



**STATE LOAN PROGRAM REVENUE BONDS  
SERIES 2003A**

---

**ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011  
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditor's Report on Financial Statements .....</b>	<b>3-4</b>
<b>Management's Discussion and Analysis .....</b>	<b>5-9</b>
<b>The Basic Financial Statements:</b>	
Statements of Net Assets .....	11
Statements of Revenues, Expenses, and Changes in Net Assets .....	12
Statements of Cash Flows .....	13
Footnotes to Statements .....	14-19
<b>Supplemental Information:</b>	
Independent Auditor's Report on Additional Information .....	21
Grouped Statements of Net Assets .....	22
Grouped Statements of Revenues, Expenses, and Changes in Net Assets .....	23
Grouped Statements of Cash Flows .....	24
<b>Internal Control over Financial Reporting and Compliance .....</b>	<b>25-27</b>
Independent Auditor's Report on Internal Control and Compliance	



## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
Oklahoma Water Resources Board

We have audited the accompanying statements of net assets of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2003A (the "Program") as of June 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Program's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2003A as of June 30, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
October 12, 2012

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2003A (the "Program") financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2012 and June 30, 2011. Please read it in conjunction with the financial statements, which begin on page 10. The Oklahoma Water Resources Board (the "Board") administers the Series 2003A Bond Program.

### **Financial Highlights**

- Total Assets decreased 12.0% from \$22,886,137 to \$20,144,116 between FY 2011 and FY 2012. Total Assets decreased 8.1% from \$24,899,164 to \$22,886,137 between FY 2010 and FY 2011.
- Total Net Assets increased from \$16,013 to \$26,711 between FY 2011 and FY 2012. Total Net Assets increased from \$10,829 to \$16,013 between FY 2010 and FY 2011.
- Total Liabilities decreased from \$22,870,124 in FY 2011 to \$20,117,405 in FY 2012. Total Liabilities decreased from \$24,888,335 in FY 2010 to \$22,870,124 in FY 2011.
- Other accrued liabilities increased from \$419,968 to \$466,710 from FY 2011 to FY 2012. Other accrued liabilities increased from \$369,655 to \$419,968 from FY 2010 to FY 2011. Administrative fees assessed but not used during the fiscal year are "banked" for future administrative costs. During FY 2012 and 2011, the Board collected no fees from the Series 2003A Bond Program for administrative services provided.

### **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 Assets
  - Statements of Revenues, Expenses and Changes in Net Assets
  - 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.

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2012 and 2011**

---

- Supplemental Information – Grouped Financial Statements of all Program Bond Issues for the year ended June 30, 2012
  - Statements of Net Assets
  - Statements of Revenues, Expenses and Changes in Net Assets
  - Statements of Cash Flows

**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 Assets and the Statement of Revenues, Expenses, and Changes in Net Assets 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 assets and changes therein.

**Oklahoma Water Resources Board**  
**Revenue Bonds - Series 2003A**  
**Net Assets**

	<b>Business-Type Activities</b>		
	<b>June 30,</b>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current assets	\$ 7,937,693	\$ 2,909,402	\$ 2,782,117
Non-current assets	<u>12,206,423</u>	<u>19,976,735</u>	<u>22,117,047</u>
<b>Total assets</b>	<u>20,144,116</u>	<u>22,886,137</u>	<u>24,899,164</u>
Current liabilities	7,677,296	2,616,743	2,521,681
Non-current liabilities	<u>12,440,109</u>	<u>20,253,381</u>	<u>22,366,654</u>
<b>Total liabilities</b>	<u>20,117,405</u>	<u>22,870,124</u>	<u>24,888,335</u>
Net assets	<u>26,711</u>	<u>16,013</u>	<u>10,829</u>
<b>Total net assets</b>	<u>\$ 26,711</u>	<u>\$ 16,013</u>	<u>\$ 10,829</u>

(Unaudited. See accompanying auditor’s report.)

