



STATE LOAN PROGRAM REVENUE BONDS

**ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

TABLE OF CONTENTS

	Page
Independent Auditor's Report on Financial Statements	3-5
Management's Discussion and Analysis	6-11
The Basic Financial Statements:	
Statements of Net Position	13
Statements of Revenues, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15
Footnotes to the Basic Financial Statements	16-29
Supplemental Information	
Combining Statements of Net Position	31-33
Combining Statements of Revenues, Expenses, and Changes in Net Position	34-36
Combining Statements of Cash Flows	37-39
Internal Control over Financial Reporting and Compliance	40-42
Independent Auditor's Report on Internal Control and Compliance	

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Oklahoma Water Resources Board

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds Program (the "Program") as of and for the years ended June 30, 2013 and 2012, and the related notes to the 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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 an opinion on the financial statements that comprise the Program's basic financial statements. The combining financial statements, as listed in the table of contents, 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. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

Arledge & Associates, P.C.

Edmond, Oklahoma
October 17, 2013

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Oklahoma Water Resources Board State Loan Program Revenue Bonds (the "Program") financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2013 and June 30, 2012. Please read it in conjunction with the financial statements, which begin on page 12. This report covers the Bond Programs administered by the Oklahoma Water Resources Board (the "Board") for the Series 1989, 1994A, 1995, 1997, 1999, 2001, 2003A, 2003B, 2004A, 2006B, 2007, 2009, 2010A, 2010B, 2011, 2012, 2012A, 2012B, 2012C, and 2013A Bond Programs.

Financial Highlights

- Total Assets increased 8.22% from \$302,132,980 to \$326,960,560 between FY 2012 and FY 2013. Total Assets increased 15.7% from \$261,182,442 to \$302,132,980 between FY 2011 and FY 2012.
- Total Net Position increased 1.75% from \$20,969,108 to \$21,335,325 between FY 2012 and FY 2013. Total Net Position increased .57% from \$20,851,709 to \$20,969,108 between FY 2011 and FY 2012.
- Total Liabilities increased 8.70% from \$281,163,872 to \$305,625,235 between FY 2012 and FY 2013. Issuance of the 2012B, 2012C and 2013A series totaling \$61,665,000 were major factors in the increase. Total Liabilities increased 17% from \$240,330,734 to \$281,163,872 between FY 2011 and FY 2012. Issuance of the 2012 and 2012A bonds of \$30,595,000 and \$33,445,000, respectively, were major factors in the increase.
- During fiscal year 2012-2013 the program issued the Series 2012B, 2012C, and 2013A bonds totaling \$8,750,000, \$9,625,000 and \$43,290,000.
- The Program implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The Statement is effective for periods beginning after June 15, 2012.
- The Program implemented Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements.
- The Program implemented Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.
- The Program implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

(revenues), certain items that were previously recognized as assets and liabilities. The Statement is effective for fiscal years ended June 30, 2014, however, the Program has chosen to early implement Statement No. 65. This early implementation resulted in a prior period restatement for the removal of bond issuance costs from the Statement of Net Position totaling \$701,238.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The Program is accounted for and presented similar to a special-purpose government engaged solely in business-type activities.

The financial statements for the Program are presented after the Management's Discussion and Analysis in this annual report and then followed by the footnotes in this order:

- Management's Discussion and Analysis – that provides useful analysis that facilitates a better understanding of the Program's financial condition and changes therein.
- Basic Financial Statements
 - Statements of Net Position
 - Statements of Revenues, Expenses and Changes in Net Position
 - Statements of Cash Flows
- Footnotes – that elaborate on the accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- Supplemental Information – Combining Financial Statements of all Program Bond Issues for the year ended June 30, 2013
 - Statements of Net Position
 - Statements of Revenues, Expenses and Changes in Net Position
 - Statements of Cash Flows

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

A Financial Analysis of the Program

One of the most frequently asked questions about the Program's finances is, "Has the overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Program as a whole and about its activities in a way that helps answer this question. The following tables present a condensed comparative presentation of net position and changes therein.

**Oklahoma Water Resources Board
Revenue Bonds Program
Net Position**

	Business-Type Activities		
	June 30,		
	2013	Restated, 2012	Restated, 2011
Current assets	\$ 41,992,725	\$ 44,161,213	\$ 20,217,028
Non-current assets	284,967,835	257,971,767	240,965,414
Total assets	326,960,560	302,132,980	261,182,442
Current liabilities	33,017,432	37,461,831	19,428,923
Non-current liabilities	272,607,803	243,702,041	220,901,810
Total liabilities	305,625,235	281,163,872	240,330,733
Net position			
Restricted for debt service	17,766,508	17,766,508	17,766,508
Unrestricted	3,568,817	3,202,600	3,085,201
Total net position	\$ 21,335,325	\$ 20,969,108	\$ 20,851,709

The increase in total assets and total liabilities in both years is due to the issuance of \$61,665,000 in notes receivable in FY 2013 and \$64,040,000 in FY 2012 and the related debt to fund the notes.

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

**Oklahoma Water Resources Board
Revenue Bonds Program
Statement of Revenues, Expenses, and Changes in Net Position**

	Business-Type Activities		
	Years Ended June 30,		
	<u>2013</u>	Restated, <u>2012</u>	Restated, <u>2011</u>
Revenues			
Loan program income	\$ 10,867,374	\$ 9,589,949	\$ 8,533,768
Gross production tax	-	-	900,000
Investment interest income	143,602	172,534	251,910
Total revenues	<u>11,010,976</u>	<u>9,762,483</u>	<u>9,685,678</u>
Expenses			
Trustee fees	42,544	35,545	30,520
Administration expenses	567,292	470,292	401,778
Interest expense	9,729,344	8,872,292	7,840,295
Standby bond purchase agreement fees	112,044	71,517	114,569
Remarketing fees	16,645	21,777	29,861
Provision (credit) for arbitrage rebate	-	(3,529)	(7,963)
Other fees	11,263	-	-
Total expenses	<u>10,479,132</u>	<u>9,467,894</u>	<u>8,409,060</u>
 Net Income before transfers	 531,844	 294,589	 1,276,618
Transfers to other programs	(165,627)	(177,190)	(225,215)
Increase in net position	<u>366,217</u>	<u>117,399</u>	<u>1,051,403</u>
 Total net position- beginning, restated	 20,969,108	 20,851,709	 19,800,306
Total net position - ending	<u>\$ 21,335,325</u>	<u>\$ 20,969,108</u>	<u>\$ 20,851,709</u>

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

Long-Term Debt

At year-end, the Program had \$300,880,000 in long-term debt outstanding which represents a \$24,270,000 or 8.78% increase from the prior year. At June 30, 2012, the long-term debt outstanding had increased by \$40,129,760 or 17%. The Program's long-term debt by bond issues are as follows:

Series:	2013	2012
1989	\$ 155,000	\$ 185,000
1994A	3,810,000	4,515,000
1995	3,570,000	4,040,000
1997	415,000	4,495,000
1999	6,745,000	9,675,000
2001	22,250,000	35,085,000
2003A	12,115,000	19,570,000
2003B	3,680,000	5,095,000
2004A	4,630,000	5,690,000
2006B	40,230,000	42,495,000
2007	8,270,000	8,655,000
2009	2,515,000	2,625,000
2010A	27,790,000	28,915,000
2010B	26,485,000	27,255,000
2011	13,775,000	14,275,000
2012	30,550,000	30,595,000
2012A	32,310,000	33,445,000
2012B	8,670,000	-
2012C	9,625,000	-
2013A	43,290,000	-
Total Bonds	\$ 300,880,000	\$ 276,610,000

See Note 7 to the financial statements for more detailed information on the Program's long-term debt and changes therein.

