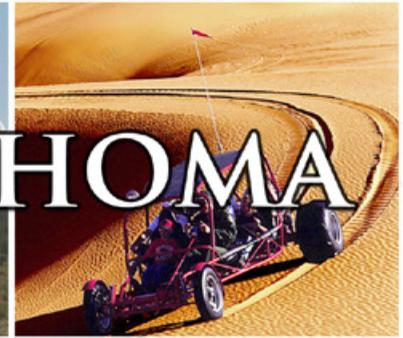




STATE OF OKLAHOMA



A REPORT TO OUR CITIZENS

Fiscal Year 2012-2013
(Published April 2013)

Our Great State



Beavers Bend State Park near Broken Bow, Oklahoma.

Oklahoma has long been a good place to live and work because of its friendly people, low cost of living, and ample recreational opportunities. Now it is firmly in the top tier of states whose economies are expanding. The outlook for future prosperity is better than ever. Oklahoma is well-positioned to attract varied industries because it is strategically located for expanding markets. It has a highly skilled work force, a high quality of life and a low cost of doing business. Oklahoma's 200 lakes and rivers provide Oklahomans with many opportunities for outdoor recreation. In 2012, Oklahoma had a population of 3,815,000 including 322,000 Native Americans, the largest per capita Native American population of any state.

Goals of the State

Employment To reduce barriers to growth, additional workers' compensation reforms are being pursued to lower costs for businesses while treating injured workers fairly.

Energy The State of Oklahoma is working to increase the amount of compressed natural gas-powered vehicles in the state's automobile fleets.

Education Through initiatives such as "Open Range," the State will help schools begin their own IT consolidation efforts and improve their technology, thus getting more money into the classrooms.

Health To improve the health of Oklahomans, Governor Fallin is pushing to restore local control to cities and towns regarding tobacco use in public places.

Selected Demographic Information

	Calendar Year 2010	Calendar Year 2011	Calendar Year 2012
Population	3,762,000	3,792,000	3,815,000
Per Capita Income	\$32,396	\$37,277	\$39,006
Unemployment Rate	7.1%	6.2%	5.2%
% of Total Workforce in State Government	2.3%	2.2%	2.2%
Public School Enrollment	680,460	685,422	673,190
	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Tax Collections per Capita	\$1,680*	\$1,827	\$2,041
Primary Government Debt per Capita	\$599	\$704**	\$714

* As a result of the nationwide recession, FY10 tax collections lagged significantly in Oil and Gas production, Sales and Use taxes.

** Government debt increased as a result of the Capital Improvement Authority restructuring five bonds in a manner that would assist the State's cash flow during that time of economic uncertainty.

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The State Government:

The State of Oklahoma is governed by three branches of government that work together to uphold the Constitution of the State of Oklahoma, the basic law under which the state operates.

Legislative Branch

Consists of the Senate and House of Representatives.

Judicial Branch

Holds the State Supreme Court and the Court of Criminal Appeals which are the maximum appellate courts in the state.

Executive Branch

Includes the Governor, Lieutenant Governor, Secretary of State, State Auditor and Inspector, Attorney General, State Treasurer, Superintendent of Public Instruction, Commissioner of Insurance, Commissioner of Labor, and the Commissioners of the Corporation Commission.