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Years Ended June 30, 2012 and 2011

**Oklahoma Water Resources Board**  
**Revenue Bonds - Series 2003A**  
**Revenues, Expenses, and Changes in Net Assets**

	<b>Business-Type Activities</b>		
	<b>Years Ended June 30,</b>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>			
Loan program income	\$ 620,121	\$ 725,040	\$ 808,572
Investment interest income	99	128	225
<b>Total revenues</b>	<u>620,220</u>	<u>725,168</u>	<u>808,797</u>
<b>Expenses</b>			
Trustee fees	2,510	2,787	3,062
Administration expenses	52,137	56,457	59,164
Interest expense	510,936	582,675	684,725
Amortization of debt issuance cost	1,462	1,462	1,462
Standby bond purchase agreement fees	36,711	68,520	62,748
Remarketing fees	5,766	8,083	5,204
<b>Total expenses</b>	<u>609,522</u>	<u>719,984</u>	<u>816,365</u>
<b>Increase (decrease) in net assets</b>	10,698	5,184	(7,568)
<b>Total net assets (deficit) - beginning</b>	16,013	10,829	18,397
<b>Total net assets - ending</b>	<u>\$ 26,711</u>	<u>\$ 16,013</u>	<u>\$ 10,829</u>

(Unaudited. See accompanying auditor's report.)



**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**Long-Term Debt**

At June 30, 2012, the Program had \$19,570,000 in long-term debt outstanding which represents an \$2,780,000 or 12.4% decrease from June 30, 2011. At June 30, 2011, the Program had \$22,350,000 in long-term debt outstanding which represents a \$2,055,000 or 8.4% decrease from the prior year. The Program's changes in long-term debt by type of debt are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Serial and term bonds due October 1, 2012 to October 1, 2024, at fixed interest rates	\$ 13,815,000	\$ 15,505,000	\$ 16,970,000
Serial and term bonds due October 1, 2012 to October 1, 2035, at variable rates subject to mandatory sinking fund redemption	8,535,000	8,900,000	16,300,000
Less: debt principal repayments	<u>(2,780,000)</u>	<u>(2,055,000)</u>	<u>(8,865,000)</u>
Ending Balances	<u>\$ 19,570,000</u>	<u>\$ 22,350,000</u>	<u>\$ 24,405,000</u>
Amounts due in one year	7,090,000	2,055,000	1,995,000

See Note 6 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 Series 2003A Bond Program, the Board expects a decrease in net assets and liabilities as the loans continue to make principal repayments and bonds are redeemed. As the net assets and liabilities decrease, so will the revenues and operating expenses. However, the Board expects to have sufficient income to sustain the Series 2003A 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 – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**BASIC FINANCIAL STATEMENTS**

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2012 and 2011**

**Statements of Net Assets – June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$1,405,964	\$717,356
Current portions of notes receivable	6,413,250	2,059,200
Interest receivable:		
Notes receivable	118,468	132,841
Other	11	5
Total current assets	<u>7,937,693</u>	<u>2,909,402</u>
Noncurrent Assets:		
Notes receivable net of current portion	12,172,900	19,941,750
Bond issuance cost, net of accumulated amortization of \$79,093 and \$77,631 in 2012 and 2011, respectively	33,523	34,985
Total noncurrent assets	<u>12,206,423</u>	<u>19,976,735</u>
Total assets	<u>20,144,116</u>	<u>22,886,137</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accrued interest payable	120,586	141,775
Current maturities of long-term debt	7,090,000	2,055,000
Other accrued liabilities	466,710	419,968
Total current liabilities	<u>7,677,296</u>	<u>2,616,743</u>
Noncurrent liabilities:		
Long-term debt, less current maturities and unamortized discount of \$39,891 and \$41,619 in 2012 and 2011, respectively	12,440,109	20,253,381
Total noncurrent liabilities	<u>12,440,109</u>	<u>20,253,381</u>
Total liabilities	<u>20,117,405</u>	<u>22,870,124</u>
<b>NET ASSETS:</b>		
Unrestricted net assets	26,711	16,013
Total net assets	<u>\$26,711</u>	<u>\$16,013</u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Years Ended June 30, 2012 and 2011