Economic Factors and Next Year's Outlook

Due to the nature of the Bond Program, the Board expects a decrease in net position and liabilities as the loans continue to make principal repayments and bonds are redeemed. As the net position and liabilities decrease, so will the revenues and operating expenses. However, the Board expects to have sufficient income to sustain the Bond Program throughout the life of the bonds.

Contacting the Program's Financial Management

This financial report is designed to provide the Board's accountability of the Program. If you have questions about this report or need additional financial information, contact the Financial Assistance Division of the Oklahoma Water Resources Board at 3800 N. Classen Blvd, Oklahoma City, OK 73118.

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

BASIC FINANCIAL STATEMENTS

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

Statements of Net Position – June 30, 2013 and 2012

	<u>2013</u>	<u>Restated, 2012</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$2,992,456	\$5,823,728
Restricted Investment	15,551,484	5,941,000
Current portion of notes receivable	20,795,243	29,513,155
Interest receivable:		
Notes receivable	2,636,585	2,845,218
Other	11,782	38,112
Due from other funds	5,175	-
Total current assets	<u>41,992,725</u>	<u>44,161,213</u>
Noncurrent Assets:		
Restricted Cash and cash equivalents	8,740,804	2,384,000
Restricted Investment	4,593,723	9,441,508
Notes receivable net of current portion	271,633,308	246,146,259
Total noncurrent assets	<u>284,967,835</u>	<u>257,971,767</u>
Total assets	<u>326,960,560</u>	<u>302,132,980</u>
LIABILITIES:		
Current Liabilities:		
Accrued interest payable	2,617,455	2,764,314
Current maturities of long-term debt	27,955,000	32,566,000
Other accrued liabilities	2,444,977	2,131,517
Total current liabilities	<u>33,017,432</u>	<u>37,461,831</u>
Noncurrent liabilities:		
Long-term debt, less current maturities and net unamortized discount of \$317,197 and \$341,959 in 2013 and 2012, respectively	272,607,803	243,702,041
Total noncurrent liabilities	<u>272,607,803</u>	<u>243,702,041</u>
Total liabilities	<u>305,625,235</u>	<u>281,163,872</u>
NET POSITION:		
Restricted for debt service	17,766,508	17,766,508
Unrestricted	3,568,817	3,202,600
Total net position	<u>\$21,335,325</u>	<u>\$20,969,108</u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

Statements of Revenues, Expenses, and Changes in Net Position – Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>Restated, 2012</u>
Operating Revenues:		
Loan program income	\$10,867,374	\$9,589,949
Total operating revenues	<u>10,867,374</u>	<u>9,589,949</u>
Operating Expenses:		
Trustee fees	42,544	35,545
Administration fees	567,292	470,292
Interest expense	9,729,344	8,872,292
Standby bond purchase agreement fees	112,044	71,517
Remarketing fees	16,645	21,777
Other fees	11,263	-
Total operating expenses	<u>10,479,132</u>	<u>9,471,423</u>
Operating income	388,242	118,526
Non-Operating Revenues (Expenses):		
Credit (provision) for arbitrage rebate	-	3,529
Interest income	143,602	172,534
Total non-operating revenues	<u>143,602</u>	<u>176,063</u>
Net income before transfers	531,844	294,589
Transfers out - Oklahoma Water Resources Board	<u>(165,627)</u>	<u>(177,190)</u>
Change in net position	366,217	117,399
Total net position - beginning, restated	20,969,108	20,851,709
Total net position - ending	<u><u>\$21,335,325</u></u>	<u><u>\$20,969,108</u></u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

Statements of Cash Flows – Years Ended June 30, 2013 and 2012

	2013	Restated, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections of interest on loans to local governments	\$ 11,076,007	\$ 8,839,776
Payments to other suppliers	(436,328)	(627,939)
Interest paid on debt	(9,851,441)	(8,111,817)
Due from other funds	(5,175)	-
Net Cash Provided by Operating Activities	<u>783,063</u>	<u>100,020</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out - Oklahoma Water Resources Board	(165,627)	(177,190)
Issuance of long-term debt	61,665,000	64,040,000
Repayments of Long-term Debt	(37,395,000)	(23,935,000)
Net Cash Provided by Noncapital Financing Activities	<u>24,104,373</u>	<u>39,927,810</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections of principal on loans to local governmental units	44,895,863	26,829,619
Purchase of investments	(4,762,699)	(11,892,000)
Loans to local governments	(61,665,000)	(64,040,000)
Interest income	169,932	170,872
Net Cash Provided by (Used in) Investing Activities	<u>(21,361,904)</u>	<u>(48,931,509)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,525,532	(8,903,679)
Balances - beginning of the year	<u>8,207,728</u>	<u>17,111,407</u>
Balances - end of the year	<u><u>\$11,733,260</u></u>	<u><u>\$8,207,728</u></u>
Reconciliation of Statement of Net Position:		
Cash and Cash Equivalents	\$2,992,456	\$5,823,728
Restricted Cash and cash equivalents	8,740,804	2,384,000
Total Cash and cash equivalents	<u><u>\$11,733,260</u></u>	<u><u>\$8,207,728</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$388,242	\$118,526
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of bond issuance discounts/premiums	24,762	24,760
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	208,633	(750,173)
Decrease (Increase) in due from other funds	(5,175)	-
Increase (Decrease) in accrued interest payable	(146,859)	735,715
Increase (Decrease) in other accrued liabilities	313,460	(28,808)
Net Cash Provided by Operating Activities	<u><u>\$783,063</u></u>	<u><u>\$100,020</u></u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

Reporting Entity

The Oklahoma Water Resources Board (the "Board") State Loan Program Revenue Bonds (the "Program") was established to provide state-wide financial assistance to local governments by making loans to be utilized to provide for the acquisition, development, and utilization of storage and control facilities for water and sewage systems and to be used to refund a portion of the Board's outstanding State Loan Program Revenue Bonds originally issued by the Board. As part of the program, the following bonds were issued:

- Series 1989 Bonds commenced operations in November 1989. The bonds were issued to provide loans to local government units. Provisions of the bond indenture required that all local loans be originated by November 1, 1992. No new loans were originated after that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.
- Series 1994A Bonds commenced operations in January 1994. The Program was established by the Board to provide monies to refund all or a portion of the Board's State Loan Program Revenue Bonds Series 1986A, Series 1989 and Series 1992 and to make loans to local governments. Provisions of the bond indenture required that all local loans be originated by January 20, 1997. No new loans were originated after that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.
- Series 1995 Bonds commenced operations in October 1995. The bonds were issued to provide loans to local government units. Provisions of the bond indenture required that all local loans be originated by October 18, 1998. No new loans were originated after that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.
- Series 1997 Bonds commenced operations in July 1997. The bonds were issued to provide loans to local government units. Provisions of the bond indenture required that all local loans be originated by July 2, 2000. No new loans were originated after that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.
- Series 2001 Bonds commenced operations in September 2001. The bonds were issued to provide loans to local government units. Provisions of the bond indenture required that all local loans be originated by July 11, 2004. No new loans were originated after that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.
- Series 2003A Bonds commenced operations in July 2003. The bonds were issued to provide loans to local government units or to refinance debt. Provisions of the bond indenture required that all local loans be originated by July 8, 2006. No new loans were originated after

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.

