667
49,413	43	436,149	209,126	5,884	46,065
221,082,285	237,162,483	240,423,735	208,492,766	219,582,282	276,137,946
51,598	47,408	46,974	47,338	45,594	46,494
34,801,759	55,465,606	63,469,440	57,157,971	48,609,051	49,240,983
9,949,807	10,210,365	9,789,096	9,129,743	6,500,000	6,500,000
28,001,415	32,368,659	37,118,891	33,803,335	35,231,845	35,434,656
$ 7,861,566,568	$ 7,908,902,396	$ 8,271,043,267	$ 7,668,412,775	$ 7,392,244,476	$ 8,478,926,647

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Service										
Principal Retirement	$ 95,155	$ 111,816	$ 118,163	$ 98,831	$ 221,187	$ 361,488	$ 408,643	$ 191,272	$ 179,384	$ 140,272
Interest and Fiscal Charges	70,026	70,549	72,074	95,097	112,030	71,269	60,833	76,228	72,994	59,145
Total Debt Service	165,181	182,365	190,237	193,928	333,217	432,757	469,476	267,500	252,378	199,417
Total Expenditures	$ 14,632,276	$ 14,983,207	$ 15,093,709	$ 15,400,602	$ 15,936,797	$ 16,620,964	$ 15,936,529	$ 16,189,405	$ 15,935,848	$ 15,869,186
Ratio	1.129%	1.217%	1.260%	1.259%	2.091%	2.604%	2.946%	1.652%	1.584%	1.257%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities Debt:										
General Obligation Bonds	$ 203,755	$ 188,030	$ 175,645	$ 175,645	$ 136,585	$ 131,955	$ 107,395	$ 82,100	$ 55,875	$ 28,530
General Obligation Bonds as a Percentage of General Revenue [a]	2.50%	2.81%	2.26%	2.03%	1.59%	1.49%	1.21%	0.97%	0.67%	0.30%
Per Capita (actual-not in thousands) [b]	$ 55	$ 50	$ 46	$ 46	$ 36	$ 34	$ 28	$ 21	$ 14	$ 7
Revenue bonds	1,099,625	1,173,025	1,428,820	1,424,555	1,353,449	1,255,988	1,283,082	1,157,304	1,311,850	1,233,266
Notes Payable	299,266	246,623	229,929	212,592	194,560	173,985	47,245	30,520	16,575	69,995
Capital Leases	6,650	12,553	12,719	8,710	10,712	8,271	6,526	4,202	2,740	1,362
Total Governmental Activities	1,609,296	1,620,231	1,847,113	1,821,502	1,695,306	1,570,199	1,444,248	1,274,126	1,387,040	1,333,153
Business-Type Activities Debt:										
Revenue Bonds	$ 502,901	$ 599,984	$ 759,493	$ 832,597	$ 931,413	$ 801,159	$ 778,800	$ 867,324	$ 854,028	$ 904,908
Total Business-Type Activities	502,901	599,984	759,493	832,597	931,413	801,159	778,800	867,324	854,028	904,908
Total Primary Government	2,112,197	2,220,215	2,606,606	2,654,099	2,626,719	2,371,358	2,223,048	2,141,450	2,241,068	2,238,061
Total Primary Government Debt as a Percentage of Personal Income [c]	1.60%	1.66%	1.92%	1.84%	1.68%	1.46%	1.32%	1.20%	1.34%	1.31%
Per Capita (actual-not in thousands) [b]	$ 575	$ 595	$ 679	$ 694	$ 684	$ 618	$ 569	$ 543	$ 569	$ 568

[a] General Revenue values can be found in the Changes in Net Position statistics schedule.

[b] 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.