**Statements of Revenues, Expenses and Changes in Net Assets – Years Ended June 30, 2012 and 2011**

	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Operating Revenues:</b>		
Loan program income	\$620,121	\$725,040
	<u>620,121</u>	<u>725,040</u>
<b>Operating Expenses:</b>		
Trustee fees	2,510	2,787
Administration expenses	52,137	56,457
Interest expense	510,936	582,675
Amortization of bond issuance cost	1,462	1,462
Standy bond purchase agreement fees	36,711	68,520
Remarketing fees	5,766	8,083
	<u>609,522</u>	<u>719,984</u>
<b>Operating income</b>	10,599	5,056
<b>Non-Operating Revenues:</b>		
Other interest income	99	128
	<u>99</u>	<u>128</u>
<b>Total non-operating revenues</b>	99	128
<b>Change in net assets</b>	10,698	5,184
<b>Total net assets - beginning</b>	16,013	10,829
<b>Total net assets - ending</b>	<u><u>\$26,711</u></u>	<u><u>\$16,013</u></u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2012 and 2011**

**Statements of Cash Flows – Years Ended June 30, 2012 and 2011**

	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections of interest on loans to local governmental units	\$634,494	\$738,240
Payments to other suppliers	(50,382)	(85,534)
Interest paid on debt	(530,397)	(596,199)
Net Cash Provided by Operating Activities	<u>53,715</u>	<u>56,507</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayments of long-term debt	(2,780,000)	(2,055,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(2,780,000)</u>	<u>(2,055,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collections of principal on loans to local governmental units	3,414,800	2,076,400
Interest income	93	129
Net Cash Provided by Investing Activities	<u>3,414,893</u>	<u>2,076,529</u>
<b>Net Increase in Cash and Cash Equivalents</b>	688,608	78,036
<b>Balances - beginning of the year</b>	<u>717,356</u>	<u>639,320</u>
<b>Balances - end of the year</b>	<u><u>\$1,405,964</u></u>	<u><u>\$717,356</u></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income	\$10,599	\$5,056
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Amortization of bond issuance costs and bond issuance discounts	3,190	3,189
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	14,373	13,200
Increase (Decrease) in accrued interest payable	(21,189)	(15,251)
Increase (Decrease) in other accrued liabilities	<u>46,742</u>	<u>50,313</u>
Net Cash Provided by Operating Activities	<u><u>\$53,715</u></u>	<u><u>\$56,507</u></u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**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 - Series 2003A (the "Program") commenced operations in July 2003. The Program was established by the Board to provide monies to implement its state-wide financial assistance program to make long-term loans to eligible entities to finance water and sewer system improvements, or to refinance debt originally incurred for such purpose. Provisions of the bond indenture require that all local loans be originated by July 8, 2006. No new loans will be 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.

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 Program is 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 assets, revenues, expenses and transfers relating to the Program and net income and capital maintenance are measured.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). Under the guidelines of GASB Statement 20, the Program has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

Pursuant to its bond indenture, the Program is 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 – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

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

Bond Issuance Cost

Bond issuance costs are amortized using the straight-line method over the original life of the bonds, which is 33 years.

Bond Issue Discount

The Program's bonds were initially sold at a discount of \$124,000. The bond discount is being amortized over the remaining life of the bonds. Amortization expense of \$1,728 and \$1,727 was recorded in 2012 and 2011 and is included in interest expense in the accompanying statement of revenues, expenses, and changes in net assets.

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, interest expense, and the amortization of bond issuance costs, 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.

**2. Cash Deposits and Investment Risk**

Cash of \$1,405,964 and \$717,356 at June 30, 2012 and 2011 respectively, was on deposit with the Program's trustee. The deposits are invested in the *Federated Treasury Obligations* mutual fund.

*Investment Interest Rate Risk* – the bond indenture provides that initial bond proceeds be invested in an investment agreement that provides for an interest rate return equal to the interest due on the bonds for the initial loan period, 3 years.

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

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**2. Cash Deposits and Investment Risk (cont'd)**

- 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, 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:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	\$ 1,405,964
Total			<u>\$ 1,405,964</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: 100% or \$1,405,964 is invested in *Federated Treasury Obligations Fund*.