- Series 2003B Bonds commenced operations in July 2003. The bonds were issued to refund existing bonds, fund local debt service reserve funds, and pay cost of issuance. Provisions of the bond indenture required that all local loans be originated by July 15, 2003. No new loans were originated after that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.
- Series 2004A Bonds commenced operations in May 2004. The bonds were issued to refund a portion of the Boards' outstanding State Loan Program Revenue Bond, provide funds to refinance existing non-Board debt of certain Local Entities, to fund local debt service reserve funds, and to pay the cost of issuance. Provisions of the bond indenture required that all local loans be originated by May 12, 2004. No new loans were originated after that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.
- Series 2006B Bonds commenced operations in July 2006. The bonds were issued to provide loans to a local government unit for refinancing of an existing loans.
- Series 2007 Bonds commenced operations in March 2007. The bonds were issued to provide loans to a local government unit and to refund a portion of the Boards' outstanding State Loan Program Revenue Bonds.
- Series 2009 Bonds commenced operations in November 2009. The bonds were issued to fund two new loans to local governments for use in acquisition, development and utilization of storage and control facilities for water and sewer systems.
- Series 2010 Bonds commenced operations in June 2010. The bonds were issued to fund two new loans to local governments for use in acquisition, development and utilization of storage and control facilities for water and sewer systems.
- Series 2010B Bonds commenced operations in November 2010. The bonds were issued to fund one new loan to a local entity to purchase water storage rights and make water system improvements.
- Series 2011 Bonds commenced operations in June 2011. The bonds were issued to fund one new loan to a local entity for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2012 Bonds commenced operations in January 2012. The bonds were issued to fund two new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2012A Bonds commenced operations in March 2012. The bonds were issued to fund twelve new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

- Series 2012B Bonds commenced operations in July 2012. The bonds were issued to fund two new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2012C Bonds commenced operations in August 2012. The bonds were issued to fund five new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2013A Bonds commenced operations in April 2013. The bonds were issued to fund four new loans to a local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.

Administrative, accounting, and other technical support services are provided by employees of the Board. Payroll and other costs incurred by the Board on behalf of the Program are not billed by the Board, but are recovered from the administration fees paid by the Program (see Note 4).

Basis of Accounting and Measurement Focus

The Programs are accounted for and presented similar to a special-purpose government engaged solely in business type activities.

The Program uses the accrual basis of accounting whereby expenses are recognized when the liability is incurred and revenues are recognized when earned.

The Program uses the economic resources measurement focus where all assets, liabilities, net position, revenues, expenses and transfers relating to the Program and net income and capital maintenance are measured.

Pursuant to its bond indentures, the Programs are required to maintain various separate accounts for principal payments, interest payments and various other purposes. To assist in fulfilling these responsibilities, the Board has engaged BancFirst to act as trustee and maintain appropriate fiduciary records. All activities and monies in the various accounts required by the bond indenture are considered to be applicable to the conduct of the Program's ongoing operations. Accordingly, all such activities and monies are combined for purposes of preparing the Program's financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

1. Summary of Significant Accounting Policies (cont'd)

Bond Issue Discount and Premium

Some of the Program's bonds were initially sold at a discount or premium. The bond discount/premium is being amortized over the remaining life of the bonds and is included in interest expense in the accompanying Statement of Revenues, Expenses and Changes in Net Position. The original discounts/premiums by bond and the amortization expense recorded for fiscal years 2013 and 2012 were as follows:

Issue	Original Discount/Premium	Amortization	
		2013	2012
1989	\$ 287,000	\$ 3,582	\$ 3,582
1994A	313,052	10,734	10,734
1995	166,500	5,763	5,763
1997	123,000	4,214	4,214
1999	82,500	1,029	1,029
2001	136,400	3,059	3,058
2003A	124,000	1,728	1,728
2003B	(780)	(51)	(52)
2004A	(102,582)	(5,296)	(5,296)

The net premium/discount and underwriter discount of the Series 2006B, 2007, 2009, 2010, 2010B, 2011, 2012, 2012A, 2012B, 2012C, and 2013A bonds were applied to the benefit of the borrower.

Cash and Cash Equivalents

The Program considers all highly liquid debt instruments purchased with an original maturity of three months or less and money market funds to be cash equivalents.

Operating Revenues and Expenses

The Program considers income earned on outstanding loans receivable to be operating revenue. Similarly, the Program considers expenses incurred in administering the loan program, such as trustee fees, administration expenses, and interest expense, to be operating expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

2. Cash Deposits and Investment Risk

Cash and cash equivalents of \$22,831,306 and \$8,069,168 at June 30, 2013 and 2012 respectively, were on deposit with the Program's trustee.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Program discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

Investment Credit Risk – the bond indenture provides for restrictions on the investment choices of the Program as follows:

- a. Obligations of the United States Government, its agencies and instrumentalities.
- b. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations or credit unions located in the State of Oklahoma.
- c. Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items specified in (a) and (b) above.
- d. Investment agreements with entities maintaining a rating in the top two categories by a nationally recognized municipal bond rating agency.

At June 30, 2013, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	\$ 11,716,160
Goldman Sachs Financial Sq Treasury Obligation	16 days	AAAm	103,161
State and Local Government Series Notes	6 mo. to 12 mo.	N/A	11,114,207
Certificates of deposit	6 mo. to 16 mo.	N/A	9,031,000
Total			<u>\$ 31,964,528</u>

Concentration of Investment Credit Risk – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk 36.7% is invested in Federated Treasury Obligations Fund and 34.8% in governmental notes.

At June 30, 2012, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days Matures	AAAm AA-	\$ 8,069,168
AEGON Institutional Markets	1/7/2013	See Note 5	\$ 3,490,508
Certificates of Deposit	6 mo. To 16 mo.	N/A	\$ 11,892,000
Total			<u>\$ 23,451,676</u>

Concentration of Investment Credit Risk – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk: 34% is invested in Federated Treasury Obligations Fund and 15% in AEGON Institutional Markets.

3. Notes Receivable

Notes receivable represents loans made by the Program which were made to local governmental entities for the purposes of acquisition, development, and utilization of storage and control facilities for water and sewage systems. Payments on the notes are due in semiannual installments for fixed rate notes and quarterly for variable rate notes with various maturity dates based upon the bond issue; however, the local entities have the option to pay the notes earlier than the scheduled maturities. The current portion of notes receivable contains scheduled maturities and any prepayments made subsequent to year-end through September 30, 2013. The notes are collateralized by various revenue sources including, but not limited to user charges and sales taxes of the borrowers and mortgages on the water and/or sewer systems. Outstanding notes receivable at June 30, 2013 and 2012, and maturity dates are as follows:

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

Issue	Maturity Date	Note Receivable		FY 2013 Current Maturities
		2013	2012	
1989	2019	\$ 170,000	\$ 190,000	\$ 20,000
1994A	2023	4,681,092	5,374,383	628,467
1995	2025	4,187,700	4,657,250	572,550
1997	2026	561,150	4,637,600	29,800
1999	2031	6,875,400	9,803,000	810,100
2001	2033	12,200,650	33,197,300	2,489,900
2003A	2036	12,007,900	18,586,150	1,805,200
2003B	2018	3,680,000	5,095,000	3,410,000
2004A	2023	4,385,000	5,685,000	765,000
2006B	2025	40,230,000	42,495,000	2,355,000
2007	2036	8,439,659	8,828,731	404,226
2009	2031	2,515,000	2,625,000	115,000
2010A	2030	27,790,000	28,915,000	1,165,000
2010B	2035	26,485,000	27,255,000	785,000
2011	2031	13,775,000	14,275,000	505,000
2012	2040	30,550,000	30,595,000	65,000
2012A	2032	32,310,000	33,445,000	2,305,000
2012B	2035	8,670,000	-	310,000
2012C	2042	9,625,000	-	1,210,000
2013A	2038	43,290,000	-	1,045,000
		<u>\$292,428,551</u>	<u>\$ 275,659,414</u>	<u>\$ 20,795,243</u>

4. Program Funding and Fees

In order to develop a financial assistance program to provide water and wastewater infrastructure financing for Oklahoma communities, approximately \$40 million has been contributed to the Statewide Water Development Revolving Fund (SWDRF) that was established during the 1982 legislative session. The principal is to be used by the Board to support various approved projects. Interest income from the Revolving Fund is deposited into a Water Resources Grant Account, which is utilized by the Board to make grants in emergency situations in amounts up to \$100,000 per local entity for approved purposes. At the inception of the Program, \$2,917,500 was received from the Revolving Fund as a restricted Debt Service Reserve Fund. The investment income from the Debt Service Reserve Fund is to be transferred to the Water Resources Grant Account at the discretion of the Program, except that the Program has agreed to utilize such investment income from the Debt Service Reserve Fund to prevent a default in the payment of principal and interest on the bonds. Pursuant to this provision, \$111,835 and \$144,837 were transferred from the 1989 Bonds to the Water Resources Grant Account during the years ended June 30, 2013 and 2012, respectively. In addition, \$53,792 and \$32,353 was transferred from the 1994A bond account during the years ended June 30, 2013 and 2012, respectively. Any portion of the Debt Service Reserve Fund that is not expended to cover defaults on principal and interest will be returned to the Revolving Fund at the termination of the Program.

The bond indenture agreement provides for various fees to be paid in connection with the administration of the Program. These fees include the following:

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

- During the year, an annual program administration fee of 0.1328%, 0.1316%, or 0.3866 of fixed rate notes receivable outstanding during the period was charged to operations of the Bond Programs. An annual program administration fee of 0.4000% of variable rate notes receivable outstanding was charged to operations for the year for the variable Bond Programs. These fees are payable to the Oklahoma Water Resources Board for providing clerical, management and administrative services.
- Standby purchase agreement fees are to be paid to a bank that has guaranteed, under certain conditions, to purchase outstanding bonds that cannot otherwise be sold.
- Remarketing fees are payable to an investment banker for services related to determining the interest rate adjustment and attempting to remarket bonds when necessary.
- During the year, a trustee fee of 0.0122% of bonds outstanding was charged to operations of the 1989, 1994A 1995, 1997 2001, 2003A, 2003B, and 2004A. A trustee fee of 0.0134% of bonds outstanding was charged to operations of the 2006B, 2007, 2009, 2010, 2010B, 2011, 2012, 2012A, 2012B, 2012C, and 2013A. Fees are calculated twice a year using the balance of bonds outstanding at February 28 and August 31, or March 31 and September 30.

5. Restricted Cash and Investments

A description of the cash and investment as of June 30, 2013 and 2012 is as follows:

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents - Federated Treasury Obligations	\$ 8,739,866	\$ 2,384,000
Cash	938	-
Investments - Long-term certificates of deposit with principal amounts for \$22,000 to \$249,000, maturing in September 2012 to October 2013, with interest rates from .15% to 1%	-	11,892,000
Investments - Long-term certificates of deposit with principal amounts for \$22,000 to \$249,000, maturing in September 2013 to February 2015, with interest rates from .15% to 1%	9,031,000	-
Investment - State and Local Government Series Notes principal amounts from \$79,437 to \$7,059,035 maturing in October 2013 to October 2014, with interest rates from .11% to .27%	11,114,207	-
Guaranteed investment with AEGON institutional Markets pursuant to an investment agreement, 4.161% maturing January 7, 2013 (restricted for debt service)	-	3,490,508
	<u>\$ 28,886,011</u>	<u>\$ 17,766,508</u>

The use of the investments are restricted for debt service . The restricted cash and investments are held in the 1989 and 1994A bond accounts.

The agreement with AEGON Institutional Markets ("AEGON") is uninsured and noncollateralized so long as AEGON maintains certain specified credit ratings. If these credit ratings are not maintained, AEGON is required to collateralize the investment agreement sufficient to maintain an S&P or Moody's rating of "AA" or Aa3", respectively, on the contract. The S&P credit rating for AEGON at June 30, 2013 was AA-. The investment is carried at cost, which approximates fair value.

The investments in the State and Local Governments Series Notes are being held in escrow to pay off the related debt on the earliest call dates of October 2013 or 2014. The investments are the result of some municipalities paying their debt early.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

6. Arbitrage Rebate Due Federal Government

In order for the interest on the Program's bonds to be tax exempt, the Board must comply with certain provisions of the Internal Revenue Code, as amended. One provision requires that arbitrage earnings (defined as the excess of the amount earned on all nonpurpose investments over the amount which would have been earned if the nonpurpose investments were invested at a rate equal to the bond yield) be rebated to the Internal Revenue Service. This rebate is payable at the end of each five years during the term of the issue. Management has estimated the arbitrage rebate liability to be zero at June 30, 2013 and 2012.

7. Long-term Debt

<u>Type of Bonds</u>	<u>Beginning July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending June 30, 2013</u>	<u>Due Within One Year</u>
Variable Rate Bonds	\$ 27,435,000	\$ -	\$ 5,065,000	\$ 22,370,000	\$ 11,805,850
Fixed Rate Bonds	249,175,000	61,665,000	32,330,000	278,510,000	16,149,150
Total Bonds Outstanding	<u>\$ 276,610,000</u>	<u>\$ 61,665,000</u>	<u>\$ 37,395,000</u>	<u>\$ 300,880,000</u>	<u>\$ 27,955,000</u>

<u>Type of Bonds</u>	<u>Beginning July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending June 30, 2012</u>	<u>Due Within One Year</u>
Variable Rate Bonds	\$ 37,045,000	\$ -	\$ 9,610,000	\$ 27,435,000	\$ 4,351,000
Fixed Rate Bonds	199,460,000	64,040,000	14,325,000	249,175,000	28,215,000
Total Bonds Outstanding	<u>\$ 236,505,000</u>	<u>\$ 64,040,000</u>	<u>\$ 23,935,000</u>	<u>\$ 276,610,000</u>	<u>\$ 32,566,000</u>

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

Outstanding Bonds at June 30, 2013:

Series 1989 serial and term bonds due in annual installments of \$15,000 to \$30,000, interest at 6.30%, final maturity September 1, 2019	\$ 155,000
Series 1994A serial and term bonds due in annual installments of \$50,000 to \$70,000 interest at 5.875%, final maturity September 1, 2013	50,000
Series 1994A serial and term bonds due at variable rates, initially set at 2.3% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 14% per year. At June 30, 2013, the interest rate was .30%. Bonds have a final maturity of September 1, 2023 and are subject to a mandatory sinking fund redemption	3,760,000
Series 1995 serial and term bonds due at variable rates, initially set at 3.8% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2013, the interest rate was .30%. Bonds have a final maturity of September 1, 2022 and are subject to a mandatory sinking fund redemption	3,570,000
Series 1997 serial and term bonds due at variable rates, initially set at 3.7% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2013, the interest rate was .30%. Bonds have a final maturity of September 1, 2025 and are subject to a mandatory sinking fund redemption	415,000
Series 1999 serial and term bonds due in annual installments of \$125,000 to \$715,000 interest from 1.50% to 4.30%, final maturity September 1, 2021	4,955,000
Series 1999 serial and term bonds due at variable rates, initially set at 2.9% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2013, the interest rate was .30%. Bonds have a final maturity of September 1, 2025 and are subject to a mandatory sinking fund redemption	1,790,000
Series 2001 serial and term bonds due in annual installments of \$75,000 to 980,000 interest from 3.30% to 5.125%, final maturity September 1, 2023	15,565,000
Series 2001 serial and term bonds due at variable rates, initially set at 2.53% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2013, the interest rate was .30%. Bonds have a final maturity of September 1, 2033 and are subject to a mandatory sinking fund redemption	6,685,000
Series 2003A serial and term bonds due in annual installments of \$115,000 to \$1,495,000 interest from 1.90% to 4.55%, final maturity September 1, 2024	5,965,000

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

Outstanding Bonds, (continued):

Series 2003A serial and term bonds due at variable rates, initially set at 0.87% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2013, the interest rate was .30%. Bonds have a final maturity of September 1, 2035 and are subject to a mandatory sinking fund redemption	\$ 6,150,000
Series 2003B serial and term bonds due in annual installments of \$480,000 to \$1,415,000 interest from 3.60% to 4.625%, final maturity September 1, 2018	3,680,000
Series 2004A serial and term bonds due in annual installments of \$40,000 to \$1,060,000 interest from 3.50% to 5.00%, final maturity September 1, 2023	4,630,000
Series 2006 serial and term bonds due in annual installments of \$100,000 to \$4,040,000 interest from 3.75% to 5.00%, final maturity October 1, 2025	40,230,000
Series 2007 serial and term bonds due in annual installments of \$75,000 to \$675,000 interest from 3.65% to 4.50%, final maturity October 1, 2036	8,270,000
Series 2009 serial and term bonds due in annual installments of \$80,000 to \$200,000 interest from 1.55% to 4.25%, final maturity October 1, 2031	2,515,000
Series 2010A serial and term bonds due in annual installments of \$100,000 to \$2,040,000 interest from 3.00% to 5.00%, final maturity October 1, 2030	27,790,000
Series 2010B serial and term bonds due in annual installments of \$400,000 to \$1,725,000 interest from 2.00% to 5.00%, final maturity October 1, 2035	26,485,000
Series 2011 serial and term bonds due in annual installments of \$65,000 to \$3,540,000 interest from .40% to 5.00%, final maturity October 1, 2031	13,775,000
Series 2012 serial and term bonds due in annual installments of \$65,000 to \$3,540,000 interest from 2.00% to 4.00%, final maturity October 1, 2040	30,550,000
Series 2012A serial and term bonds due in annual installments of \$740,000 to \$2,685,000 interest from .25% to 3.25%, final maturity October 1, 2032	32,310,000
Series 2012B serial and term bonds due in annual installments of \$80,000 to \$470,000 interest from .25% to 4.00%, final maturity October 1, 2035	8,670,000
Series 2012C serial and term bonds due in annual installments of \$30,000 to \$1,210,000 interest from .25% to 4.00%, final maturity September 1, 2042	9,625,000
Series 2013A serial and term bonds due in annual installments of \$165,000 to \$2,660,000 interest from 2.00% to 5.00%, final maturity October 1, 2038	43,290,000
Total Bonds Outstanding	\$ 300,880,000
	\$ 27,955,000
Current portion	272,607,803
Long-term portion	317,197
Net unamortized discount/premium	\$ 300,880,000
Gross amount	

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

For variable rate bonds, at the option of the Board and subject to applicable provisions of the bond indenture, which require, among other things, that all bonds be successfully remarketed, the variable interest rate bonds may be converted to a term rate that would stay fixed until maturity of the bonds. During fiscal year 2013, the variable bonds were remarketed quarterly. There were no fixed rate conversions in 2013 and 2012. Variable interest rates were reset quarterly on March 1st, June 1st, September 1st, and December 1st, by the Program's remarketing agent for the 1994A, 1995, 1997 and 1999 variable rate bonds. Variable interest rates were reset quarterly on January 1st, April 1st, July 1st, and October 1st, by the Program's remarketing agent for the 2001, and 2003A variable rate bonds.

Future debt service payments required by the serial and term bonds as of June 30, 2013, were developed using the loan repayment amortization schedules maintained in the IFS system for variable rate bonds and scheduled maturities for fixed rate bonds. Future debt service payments required by the Program's serial and term bonds as of June 30, 2013 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 27,955,000	\$ 10,326,554	\$ 38,281,554
2015	20,073,000	9,831,569	29,904,569
2016	16,785,000	9,305,538	26,090,538
2017	16,675,000	8,848,511	25,523,511
2018	16,360,000	8,305,046	24,665,046
2019-2023	76,735,000	32,683,419	109,418,419
2024-2028	56,882,000	19,913,535	76,795,535
2029-2033	37,695,000	10,385,628	48,080,628
2034-2038	21,070,000	4,177,014	25,247,014
2039-2043	10,650,000	649,537	11,299,537
Total	<u>\$ 300,880,000</u>	<u>\$114,426,351</u>	<u>\$ 415,306,351</u>

Interest on the bonds is payable semiannually for fixed rate bonds and quarterly for variable rate bonds. While the variable bonds bear interest at an adjustable, variable rate, the variable bonds are to be repurchased at each such interest payment date at a price equal to the unpaid principal amount, unless such repurchase is waived in writing by the bond holder. The bonds are also subject to mandatory tender upon conversion to a term interest rate.

In addition to their normal scheduled maturity dates as shown above, the bonds may be redeemed at the option of the Board, in whole or in part, on any interest payment date prior to conversion to a term interest rate, for their principal amount plus accrued interest to the date of redemption. Following any conversion to a term rate, the bonds may also be redeemed at the option of the Board, in whole or in part, at such dates and for such prices, plus accrued interest as are set forth in the bond indenture.

The Bonds share in an aggregate debt service reserve. At June 30, 2013, the aggregate debt service reserves totaled \$17,766,508 of which \$3,490,508 is reflected in the 1989 Bond Account and \$14,276,000 is reflected in 1994A Bond Account .

On May 10, 2011, the Board approved a resolution authorizing an amendment to the General Bond Resolution creating a General Debt Service Reserve Fund for the purpose of further securing the Board's State Loan Program Bonds. The Reserve has been funded with State

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

appropriated gross production tax revenues in the amount of \$5,822,933 as of June 30, 2013 and is held by the Board's trustee bank.