How We Have Progressed

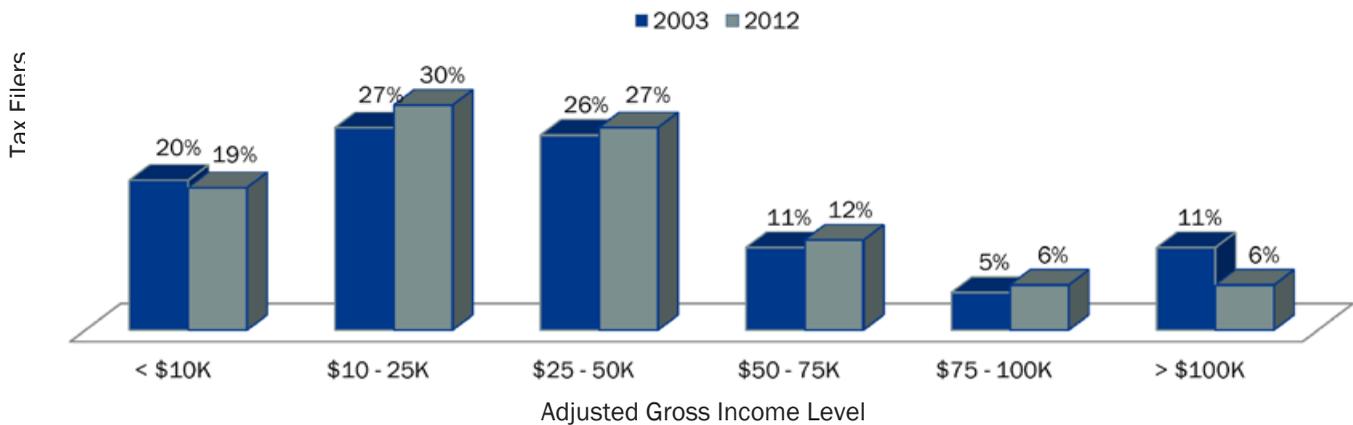
Nature variety in Oklahoma sets the stage for endless adventure. Hiking. Biking. Dune buggy riding. Mountain climbing. SCUBA diving. Hang gliding. Horseback riding. Floating. Boating. Camping. Canoeing. Fishing. Hunting. Spelunking. Bird watching. Rafting. Kayaking. Rappelling. And out and out playing. Here, road trips are samplers of the best Mother Nature has to offer.

Travelok.com

Significant Accomplishments

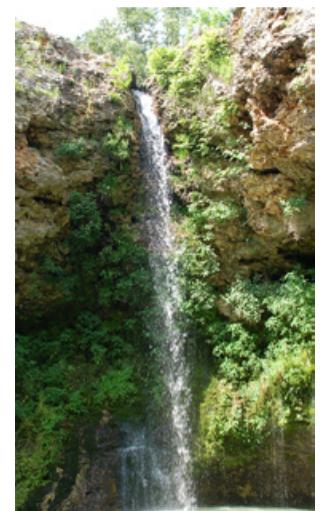
- Oklahoma's unemployment rate was among the lowest in the nation in 2012 and was lower than any of its six bordering states.
- According to the Greater Oklahoma City Chamber, "New companies are moving to Oklahoma City and existing businesses are increasing their workforce." In April 2013, international corporation GE announced plans to build a major research facility in the Oklahoma City area.
- Oklahoma's economic progress produced surplus State revenues in 2011 and 2012, replenishing the depleted Rainy Day Fund. The fund began fiscal year 2013 with a balance of \$577.5 million after record deposits of \$328.3 million from the General Revenue Fund.
- 2012 U.S. Census data showed Oklahoma had a 12.4% increase in median household income between 2010 and 2011. That was by far the largest increase of any state.
- *On Numbers Economic Index* ranked Oklahoma City first in the nation for four consecutive months for overall economic business strength for cities with populations over 500,000.

Taxpayer Income Compared to Ten Years Ago



Did You Know?

Top 10 Sources of Tax Revenue (other than sales and income tax)	Fiscal Year 2010 (in \$)	Fiscal Year 2011 (in \$)	Fiscal Year 2012 (in \$)
1. Gross Production Tax - Oil and Gas	579,700,531	631,755,429	724,903,048
2. Tag Agent Remittance Tax	247,546,872	307,579,624	348,562,103
3. Cigarette Tax	196,519,460	215,941,799	227,840,813
4. Gasoline Excise Tax	208,545,441	197,712,177	206,179,731
5. Use Tax	152,323,434	176,061,390	206,228,223
6. Insurance Premium Tax	141,255,690	170,627,316	199,620,667
7. Gaming Exclusivity Fees	118,624,111	123,560,707	124,300,610
8. Diesel Fuel Excise Tax	71,963,557	69,230,643	77,027,777
9. Franchise/Business Activity Tax	46,714,746	37,517,382	51,491,409
10. Tribal Compact in Lieu of Tax Payments	47,165,891	40,180,597	41,910,495