At June 30, 2011, 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>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	15 days	AAAm	\$ 717,356
Total			<u>\$ 717,356</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 had the following concentration of credit risk: 100% or \$717,356 was invested in *Federated Treasury Obligations Fund*.

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**3. Notes Receivable**

Notes receivable of \$18,586,150 and \$22,000,950 at June 30, 2012 and 2011, respectively, represents loans made by the Program to local governmental entities for the purposes of financing water and sewer system improvements, or for refinancing debt originally incurred. Payments on the notes are due in semiannual installments for fixed rate notes and quarterly for variable rate notes with various maturity dates through 2036; 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, 2012. 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.

**4. Program Fees**

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

- Standby purchase agreement fees are to be paid to a bank, which has guaranteed to purchase outstanding bonds that cannot otherwise be sold.
- During the year, an annual program administration fee of 0.1328% of fixed rate notes receivable outstanding during the period was charged to operations. An annual program administration fee of 0.4000% of variable rate notes receivable outstanding was charged to operations for the year. These fees are payable to the Oklahoma Water Resources Board for providing clerical, management and administrative services.
- 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. Fees are calculated twice a year using the balance of bonds outstanding at March 31 and September 30.

**5. Arbitrage Rebate Due Federal Government**

In order for the interest on the Program's bonds to be tax exempt, the Program 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. The Program has no arbitrage liability at June 30, 2012 or 2011.

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2012 and 2011**

---

**6. Long-term Debt**

Long-term debt at June 30, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Serial and term bonds due October 1, 2012 to October 1, 2024, at fixed interest rates	\$ 13,815,000	\$15,505,000
Serial and term bonds due October 1, 2012 to October 1, 2035, at variable rates subject to mandatory sinking fund redemption	8,535,000	8,900,000
Less: debt principal repayments	<u>(2,780,000)</u>	<u>(2,055,000)</u>
Ending Balances	<u>\$ 19,570,000</u>	<u>\$22,350,000</u>
Amounts due in one year	7,090,000	2,055,000

The bonds bear interest at a variable rate, initially set at 0.87% and periodically adjusted pursuant to the provisions of the bond indenture. The interest rate on the bonds was 0.35% at June 30, 2012 and 0.65% at June 30, 2011. At the option of the Board and subject to applicable provisions of the bond indenture, which require, among other things, that all bonds be successfully remarketed, the variable interest rate may be converted to a term rate that would stay fixed until maturity of the bonds. No Bonds were converted during fiscal years 2012 or 2011. Bonds converted in prior years bear interest at fixed rates ranging from 1.90% to 4.55%. Beginning in FY 2009, variable interest rates are reset quarterly on January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup>, by the Program's remarketing agent. At June 30, 2012, the Program had \$7,495,000 of variable rate bonds outstanding. At June 30, 2011, the Program had \$8,535,000 of variable rate bonds outstanding.

Future debt service payments required by the serial and term bonds as of June 30, 2012, 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, 2012 are as follows:

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**6. Long-term Debt (cont'd)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$7,090,000	\$360,752	\$7,450,752
2014	800,000	238,499	1,038,499
2015	825,000	223,926	1,048,926
2016	866,000	207,499	1,073,499
2017	785,000	189,311	974,311
2018-2022	4,130,000	580,364	4,710,364
2023-2027	2,815,000	86,213	2,901,213
2028-2032	1,320,000	7,907	1,327,907
2033-2037	939,000	3,287	942,287
Total	<u>\$19,570,000</u>	<u>\$1,897,758</u>	<u>\$21,467,758</u>

Interest on the bonds is payable semiannually for fixed rate bonds and quarterly for variable rate bonds. While the bonds bear interest at an adjustable, variable rate, the 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 2003A Bonds share in an aggregate debt service reserve along with all the other Board bond programs. At June 30, 2012, the aggregate debt service reserves totaled \$17,766,508. The debt service reserves are reflected in the Board bond programs Series 1989 and 1994A.

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 appropriated gross production tax revenues in the amount of \$4,509,081 as of June 30, 2012 and is held by the Board's trustee bank.