7. Restatement of net position

Beginning net position was restated by \$701,238 in FY 2013 and \$757,706 in FY 2012 due to the implementation of GASB Statement 65, which removes previously capitalized bond issue costs from the Statement of Net Position, and expenses them in the period in which the debt is issued.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

SUPPLEMENTAL INFORMATION

OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS

SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
All Program Bond Issues
June 30, 2013

ASSETS	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series
Current Assets:							
Cash and cash equivalents	\$ 40,313	375,510	101,002	83,274	156,372	690,178	411,737
Restricted investments	-	8,191,000	-	-	-	7,360,484	-
Current portion of notes receivable	20,000	628,467	572,550	29,800	810,100	2,489,900	1,805,200
Interest receivable:							
Notes receivable	3,652	7,396	5,234	701	56,207	54,609	57,650
Other	29	11,714	1	1	1	25	3
Due from other funds	-	-	-	-	-	-	-
Total current assets	<u>63,994</u>	<u>9,214,087</u>	<u>678,787</u>	<u>113,776</u>	<u>1,022,680</u>	<u>10,595,196</u>	<u>2,274,590</u>
Noncurrent Assets:							
Notes receivable, net of current portion	150,000	4,052,625	3,615,150	531,350	6,065,300	9,710,750	10,202,700
Restricted cash and cash equivalents	3,490,508	5,249,464	-	-	-	832	-
Restricted investment	-	840,000	-	-	-	3,753,723	-
Bond issuance cost, net of accumulated amortization	-	-	-	-	-	-	-
Total noncurrent assets	<u>3,640,508</u>	<u>10,142,089</u>	<u>3,615,150</u>	<u>531,350</u>	<u>6,065,300</u>	<u>13,465,305</u>	<u>10,202,700</u>
Total assets	<u>3,704,502</u>	<u>19,356,176</u>	<u>4,293,937</u>	<u>645,126</u>	<u>7,087,980</u>	<u>24,060,501</u>	<u>12,477,290</u>
LIABILITIES							
Current Liabilities:							
Accrued interest payable	3,255	1,919	893	104	51,755	159,454	60,091
Current maturities of long-term debt	20,000	605,000	565,000	25,000	810,000	9,450,000	1,800,000
Other accrued liabilities	13,547	122,885	112,594	99,831	187,328	619,619	344,062
Total current liabilities	<u>36,802</u>	<u>729,804</u>	<u>678,487</u>	<u>124,935</u>	<u>1,049,083</u>	<u>10,229,073</u>	<u>2,204,153</u>
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	112,911	3,095,867	2,940,506	334,406	5,916,712	12,736,085	10,276,837
Total noncurrent liabilities	<u>112,911</u>	<u>3,095,867</u>	<u>2,940,506</u>	<u>334,406</u>	<u>5,916,712</u>	<u>12,736,085</u>	<u>10,276,837</u>
Total liabilities	<u>149,713</u>	<u>3,825,671</u>	<u>3,618,993</u>	<u>459,341</u>	<u>6,965,795</u>	<u>22,965,158</u>	<u>12,480,990</u>
NET POSITION							
Restricted for debt service	3,490,508	14,276,000	-	-	-	-	-
Unrestricted (deficit)	64,281	1,254,505	674,944	185,785	122,185	1,095,343	(3,700)
Total net position	<u>\$ 3,554,789</u>	<u>15,530,505</u>	<u>674,944</u>	<u>185,785</u>	<u>122,185</u>	<u>1,095,343</u>	<u>(3,700)</u>

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
All Program Bond Issues
June 30, 2013**

<u>ASSETS</u>	<u>2003B Series</u>	<u>2004A Series</u>	<u>2006B Series</u>	<u>2007 Series</u>	<u>2009 Series</u>	<u>2010 Series</u>	<u>2010B Series</u>
Current Assets:							
Cash and cash equivalents	88,615	332,294	151,968	128,680	10,286	108,631	86,830
Restricted investments	-	-	-	-	-	-	-
Current portion of notes receivable	3,410,000	765,000	2,355,000	404,226	115,000	1,165,000	785,000
Interest receivable:							
Notes receivable	37,917	68,560	481,858	88,586	23,460	302,319	266,826
Other	1	3	1	1	-	1	-
Due from other funds	-	-	-	-	-	-	-
Total current assets	3,536,533	1,165,857	2,988,827	621,493	148,746	1,575,951	1,138,656
Noncurrent Assets:							
Notes receivable, net of current portion	270,000	3,620,000	37,875,000	8,035,433	2,400,000	26,625,000	25,700,000
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-	-
Bond issuance cost, net of accumulated amortization	-	-	-	-	-	-	-
Total noncurrent assets	270,000	3,620,000	37,875,000	8,035,433	2,400,000	26,625,000	25,700,000
Total assets	3,806,533	4,785,857	40,863,827	8,656,926	2,548,746	28,200,951	26,838,656
<u>LIABILITIES</u>							
Current Liabilities:							
Accrued interest payable	36,583	69,503	467,274	83,818	22,548	292,245	257,225
Current maturities of long-term debt	3,410,000	1,010,000	2,355,000	400,000	115,000	1,165,000	785,000
Other accrued liabilities	77,819	76,590	170,795	81,720	13,056	117,731	90,655
Total current liabilities	3,524,402	1,156,093	2,993,069	565,538	150,604	1,574,976	1,132,880
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	270,271	3,674,208	37,875,000	7,870,000	2,400,000	26,625,000	25,700,000
Total noncurrent liabilities	270,271	3,674,208	37,875,000	7,870,000	2,400,000	26,625,000	25,700,000
Total liabilities	3,794,673	4,830,301	40,868,069	8,435,538	2,550,604	28,199,976	26,832,880
<u>NET POSITION</u>							
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted (deficit)	11,860	(44,444)	(4,242)	221,388	(1,858)	975	5,776
Total net position	11,860	(44,444)	(4,242)	221,388	(1,858)	975	5,776

(continued)

OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS

SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
All Program Bond Issues
June 30, 2013

ASSETS	2011 Series	2012 Series	2012A Series	2012B Series	2012C Series	2013A Series	Totals
Current Assets:							
Cash and cash equivalents	32,973	48,294	99,569	20,030	16,331	9,569	2,992,456
Restricted investments	-	-	-	-	-	-	15,551,484
Current portion of notes receivable	505,000	65,000	2,305,000	310,000	1,210,000	1,045,000	20,795,243
Interest receivable:							
Notes receivable	156,656	289,170	234,698	76,114	82,459	342,513	2,636,585
Other	-	-	1	-	-	-	11,782
Due from other funds	-	-	-	5,175	-	-	5,175
Total current assets	694,629	402,464	2,639,268	411,319	1,308,790	1,397,082	41,992,725
Noncurrent Assets:							
Notes receivable, net of current portion	13,270,000	30,485,000	30,005,000	8,360,000	8,415,000	42,245,000	271,633,308
Restricted cash and cash equivalents	-	-	-	-	-	-	8,740,804
Restricted investment	-	-	-	-	-	-	4,593,723
Bond issuance cost, net of accumulated amortization	-	-	-	-	-	-	-
Total noncurrent assets	13,270,000	30,485,000	30,005,000	8,360,000	8,415,000	42,245,000	284,967,835
Total assets	13,964,629	30,887,464	32,644,268	8,771,319	9,723,790	43,642,082	326,960,560
LIABILITIES							
Current Liabilities:							
Accrued interest payable	151,663	287,095	209,486	67,444	71,708	323,392	2,617,455
Current maturities of long-term debt	505,000	65,000	2,305,000	310,000	1,210,000	1,045,000	27,955,000
Other accrued liabilities	42,985	60,179	124,509	33,814	26,404	28,854	2,444,977
Total current liabilities	699,648	412,274	2,638,995	411,258	1,308,112	1,397,246	33,017,432
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	13,270,000	30,485,000	30,005,000	8,360,000	8,415,000	42,245,000	272,607,803
Total noncurrent liabilities	13,270,000	30,485,000	30,005,000	8,360,000	8,415,000	42,245,000	272,607,803
Total liabilities	13,969,648	30,897,274	32,643,995	8,771,258	9,723,112	43,642,246	305,625,235
NET POSITION							
Restricted for debt service	-	-	-	-	-	-	17,766,508
Unrestricted (deficit)	(5,019)	(9,810)	273	61	678	(164)	3,568,817
Total net position	(5,019)	(9,810)	273	61	678	(164)	21,335,325