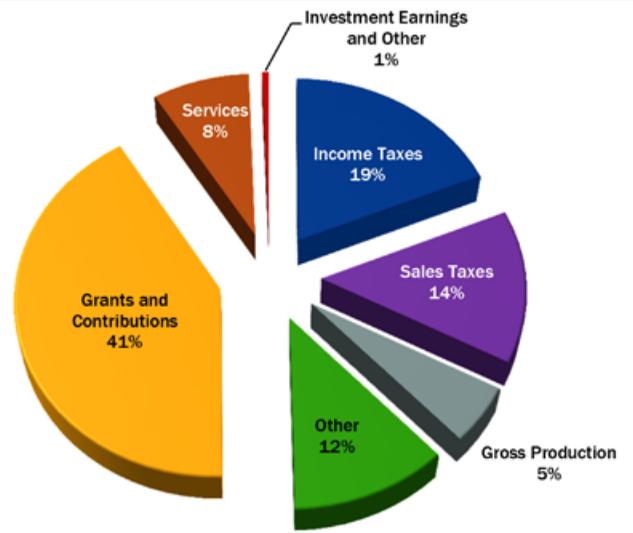


Natural Falls State Park in northeast Oklahoma.

The State's Finances

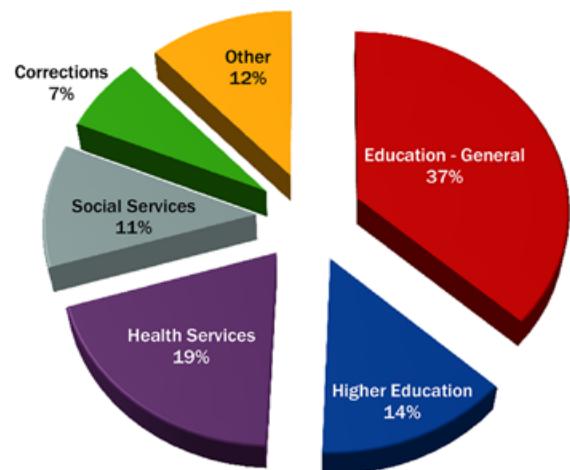
Primary Government Sources of Revenue

Revenues by Source	Fiscal Year 2010 (in \$)	Fiscal Year 2011 (in \$)	Fiscal Year 2012 (in \$)
Income Taxes	2.1 B	2.7 B	3.2 B
Sales Taxes	2.0 B	2.2 B	2.4 B
Gross Production Taxes	0.7 B	0.8 B	0.9 B
Other Taxes	1.7 B	1.8 B	2.0 B
Grants and Contributions	7.8 B	8.0 B	7.1 B
Services	1.2 B	1.1 B	1.4 B
Investment Earnings and Other	<0.1 B	0.1 B	0.1 B