[c] 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
COMPONENT UNITS:						
Oklahoma Student Loan Authority	2018	$ 19,324	$ 12,961	$ 6,363	$ 4,932	1.29
(June 30 year end)	2017	14,981	10,734	4,247	4,181	1.02
	2016	12,890	9,488	3,402	4,010	0.85
	2015	12,614	9,552	3,062	4,323	0.71
	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
Oklahoma Housing Finance Agency	2017	$ 16,080	$ 12,149	$ 3,931	$ 14,160	0.28
(September 30 year end)	2016	31,793	11,914	19,879	18,524	1.07
	2015	35,347	12,395	22,952	25,043	0.92
	2014	39,286	15,461	23,825	41,461	0.57
	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
Oklahoma Turnpike Authority	2017	$ 318,082	$ 101,888	$ 216,194	$ 90,346	2.39
(December 31 year end)	2016	278,200	93,972	184,228	93,246	1.98
	2015	263,317	85,532	177,785	94,634	1.88
	2014	257,863	82,048	175,815	108,314	1.62
	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
Grand River Dam Authority	2017	$ 445,125	$ 322,537	$ 122,588	$ 75,601	1.62
(December 31 year end)	2016	441,662	300,547	141,115	74,787	1.89
	2015	425,083	229,863	195,220	75,542	2.58
	2014	485,012	307,941	177,071	79,109	2.24
	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
Oklahoma Municipal Power Authority	2017	$ 188,903	$ 132,271	$ 56,632	$ 52,010	1.09
(December 31 year end)	2016	186,775	131,533	55,242	50,392	1.10
	2015	185,981	132,151	53,830	45,125	1.19
	2014	192,273	136,025	56,248	49,563	1.13
	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

	Fiscal Year Ended	Gross Revenues (1)	Operating Expenses (2)	Net Revenues for Debt Service	Debt Service Requirements	Debt Serv. Coverage
Higher Education	2018	$ 5,195,741	$ 4,480,202	$ 715,539	$ 183,513	3.90
(June 30 year end)	2017	5,138,290	4,432,737	705,553	251,231	2.81
	2016	4,762,338	4,308,023	454,315	291,597	1.56
	2015	4,843,892	4,122,226	721,666	113,085	6.38
	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
ENTERPRISE FUND:						
Oklahoma Water Resources Board	2018	$ 21,604	$ 641	$ 20,963	$ 56,558	0.37
(June 30 year end)	2017	20,714	645	20,069	76,004	0.26
	2016	22,601	1,460	21,141	40,318	0.52
	2015	20,918	766	20,152	42,672	0.47
	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

(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 2008 and 2017

Non-Governmental Major Employers 2008	Non-Governmental Major Employers 2017	Employment 2017	Percentage of Total State Employment 2017
Wal-Mart Stores, Inc.	Wal-Mart Stores, Inc.	33,500	1.91%
Integris Health	Integris Health, Inc.	9,500	0.54%
Chickasaw Enterprises	Chickasaw Enterprises	7,500	0.43%
AT&T (formerly SBC)	Mercy Health	6,500	0.37%
YUM! Brands	Hobby Lobby Stores	6,000	0.34%
Saint Francis Hospital Inc.	Saint Francis Hospital Inc.	6,000	0.34%
W.H. Braum, Inc	Braum's Inc.	5,500	0.31%
AMR Corp.	American Airlines	5,500	0.31%
Choctaw Nation of Oklahoma	Choctaw Nation of Oklahoma	5,000	0.28%
Conoco Phillips	St. Johns Medical Center Inc.	5,000	0.28%

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

	Population [a] (in thousands)				Personal Income [a] (in millions)	Per Capita Personal Income [a]			Civilian Labor Force [b]		
Year	U. S.	Change from Prior Period	State of Oklahoma	Change from Prior Period	State of Oklahoma	U. S.	State of Oklahoma	Oklahoma as a Percentage of U.S.	Employed	Unemployed	Unemployment Rate
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%
2015	321,419	0.80%	3,911	0.85%	178,250	48,112	45,573	94.72%	1,764,000	78,000	4.2%
2016	323,128	0.53%	3,924	0.33%	167,503	49,246	42,692	86.69%	1,739,000	89,000	4.9%
2017	325,719	0.80%	3,931	0.18%	170,791	50,392	43,449	86.22%	1,756,000	79,000	4.3%

[a] source U.S. Bureau of Economic Analysis as adjusted.