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
All Program Bond Issues
For the Year Ended June 30, 2013**

	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series
REVENUES							
Operating revenues:							
Loan program income	\$ 11,171	\$ 78,395	\$ 57,798	\$ 35,359	\$ 247,515	\$ 1,360,068	\$ 388,751
Total operating revenues	11,171	78,395	57,798	35,359	247,515	1,360,068	388,751
EXPENSES							
Operating Expenses:							
Trustee fees	1,000	1,000	1,169	1,000	1,030	3,864	1,666
Administration fees	230	27,912	17,802	4,552	16,725	66,147	35,049
Interest expense	13,662	27,801	18,392	33,688	215,758	847,611	303,146
Other expense	-	-	-	-	-	1,300	2,656
Standby bond purchase agreement fees	-	16,114	15,231	3,800	11,444	26,933	38,522
Remarketing fees	-	2,989	1,973	503	1,479	5,035	4,666
Total operating expenses	14,892	75,816	54,567	43,543	246,436	950,890	385,705
Operating income (loss)	(3,721)	2,579	3,231	(8,184)	1,079	409,178	3,046
NONOPERATING REVENUES (EXPENSES)							
Credit (provision) for arbitrage rebate	-	-	-	-	-	-	-
Other interest income	75,618	61,083	12	22	37	6,624	66
Gross production tax from state	-	-	-	-	-	-	-
Net nonoperating revenues	75,618	61,083	12	22	37	6,624	66
Income (loss) before transfers	71,897	63,662	3,243	(8,162)	1,116	415,802	3,112
Transfers (to) from Oklahoma Water Resources Board	(111,835)	(53,792)	-	-	-	-	-
Change in net position	(39,938)	9,870	3,243	(8,162)	1,116	415,802	3,112
NET POSITION							
Net position (deficit), beginning of year, restated	3,594,727	15,520,635	671,701	193,947	121,069	679,541	(6,812)
Net position (deficit), end of year	\$ 3,554,789	\$ 15,530,505	\$ 674,944	\$ 185,785	\$ 122,185	\$ 1,095,343	\$ (3,700)

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
All Program Bond Issues
For the Year Ended June 30, 2013**

	2003B Series	2004A Series	2006B Series	2007 Series	2009 Series	2010 Series	2010B Series
REVENUES							
Operating revenues:							
Loan program income	\$ 164,915	\$ 223,223	\$ 1,949,918	\$ 354,203	\$ 94,307	\$ 1,218,120	\$ 1,071,432
Total operating revenues	164,915	223,223	1,949,918	354,203	94,307	1,218,120	1,071,432
EXPENSES							
Operating Expenses:							
Trustee fees	1,000	1,000	5,467	1,250	1,250	3,762	3,879
Administration fees	5,357	5,870	62,704	11,154	3,322	36,678	34,860
Interest expense	159,015	209,398	1,890,763	338,787	90,620	1,177,416	1,032,750
Other expense	-	-	7,307	-	-	-	-
Standby bond purchase agreement fees	-	-	-	-	-	-	-
Remarketing fees	-	-	-	-	-	-	-
Total operating expenses	165,372	216,268	1,966,241	351,191	95,192	1,217,856	1,071,489
Operating income (loss)	(457)	6,955	(16,323)	3,012	(885)	264	(57)
NONOPERATING REVENUES (EXPENSES)							
Credit (provision) for arbitrage rebate	-	-	-	-	-	-	-
Other interest income	15	27	30	15	1	17	8
Gross production tax from state	-	-	-	-	-	-	-
Net nonoperating revenues	15	27	30	15	1	17	8
Income (loss) before transfers	(442)	6,982	(16,293)	3,027	(884)	281	(49)
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Change in net position	(442)	6,982	(16,293)	3,027	(884)	281	(49)
NET POSITION							
Net position (deficit), beginning of year, restated	12,302	(51,426)	12,051	218,361	(974)	694	5,825
Net position (deficit), end of year	\$ 11,860	\$ (44,444)	\$ (4,242)	\$ 221,388	\$ (1,858)	\$ 975	\$ 5,776

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
All Program Bond Issues
For the Year Ended June 30, 2013**

	2011 Series	2012 Series	2012A Series	2012B Series	2012C Series	2013A Series	Totals
REVENUES							
Operating revenues:							
Loan program income	\$ 627,312	\$ 1,187,191	\$ 943,121	\$ 303,865	\$ 208,197	\$ 342,513	\$ 10,867,374
Total operating revenues	627,312	1,187,191	943,121	303,865	208,197	342,513	10,867,374
EXPENSES							
Operating Expenses:							
Trustee fees	1,342	4,914	4,404	1,227	1,082	1,238	42,544
Administration fees	23,317	40,330	97,760	33,502	25,974	18,047	567,292
Interest expense	607,150	1,151,799	838,654	269,076	180,466	323,392	9,729,344
Other expense	-	-	-	-	-	-	11,263
Standby bond purchase agreement fees	-	-	-	-	-	-	112,044
Remarketing fees	-	-	-	-	-	-	16,645
Total operating expenses	631,809	1,197,043	940,818	303,805	207,522	342,677	10,479,132
Operating income (loss)	(4,497)	(9,852)	2,303	60	675	(164)	388,242
NONOPERATING REVENUES (EXPENSES)							
Credit (provision) for arbitrage rebate	-	-	-	-	-	-	-
Other interest income	-	8	15	1	3	-	143,602
Gross production tax from state	-	-	-	-	-	-	-
Net nonoperating revenues	-	8	15	1	3	-	143,602
Income (loss) before transfers	(4,497)	(9,844)	2,318	61	678	(164)	531,844
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	(165,627)
Change in net position	(4,497)	(9,844)	2,318	61	678	(164)	366,217
NET POSITION							
Net position (deficit), beginning of year, restated	(522)	34	(2,045)	-	-	-	20,969,108
Net position (deficit), end of year	\$ (5,019)	\$ (9,810)	\$ 273	\$ 61	\$ 678	\$ (164)	\$ 21,335,325

SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
All Program Bond Issues
For the Year Ended June 30, 2013