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**SUPPLEMENTAL INFORMATION**





INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

To the Members of the  
Oklahoma Water Resources Board

Our report on our audit of the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2003A for June 30, 2012 appears on page three. The audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Grouped Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements of each bond issue and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each bond issue as a whole.

  
Edmond, Oklahoma  
October 17, 2012

UNITED STATES OF AMERICA  
 FEDERAL BUREAU OF INVESTIGATION  
 DEPARTMENT OF JUSTICE  
 OFFICE OF THE ATTORNEY GENERAL  
 OFFICE OF THE INSPECTOR GENERAL  
 OFFICE OF THE COMPTROLLER OF THE CURRENCY  
 OFFICE OF THE SECRETARY OF THE TREASURY  
 OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE  
 OFFICE OF THE DIRECTOR OF NATIONAL SECURITY

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017	3018	3019	3020	3021	3022	3023	3024	3025	3026	3027	3028	3029	3030	3031	3032	3033	3034	3035	3036	3037	3038	3039	3040	3041	3042	3043	3044	3045	3046	3047	3048	3049	3050	3051	3052	3053	3054	3055	3056	3057	3058	3059	3060	3061	3062	3063	3064	3065	3066	3067	3068	3069	3070	3071	3072	3073	3074	3075	3076	3077	3078	3079	3080	3081	3082	3083	3084	3085	3086	3087	3088	3089	3090	3091	3092	3093	3094	3095	3096	3097	3098	3099	3100	3101	3102	3103	3104	3105	3106	3107	3108	3109	3110	3111	3112	3113	3114	3115	3116	3117	3118	3119	3120	3121	3122	3123	3124	3125	3126	3127	3128	3129	3130	3131	3132	3133	3134	3135	3136	3137	3138	3139	3140	3141	3142	3143	3144	3145	3146	3147	3148	3149	3150	3151	3152	3153	3154	3155	3156	3157	3158	3159	3160	3161	3162	3163	3164	3165	3166	3167	3168	3169	3170	3171	3172	3173	3174	3175	3176	3177	3178	3179	3180	3181	3182	3183	3184	3185	3186	3187	3188	3189	3190	3191	3192	3193	3194	3195	3196	3197	3198	3199	3200	3201	3202	3203	3204	3205	3206	3207	3208	3209	3210	3211	3212	3213	3214	3215	3216	3217	3218	3219	3220	3221	3222	3223	3224	3225	3226	3227	3228	3229	3230	3231	3232	3233	3234	3235	3236	3237	3238	3239	3240	3241	3242	3243	3244	3245	3246	3247	3248	3249	3250	3251	3252	3253	3254	3255	3256	3257	3258	3259	3260	3261	3262	3263	3264	3265	3266	3267	3268	3269	3270	3271	3272	3273	3274	3275	3276	3277	3278	3279	3280	3281	3282	3283	3284	3285	3286	3287	3288	3289	3290	3291	3292	3293	3294	3295	3296	3297	3298	3299	3300	3301	3302	3303	3304	3305	3306	3307	3308	3309	3310	3311	3312	3313	3314	3315	3316	3317	3318	3319	3320	3321	3322	3323	3324	3325	3326	3327	3328	3329	3330	3331	3332	3333	3334	3335	3336	3337	3338	3339	3340	3341	3342	3343	3344	3345	3346	3347	3348	3349	3350	3351	3352	3353
--	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

OKLAHOMA WATER RESOURCES BOARD STATE LOAN  
PROGRAM REVENUE BONDS

SUPPLEMENTAL INFORMATION  
GROUPED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