[b] 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 last ten years

Public School Enrollments:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Early childhood	35,270	37,726	39,784	40,688	37,929	40,121	40,129	39,474	36,377	36,679
Kindergarten	49,306	50,497	51,037	52,114	52,339	54,649	55,127	53,453	49,620	49,334
Elementary School	239,446	242,668	246,305	248,398	252,235	266,499	257,154	248,631	251,280	249,922
Junior High School	136,059	135,889	138,626	140,964	130,505	141,539	123,812	142,131	140,895	141,909
Senior High School	178,400	176,679	177,366	175,949	173,193	154,144	184,074	187,031	188,966	190,312
No-High School Districts (Grades 1-8)	22,603	24,090	23,938	23,596	23,549	17,215	24,151	18,179	22,637	22,644
Special Education (Ungraded)	3,584	1,649	1,684	1,798	1,535	1,542	2,070	2,169	2,274	2,418
Out-of-Home Placements	1,635	1,806	1,720	1,915	1,905	1,616	1,783	1,602	1,661	1,598
Total	666,303	671,004	680,460	685,422	673,190	677,325	688,300	692,670	693,710	694,816
Higher Education:										
Public Institutions	235,388	250,673	255,503	256,213	251,096	236,865	228,768	225,858	221,207	216,191
Private Institutions	25,278	21,945	25,856	26,830	27,708	26,175	17,997	17,494	17,837	16,909
Total	260,666	272,618	281,359	283,043	278,804	263,040	246,765	243,352	239,044	233,100
Career-Technology Education:										
Secondary *	156,755	154,492	148,831	148,831	151,720	149,501	152,227	150,958	156,673	159,686
Adult	378,772	345,016	354,949	354,949	376,783	372,687	394,650	366,538	354,839	363,222
Total	535,527	499,508	503,780	503,780	528,503	522,188	546,877	517,496	511,512	522,908

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

Sources: Department of Education, Regents for Higher Education, and Department of Career and Technology Education

State of Oklahoma
Government Employees by Function
Last Ten Years
(excluding Higher Education)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
Education	1,043	963	864	832	836	817	782	767	740	768
Government Administration	2,297	2,324	2,036	2,275	2,828	2,829	2,633	2,624	2,529	2,508
Health Services	4,920	4,550	4,403	4,254	4,337	4,434	4,519	4,497	4,429	3,873
Legal and Judiciary	2,335	2,316	2,216	2,276	2,275	2,220	2,255	2,216	2,135	2,086
Museums	168	158	151	149	151	145	140	129	112	116
Natural Resources	2,547	2,418	2,356	2,292	2,266	2,254	2,360	2,325	2,329	2,291
Public Safety and Defense	7,224	6,857	6,428	6,311	6,320	6,367	6,338	6,409	6,564	6,586
Regulatory Services	1,368	1,328	1,291	1,280	1,289	1,302	1,023	1,030	1,087	1,126
Social Services	12,635	12,027	11,674	11,033	10,960	11,268	11,518	10,911	10,109	9,475
Transportation	3,109	3,019	2,960	2,893	2,865	2,906	2,868	2,912	2,840	2,886
Total	37,646	35,960	34,379	33,595	34,127	34,542	34,436	33,820	32,874	31,715

Source: The Human Capital Management (HCM) division of the Office of Management and Enterprise Services (OMES).