	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series
CASH FLOWS FROM OPERATING ACTIVITIES:							
Collections of interest on loans to local governmental units	\$ 11,601	79,174	57,105	103,608	281,955	1,580,729	449,569
Payments (to) from other suppliers	(1,000)	(28,203)	(18,204)	(5,304)	(14,014)	(37,932)	(205,207)
Interest paid on debt	(10,710)	(18,780)	(12,914)	(87,503)	(247,766)	(1,001,665)	(361,913)
Due from other funds	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	(109)	32,191	25,987	10,801	20,175	541,132	(117,551)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfer (to) from Oklahoma Water Resources Board	(111,835)	(53,792)	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-
Repayments of long-term debt	(30,000)	(705,000)	(470,000)	(4,080,000)	(2,930,000)	(12,835,000)	(7,455,000)
Net cash provided (used) by noncapital financing activities	(141,835)	(758,792)	(470,000)	(4,080,000)	(2,930,000)	(12,835,000)	(7,455,000)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Collections of principal on loans to local governmental units	20,000	693,291	469,550	4,076,450	2,927,600	20,996,650	6,578,250
Sales (purchase) of investments	3,490,508	2,861,000	-	-	-	(11,114,207)	-
Loans to local governments	-	-	-	-	-	-	-
Interest income	111,899	51,126	12	22	37	6,624	74
Net cash provided (used) by investing activities	3,622,407	3,605,417	469,562	4,076,472	2,927,637	9,889,067	6,578,324
Net increase (decrease) in cash and cash equivalents	3,480,463	2,878,816	25,549	7,273	17,812	(2,404,801)	(994,227)
Cash and cash equivalents, beginning of year	50,358	2,746,158	75,453	76,001	138,560	3,095,811	1,405,964
Cash and cash equivalents, end of year	\$ 3,530,821	5,624,974	101,002	83,274	156,372	691,010	411,737
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ (3,721)	2,579	3,231	(8,184)	1,079	409,178	3,046
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Amortization of bond discount/premium	3,582	10,734	5,763	4,214	1,029	3,059	1,728
Decrease (Increase) Interest receivable	430	779	(693)	68,249	34,440	220,661	60,818
Decrease (Increase) Due from other funds	-	-	-	-	-	-	-
Increase (Decrease) Accrued interest payable	(630)	(1,713)	(285)	(58,029)	(33,037)	(157,113)	(60,495)
Increase (Decrease) Other accrued liabilities	230	19,812	17,971	4,551	16,664	65,347	(122,648)
Net cash provided (used) by operating activities	\$ (109)	32,191	25,987	10,801	20,175	541,132	(117,551)

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
All Program Bond Issues
For the Year Ended June 30, 2013**

	2003B Series	2004A Series	2006B Series	2007 Series	2009 Series	2010 Series	2010B Series
CASH FLOWS FROM OPERATING ACTIVITIES:							
Collections of interest on loans to local governmental units	178,163	239,222	1,972,404	361,728	94,773	1,226,965	1,075,561
Payments (to) from other suppliers	(1,000)	(1,000)	(111,849)	(1,250)	(1,249)	(3,799)	(3,600)
Interest paid on debt	(171,801)	(227,061)	(1,912,429)	(342,301)	(91,047)	(1,185,853)	(1,036,600)
Due from other funds	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	5,362	11,161	(51,874)	18,177	2,477	37,313	35,361
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-
Repayments of long-term debt	(1,415,000)	(1,060,000)	(2,265,000)	(385,000)	(110,000)	(1,125,000)	(770,000)
Net cash provided (used) by noncapital financing activities	(1,415,000)	(1,060,000)	(2,265,000)	(385,000)	(110,000)	(1,125,000)	(770,000)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Collections of principal on loans to local governmental units	1,415,000	1,300,000	2,265,000	389,072	110,000	1,125,000	770,000
Sales (purchase) of investments	-	-	-	-	-	-	-
Loans to local governments	-	-	-	-	-	-	-
Interest income	15	25	31	15	1	17	8
Net cash provided (used) by investing activities	1,415,015	1,300,025	2,265,031	389,087	110,001	1,125,017	770,008
Net increase (decrease) in cash and cash equivalents	5,377	251,186	(51,843)	22,264	2,478	37,330	35,369
Cash and cash equivalents, beginning of year	83,238	81,108	203,811	106,416	7,808	71,301	51,461
Cash and cash equivalents, end of year	88,615	332,294	151,968	128,680	10,286	108,631	86,830
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	(457)	6,955	(16,323)	3,012	(885)	264	(57)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Amortization of bond discount/premium	(51)	(5,296)	-	-	-	-	-
Decrease (Increase) Interest receivable	13,248	15,999	22,486	7,525	466	8,845	4,129
Decrease (Increase) Due from other funds	-	-	-	-	-	-	-
Increase (Decrease) Accrued interest payable	(12,735)	(12,367)	(21,666)	(3,514)	(427)	(8,437)	(3,850)
Increase (Decrease) Other accrued liabilities	5,357	5,870	(36,371)	11,154	3,323	36,641	35,139
Net cash provided (used) by operating activities	5,362	11,161	(51,874)	18,177	2,477	37,313	35,361

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
All Program Bond Issues
For the Year Ended June 30, 2013**

	2011 Series	2012 Series	2012A Series	2012B Series	2012C Series	2013A Series	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:							
Collections of interest on loans to local governmental units	627,993	1,431,890	950,078	227,751	125,738	-	11,076,007
Payments (to) from other suppliers	(1,359)	(4,916)	(4,444)	(915)	(652)	9,569	(436,328)
Interest paid on debt	(607,650)	(1,378,688)	(846,370)	(201,632)	(108,758)	-	(9,851,441)
Due from other funds	-	-	-	(5,175)	-	-	(5,175)
Net cash provided (used) by operating activities	18,984	48,286	99,264	20,029	16,328	9,569	783,063
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	(165,627)
Issuance of long-term debt	-	-	-	8,750,000	9,625,000	43,290,000	61,665,000
Repayments of long-term debt	(500,000)	(45,000)	(1,135,000)	(80,000)	-	-	(37,395,000)
Net cash provided (used) by noncapital financing activities	(500,000)	(45,000)	(1,135,000)	8,670,000	9,625,000	43,290,000	24,104,373
CASH FLOWS FROM INVESTING ACTIVITIES:							
Collections of principal on loans to local governmental units	500,000	45,000	1,135,000	80,000	-	-	44,895,863
Sales (purchase) of investments	-	-	-	-	-	-	(4,762,699)
Loans to local governments	-	-	-	(8,750,000)	(9,625,000)	(43,290,000)	(61,665,000)
Interest income	-	8	14	1	3	-	169,932
Net cash provided (used) by investing activities	500,000	45,008	1,135,014	(8,669,999)	(9,624,997)	(43,290,000)	(21,361,904)
Net increase (decrease) in cash and cash equivalents	18,984	48,294	99,278	20,030	16,331	9,569	3,525,532
Cash and cash equivalents, beginning of year	13,989	-	291	-	-	-	8,207,728
Cash and cash equivalents, end of year	32,973	48,294	99,569	20,030	16,331	9,569	11,733,260
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	(4,497)	(9,852)	2,303	60	675	(164)	388,242
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Amortization of bond discount/premium	-	-	-	-	-	-	24,762
Decrease (Increase) Interest receivable	681	244,699	6,957	(76,114)	(82,459)	(342,513)	208,633
Decrease (Increase) Due from other funds	-	-	-	(5,175)	-	-	(5,175)
Increase (Decrease) Accrued interest payable	(500)	(226,889)	(7,716)	67,444	71,708	323,392	(146,859)
Increase (Decrease) Other accrued liabilities	23,300	40,328	97,720	33,814	26,404	28,854	313,460
Net cash provided (used) by operating activities	18,984	48,286	99,264	20,029	16,328	9,569	783,063

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2013 and 2012**

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

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 Members of the
Oklahoma Water Resources Board

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds Program (the "Program") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated October 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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 a 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Aledge & Associates, P.C.".

Edmond, Oklahoma
October 17, 2013