All Program Bond Issues

For the Year Ended June 30, 2012

	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series	2003B Series	2004 Series	2007 Series	2009 Series	2010 Series	2011 Series	2012 Series	2012A Series	Total (Non-random Only)
<b>REVENUES</b>																
Operating revenues																
Loan program income	\$ 15,140	\$ 114,463	\$ 130,563	\$ 211,323	\$ 302,804	\$ 1,457,491	\$ 620,121	\$ 216,715	\$ 259,642	\$ 2,130,968	\$ 376,838	\$ 1,084,274	\$ 642,065	\$ 513,860	\$ 241,655	\$ 9,580,349
Total operating revenues	15,140	114,463	130,563	211,323	302,804	1,457,491	620,121	216,715	259,642	2,130,968	376,838	1,084,274	642,065	513,860	241,655	9,580,349
<b>EXPENSES</b>																
Operating expenses																
Trade fees	1,000	1,000	863	1,000	1,205	4,442	2,510	1,311	1,000	5,607	1,250	3,683	2,434	1,845	1,145	35,545
Administration fees	609	27,608	87,250	113,160	41,556	73,183	52,137	5,221	7,775	57,000	11,825	36,445	18,706	18,066	25,644	470,292
Interest expense	18,121	48,851	63,259	183,348	266,106	1,299,848	510,936	208,759	246,952	1,972,580	351,026	1,147,000	621,106	513,864	217,252	8,872,292
Amortization of bond issuance cost	2,187	12,906	7,550	5,770	3,315	6,117	1,462	9,616	6,915	-	-	-	-	-	-	65,808
Stipends bond purchase agreement fees	-	6,871	8,616	1,566	9,185	8,349	96,711	-	-	-	-	-	-	-	-	11,317
Renegotiating fees	-	4,048	3,793	3,810	1,605	5,555	5,766	-	-	-	-	-	-	-	-	21,222
Total operating expenses	21,917	101,543	123,349	205,884	322,972	1,357,800	609,525	256,627	291,742	2,046,287	366,101	1,087,028	642,886	513,838	243,791	9,577,761
Operating income (loss)	(6,477)	12,920	9,212	8,439	(20,168)	99,691	10,594	(10,212)	(2,000)	(119)	(1,263)	(2,254)	(521)	34	(2,136)	62,588
<b>NON-OPERATING REVENUES (EXPENSES)</b>																
Cash (previously) for arbitrage rebate	-	3,529	-	-	-	-	-	-	-	48	-	-	-	-	-	3,529
Other interest income	144,443	26,889	94	28	20	152	99	16	13	48	15	5	-	-	291	172,334
Gifts production tax from state	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net non-operating revenues	144,443	26,889	94	28	20	152	99	16	13	48	15	5	-	-	291	176,663
Income (loss) before transfers	138,166	43,338	93,066	5,497	(20,148)	99,843	10,698	(10,196)	(2,667)	(271)	(1,248)	(2,249)	(519)	34	(2,145)	200,751
Transfers (to) from Oklahoma Water Resources Board	(144,432)	(52,551)	-	-	-	-	-	-	-	(271)	-	-	-	-	-	(177,160)
Change in net assets	(6,471)	10,785	9,366	5,497	(20,148)	99,573	10,698	(10,196)	(2,067)	(421)	(1,242)	(2,249)	(519)	34	(2,145)	61,561
<b>NET ASSETS</b>																
Net assets, beginning of year	3,615,831	15,653,723	654,440	270,341	203,469	793,591	16,013	82,722	28,339	17,322	297,629	258	8,074	(3)	-	21,608,785
Net assets (deficit), end of year	\$ 3,610,480	\$ 15,664,738	\$ 763,752	\$ 275,838	\$ 183,321	\$ 813,344	\$ 26,711	\$ 72,526	\$ 26,272	\$ 12,051	\$ 218,361	\$ (974)	\$ (522)	\$ 34	\$ (2,045)	\$ 21,670,346

See each individual bond issue audit report for additional information and related disclosures.

For the Year Ended June 30, 2012

See each label to find more facts and report for additional information and related diseases.

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

---

**INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE**



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 the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2003A (the "Program") as of and for the year ended June 30, 2012, and have issued our report thereon dated October 12, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Program's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control over financial reporting.

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 Program's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free of 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*.



This report is intended solely for the information and use of the audit committee, management, and the members of the Oklahoma Water Resources Board and is not intended to be and should not be used by anyone other than these specified parties.

*Advisory Associates, P.C.*

Edmond, Oklahoma  
October 2, 2012