State of Oklahoma
Capital Assets Utilization by Function-
Primary Government
Last Ten Fiscal Years
(net of depreciation, expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Education	$ 23,888	$ 24,064	$ 28,402	$ 29,906	$ 29,628	$ 33,274	$ 32,602	$ 33,110	$ 32,936	$ 32,736
Government Administration	173,235	220,891	235,887	289,578	291,033	289,411	286,592	276,274	250,684	238,202
Health Services	142,580	149,604	146,835	162,355	157,101	151,996	151,408	157,047	166,329	167,742
Legal and Judiciary	125	387	310	349	1,066	824	529	1,168	818	526
Museums	6,594	11,156	12,662	12,505	13,169	13,920	12,942	13,894	13,754	13,614
Natural Resources	140,616	160,253	180,892	193,947	200,208	218,155	233,997	251,259	270,754	271,772
Public Safety and Defense	372,077	460,894	502,434	524,859	529,224	522,170	507,035	444,173	429,586	424,454
Regulatory Services	1,597	1,532	1,173	904	859	726	947	804	676	496
Social Services	97,722	122,358	118,942	115,417	104,439	86,288	87,785	85,479	77,556	88,957
Transportation	7,513,128	8,139,553	8,730,234	9,159,061	9,433,515	9,692,860	9,957,686	10,335,267	10,690,785	10,974,397
Governmental activities, net	$ 8,471,562	$ 9,290,692	$ 9,957,771	$ 10,488,881	$ 10,760,242	$ 11,009,624	$ 11,271,523	$ 11,598,475	$ 11,933,878	$ 12,212,896
Business-type activities, net	$ 527	$ 330	$ 202	$ 126	$ 1,037	$ 1,415	$ 1,914	$ 2,856	$ 2,477	$ 2,085

State of Oklahoma
Operating Indicators for Governmental Functions
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government Administration										
Office of Management and Enterprise Services										
Number of motor vehicles maintained	964	1,267	1,203	1,217	1,168	1,104	1,093	1,076	1,050	1,007
Number of buildings managed	17	18	18	19	20	20	28	28	28	28
Health Services										
Department of Health										
Protective services:										
Retail food establishment inspections	33,648	24,369	23,368	45,874	43,083	44,939	45,417	47,457	45,887	47,414
Food inspections	42,342	48,036	44,878	46,662	43,671	47,831	48,417	48,913	47,238	48,602
Long-Term Care:										
Facility licensing, inspections and complaints	2,314	2,120	1,912	4,078	2,223	2,492	2,275	2,901	2,231	2,227
Residents (approximate)	17,813	19,623	21,202	18,512	19,340	19,006	18,987	18,880	18,722	18,135
Mental Health and Substance Abuse Department										
Number of clients:										
Mental Health	52,226	54,804	56,478	65,356	65,314	* 166,181	167,464	172,096	175,823	177,882
Substance Abuse	22,144	20,981	18,881	19,351	18,208	37,292	39,747	39,257	37,709	32,847
Hospitals - Inpatient Care	3	3	3	3	3	3	2	2	2	2
Legal and Judiciary										
Oklahoma Indigent Defense system										
Provides legal representation for indigent citizens charged with committing criminal acts.										
Represented - Total Court Appointments	39,385	43,883	41,965	43,712	43,980	48,401	49,723	58,025	60,747	61,115
Included above: Non-capital trial cases	30,000	32,000	33,000	35,000	43,167	47,543	48,964	57,318	59,986	60,317
Capital trial cases	92	105	112	98	67	53	50	44	58	56
General appeals cases	529	558	609	540	595	648	565	663	703	742
Average cost: Non-capital case (Staff Attorney)	$373	$279	$380	$368	$361	$346	$304	$334	$333	$474
Capital case (Staff Attorney)	$28,756	$28,423	$21,196	$21,551	$25,955	$36,710	$37,075	$40,252	$48,385	$41,224
Museums										
J. M. Davis Memorial										
Museum - 40,000 sq. ft.										
Number of artifacts (approximate)	48,012	48,012	48,012	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Visitors per year (approximate)	22,000	22,000	22,000	35,000	30,000	30,000	28,000	30,000	30,000	30,000
Oklahoma Historical Society										
Center - 18 acres; 215,000 sq. ft.; 5 Galleries; 6 acres outdoor exhibits										
Number of artifacts (on exhibit, approximate)	>2,000	>2,000	>2,000	>2,000	>2,000	>2,000	>2,000	>2,000	>2,000	2,500
Visitors and researchers per year (approximate)	244,000	244,000	185,491	254,634	214,723	183,251	183,000	182,000	185,000	199,000
Will Rogers Memorial										
Museum - 26,631 sq.ft., 28 acres - 12 Galleries, Theater and Children's Museum; Library - 1,518 sq. ft.; Birthplace - 161 acres										
Archives - number of documents, photographs	18,000	18,000	18,000	18,000	18,000	18,000	18,000	36,000	30,000	30,000
Visitors and researchers per year (approximate)	120,000	117,000	120,000	133,000	32,000	29,000	31,000	26,000	40,000	40,000
Natural Resources										
Wildlife Conservation										
Number of Anglers in State (last census)	697,000	697,000	697,000	729,000	729,000	729,000	729,000	729,000	729,000	729,000
Number of Hunters (last census)	445,000	445,000	445,000	244,000	244,000	244,000	244,000	244,000	244,000	244,000
Number of Wildlife Watchers (last census)	1,110,000	1,110,000	1,110,000	1,263,000	1,263,000	1,263,000	1,263,000	1,263,000	1,263,000	1,263,000