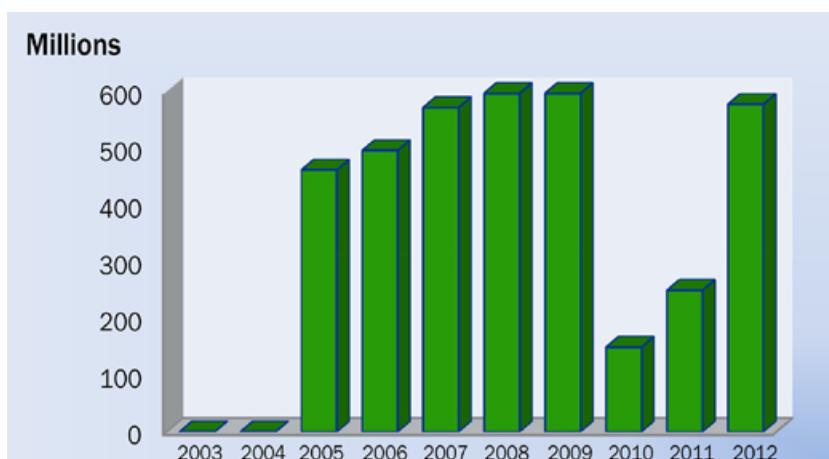


Primary Government Budgeted Appropriations

Appropriations by Source	Fiscal Year 2011 (in \$)	Fiscal Year 2012 (in \$)	Fiscal Year 2013 (in \$)
Education - General	2.4 B	2.4 B	2.5 B
Higher Education	1.0 B	0.9 B	1.0 B
Health Services	1.0 B	1.2 B	1.3 B
Social Services	0.7 B	0.7 B	0.8 B
Corrections	0.5 B	0.5 B	0.5 B
Other	0.7 B	0.7 B	0.8 B



Rainy Day Fund



The State's Rainy Day Fund is a reserve used to offset revenue shortfalls. Money is deposited into the Rainy Day Fund when state revenue collections for a fiscal year exceed 100% of the official estimate. The fund balance cannot exceed 15% of the General Revenue Fund estimate for the prior fiscal year. When can money in the Rainy Day Fund be used?

- 37.5% can be used in the current year when revenue falls short of estimates.
- 37.5% can be used when the revenue estimate for the next fiscal year is less than the current year.
- 25.0% can be used when the Governor and 75% of the Legislature declare an emergency.

What's Next?

For more information, please visit the following websites:

State of Oklahoma
www.ok.gov

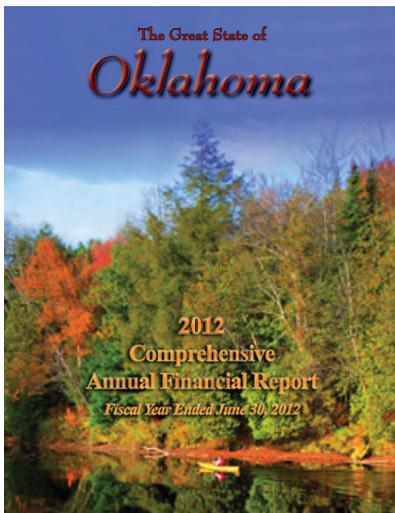
Comprehensive Annual Financial Report (CAFR)
OMES.OK.gov

Oklahoma State Bond Advisor's Annual Reports
www.ok.gov/bondadvisor

FY 2013 Executive Budget
OMES.OK.gov

OpenBooks
OpenBooks.ok.gov

State Agencies
www.ok.gov/portal/agency.php



For more detailed financial information, the Comprehensive Annual Financial Report is available to anyone on the Office of Management and Enterprise Services website.

OMES.OK.gov

Well, I've never been to heaven,
but I've been to Oklahoma.

Three Dog Night

Future Challenges

- The State owns almost 7,000 properties and leases another thousand. With many of these properties being underutilized or unproductive, efforts to redirect those resources are needed.
- As consolidation of Information Technology services continues, 30 additional agencies will be added to the project in 2013. The potential savings are estimated at \$239 million through fiscal year 2017. These improvements will save money and make our state government more efficient, modern and responsive to the needs of our customers: Oklahoma taxpayers.
- The Governor recommended reducing over time many outdated and duplicative advisory boards, commissions and agencies that were created by law.
- Due to recent severe droughts that effected agriculture statewide, Oklahoma passed House Bill 3055 in 2012, becoming the first state to establish a bold, statewide goal of consuming no more fresh water in 2060 than is consumed today.

State Leadership

Executive



Mary Fallin
Governor



Todd Lamb
Lieutenant Governor

Legislative



Brian Bingman
President Pro Tempore
Senate



T.W. Shannon
Speaker
House of Representatives

Judicial



Tom Colbert
Chief Justice
Supreme Court



David Lewis
Presiding Judge
Court of Criminal Appeals

We would like to hear from you!

Do you like this report? Do you believe it should include different or additional information? Please contact the Office of Management and Enterprise Services HelpDesk at 405-521-2444 and let us know your thoughts.