* 2014 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.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety and Defense										
Department of Public Safety										
Driver's Licenses Issued	954,419	744,878	690,131	694,557	741,938	835,807	727,169	726,740	758,277	773,495
Citations Processed	168,346	227,426	162,748	158,914	182,073	198,518	200,826	213,616	205,905	162,542
Collision Reports Processed	76,947	79,354	74,714	73,462	68,406	82,067	74,267	72,537	83,320	79,615
Department of Corrections										
Capacity (Number of Beds)	25,515	25,455	25,364	25,469	25,846	26,473	27,256	27,064	27,399	26,863
Prison Population	24,337	24,870	24,384	24,526	25,159	26,874	27,889	27,987	26,710	27,010
As a percentage of capacity	95.4%	97.7%	96.1%	96.3%	97.3%	101.5%	102.3%	103.4%	97.5%	100.5%
Cost to house an inmate:										
Per diem cost/day - Maximum Security	$64.35	$75.97	$75.85	$78.50	$87.01	$100.80	$87.20	$84.01	# $94.13	# $94.37
Per diem cost/day - Medium Security	$44.93	$42.41	$38.98	$38.94	$40.17	$47.47	$42.83	$45.46	# $45.73	# $44.45
Regulatory Services										
Oklahoma Corporation Commission										
Number of regulated utilities	494	511	484	421	418	420	411	410	359	361
Hearings and administrative proceedings	35,582	29,981	30,504	31,805	40,052	40,594	43,642	44,269	46,463	56,740
Motor carrier vehicles registered (power units)	151,639	121,874	132,927	135,230	139,569	152,280	157,188	156,722	178,913	143,774
Oil and gas wells plugged (operator plugged)	1,629	1,582	2,926	1,948	1,319	1,485	1,226	2,403	1,072	1,253
Oil and gas wells plugged (abandoned, plugged by OCC)					167	206	176	132	44	119
Motor Fuel Facilities inspected	4,174	5,490	4,341	4,326	5,760	6,011	4,371	4,384	4,923	4,912
Retail fuel dispenser (pump) inspections	85,118	97,326	77,444	70,649	75,939	80,397	80,742	83,649	73,169	74,072
Social Services										
Department of Human Services										
Adoption subsidies (end of fiscal year)	10,951	11,924	12,384	13,114	13,706	14,123	15,333	16,611	18,417	19,337
Adult protective svcs (state fiscal year)	18,168	18,615	17,135	16,012	15,223	15,010	14,807	9,821	8,499	5,932
Child care services provided (monthly average)	39,079	39,060	39,017	36,444	34,722	33,322	32,336	31,713	44,942	43,642
Licensed facilities (monthly average)	4,696	4,561	4,376	4,213	3,960	3,825	3,558	3,438	3,317	3,185
Licensed capacity (monthly average)	137,973	136,534	136,816	135,585	132,625	131,150	126,123	124,200	122,253	120,930
Child protective services-Substantiated (state fiscal year	8,605	7,248	8,110	9,842	11,418	14,172	15,252	15,187	15,289	15,951
Child support enforcement (cases-quarterly average)	188,327	193,000	198,390	202,743	203,209	206,746	207,677	206,701	201,459	194,836
Developmental Disabilities Persons Served (end of fiscal yea	14,063	14,352	14,602	9,894	9,772	9,777	9,693	8,905	8,186	7,845
Elderly support services (meals/state fiscal year)	3,902,997	6,176,989	6,098,275	6,265,779	6,105,823	6,056,081	6,324,185	6,630,634	6,570,061	6,256,572
Food stamps (unduplicated count/state fiscal year)	445,364	559,626	609,723	891,555	889,137	615,412	867,968	874,873	850,855	825,583
Foster care children (end of fiscal year)	9,489	7,973	8,502	9,132	10,233	11,483	10,942	9,984	9,923	9,277
Oklahoma Employment Security Commission										
Initial unemployment claims	183,159	218,918	183,849	155,885	124,170	108,758	105,258	109,028	90,007	73,761
Unemployment insurance paid	$350,260,138	$499,636,015	$340,695,628	$271,279,698	$263,654,340	$247,148,751	$270,419,798	$386,312,966	$316,957,075	$234,472,327
Transportation										
Oklahoma Department of Transportation										
State Highway System (miles)	12,266	12,266	12,882	12,882	12,882	12,882	12,265	12,265	12,265	12,265
Bridges on the State Highway System	6,728	6,728	6,800	6,800	6,800	6,800	6,828	6,828	6,828	6,828
System usage growth next 20 years (est.)										
Automobiles	33%	33%	65%	65%	65%	65%	65%	65%	26%	26%
Trucks	70%	70%	65%	65%	65%	65%	65%	65%	52%	52%
Freight railroads operating in Oklahoma	20	20	22	22	22	22	22	22	22	22
Passenger railroad	1	1	1	1	1	1	1	1	1	1
Rail passengers (average per year)	54,000	54,000	81,000	81,000	81,000	81,000	82,000	82,000	82,000	82,000
Railroad track (miles)	3,234	3,234	3,746	3,746	3,746	3,746	3,740	3,740	3,740	3,740
Public Waterway Ports	2	2	2	2	2	2	2	2	2	2

Dept. of Corrections -estimated cost for current fiscal year. Actual costs are updated in the following year.

State of Oklahoma
Additional Information and Sources of Statistical Data
Fiscal Year 2018

Additional Information:

The population of Oklahoma has steadily increased since 2008, averaging 0.8% per year.

At the end of December 2017, the United States (U. S.) Bureau of Labor Statistics reported the state's unemployment rate was 4.1%, same as the national rate.

Oklahoma's total personal income rate has increased at an average of 3.1% annually since 2008. During the same period, Oklahoma's personal income per capita increased annually by an average of 2.3% compared to 2.7% nationally.

As a result, annual total tax collections since 2009 have increased by $943,278,000 or 12.5%.

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 Career and Technology
- 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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State Agency Finance Officers and Teams

2018

OKLAHOMA

GENERAL INFORMATION

ADMITTED TO UNION (46TH STATE)	1907
CAPITAL	OKLAHOMA CITY
2017 POPULATION	3,930,864
POPULATION PER SQUARE MILE	57.3
COUNTIES	77

STATE SYMBOLS

NICKNAME	THE SOONER STATE
MOTTO	LABOR OMNIA VINCIT (WORK CONQUERS ALL THINGS)
SONG	*"OKLAHOMA!"* (MUSIC BY RICHARD ROGERS, LYRICS BY OSCAR HAMMERSTEIN II)
ANIMAL	AMERICAN BUFFALO (BISON)
BIRD	SCISSOR-TAILED FLYCATCHER
FISH	WHITE BASS
INSECT	HONEYBEE
FRUIT	STRAWBERRY
WILDFLOWER	INDIAN BLANKET
FLORAL EMBLEM	MISTLETOE
TREE	REDBUD
MUSICAL INSTRUMENT	FIDDLE
FOLK DANCE	SQUARE DANCE

AREA

TOTAL AREA	69,996 SQUARE MILES
LAND AREA	68,595 SQUARE MILES
WATER AREA	1,401 SQUARE MILES

RECREATION

NUMBER OF STATE PARKS	33
NUMBER OF STATE TRAILS	102
NUMBER OF LAKES	>200

OMES
OFFICE OF MANAGEMENT
& ENTERPRISE SERVICES

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