

State of Oklahoma



**STATE LOAN PROGRAM REVENUE BONDS  
SERIES 2004A**

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**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 2004A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
Oklahoma Water Resources Board

We have audited the accompanying statement of net assets of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2004A (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 2004A 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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OKLAHOMA WATER RESOURCES BOARD  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2004A (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 2004A Bond Program.

**Financial Highlights**

- Total Assets decreased 14.8% from \$6,959,428 to \$5,928,366 between FY 2011 to FY 2012. The significant amount of decrease in assets came from loan principal repayments of \$1,020,000. Total Assets decreased 12.6% from \$7,962,814 to \$6,959,428 between FY 2010 to FY 2011. The significant amount of decrease in assets came from loan principal repayments of \$995,000.
- Total Net Assets decreased from \$28,339 in FY 2011 to \$26,272 in FY 2012. Total Net Assets decreased from \$30,272 in FY 2010 to \$28,339 in FY 2011.
- Other accrued liabilities increased 12% in FY 2012 and 17% in FY 2011. Administrative fees assessed but not used during the fiscal year are "banked" for future administrative costs. In FY 2011 and 2012, the Board did not collect administrative fees from the program.

**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.
- 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

(Unaudited. See accompanying auditor's report.)

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**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 2004A  
Net Assets**

	<b>Business-Type Activities</b>		
	June 30,		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 1,220,668	\$ 1,189,815	\$ 1,166,286
Non-Current Assets	4,707,698	5,769,613	6,796,528
<b>Total assets</b>	<b>5,928,366</b>	<b>6,959,428</b>	<b>7,962,814</b>
Current liabilities	1,212,590	1,176,290	1,152,447
Non-current liabilities	4,689,504	5,754,799	6,780,095
<b>Total liabilities</b>	<b>5,902,094</b>	<b>6,931,089</b>	<b>7,932,542</b>
Net assets			
Unrestricted	26,272	28,339	30,272
<b>Total net assets</b>	<b>\$ 26,272</b>	<b>\$ 28,339</b>	<b>\$ 30,272</b>

(Unaudited. See accompanying auditor’s report.)

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**Oklahoma Water Resources Board  
Revenue Bonds - Series 2004A  
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	\$ 259,662	\$ 294,964	\$ 326,752
Investment interest income	13	22	38
<b>Total revenues</b>	<u>259,675</u>	<u>294,986</u>	<u>326,790</u>
<b>Expenses</b>			
Trustee fees	1,000	1,000	1,010
Administration expenses	7,775	9,124	10,546
Interest expense	246,052	279,880	310,232
Amortization of bond issuance cost	6,915	6,915	6,915
<b>Total expenses</b>	<u>261,742</u>	<u>296,919</u>	<u>328,703</u>
<b>Increase (decrease) in net assets</b>	(2,067)	(1,933)	(1,913)
<b>Total net assets - beginning</b>	28,339	30,272	32,185
<b>Total net assets - ending</b>	<u>\$ 26,272</u>	<u>\$ 28,339</u>	<u>\$ 30,272</u>

**Long-Term Debt**

At June 30, 2012, the Program had \$5,690,000 in long-term debt outstanding which represents a \$1,020,000 or 15.2% decrease from the prior year. At June 30, 2011, total long-term debt decreased by \$995,000 or 12.9% to \$6,710,000. The Program's changes in long-term debt by type of debt are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Beginning Balances:			
Serial and term bonds due September 1, 2012 to September 1, 2023, interest rates at 3.50% to 5.00%	\$ 6,710,000	\$ 7,705,000	\$ 8,675,000
Less: debt principal repayments	(1,020,000)	(995,000)	(970,000)
	<u>\$ 5,690,000</u>	<u>\$ 6,710,000</u>	<u>\$ 7,705,000</u>
Amounts due in one year	\$ 1,060,000	\$ 1,020,000	\$ 995,000

(Unaudited. See accompanying auditor's report.)



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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 2004A 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 2004A 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.)

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**BASIC FINANCIAL STATEMENTS**

**OKLAHOMA WATER RESOURCES BOARD  
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**Statements of Net Assets – June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$81,108	\$73,287
Current portions of notes receivable	1,055,000	1,020,000
Interest receivable:		
Notes receivable	84,559	96,527
Other	1	1
 Total current assets	 <u>1,220,668</u>	 <u>1,189,815</u>
Noncurrent Assets:		
Notes receivable net of current portion	4,630,000	5,685,000
Bond issuance cost, net of accumulated amortization of \$56,251 and \$49,336 in 2012 and 2011, respectively	77,698	84,613
 Total noncurrent assets	 <u>4,707,698</u>	 <u>5,769,613</u>
 Total assets	 <u>5,928,366</u>	 <u>6,959,428</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
Accrued interest payable	81,870	93,345
Current maturities of long-term debt	1,060,000	1,020,000
Other accrued liabilities	70,720	62,945
 Total current liabilities	 <u>1,212,590</u>	 <u>1,176,290</u>
Noncurrent liabilities:		
Long-term debt, less current maturities, plus unamortized premium of \$59,504 and \$64,799 in 2012 and 2011, respectively	4,689,504	5,754,799
 Total noncurrent liabilities	 <u>4,689,504</u>	 <u>5,754,799</u>
 Total liabilities	 <u>5,902,094</u>	 <u>6,931,089</u>
 <b>NET ASSETS:</b>		
Unrestricted	26,272	28,339
 Total net assets	 <u>\$26,272</u>	 <u>\$28,339</u>

See accompanying notes to the basic financial statements.

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

	<u>2012</u>	<u>2011</u>
<b>Operating Revenues:</b>		
Loan program income	\$ 259,662	\$ 294,964
	<u>259,662</u>	<u>294,964</u>
<b>Operating Expenses:</b>		
Trustee fees	1,000	1,000
Administration expenses	7,775	9,124
Interest expense	246,052	279,880
Amortization of bond issuance cost	6,915	6,915
	<u>261,742</u>	<u>296,919</u>
<b>Operating income (loss)</b>	<b>(2,080)</b>	<b>(1,955)</b>
<b>Non-Operating Revenues:</b>		
Other interest income	13	22
	<u>13</u>	<u>22</u>
<b>Change in net assets</b>	<b>(2,067)</b>	<b>(1,933)</b>
<b>Total net assets - beginning</b>	<b>28,339</b>	<b>30,272</b>
<b>Total net assets - ending</b>	<b><u>\$26,272</u></b>	<b><u>\$28,339</u></b>

See accompanying notes to the basic financial statements.

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

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections of interest on loans to local governments	\$271,630	\$305,727
Payments to other suppliers	(1,000)	(999)
Interest paid on debt	(262,822)	(295,458)
Net Cash Provided by Operating Activities	<u>7,808</u>	<u>9,270</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayments of long-term debt	(1,020,000)	(995,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,020,000)</u>	<u>(995,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collections of principal on loans to local governmental units	1,020,000	995,000
Interest income	13	22
Net Cash Provided by Investing Activities	<u>1,020,013</u>	<u>995,022</u>
<b>Net Increase in Cash and Cash Equivalents</b>	7,821	9,292
<b>Balances - beginning of the year</b>	<u>73,287</u>	<u>63,995</u>
<b>Balances - end of the year</b>	<u>\$81,108</u>	<u>\$73,287</u>
<b>Reconciliation of operating income (loss) to net cash provided (used)</b>		
<b>by operating activities:</b>		
Operating income (loss)	(\$2,080)	(\$1,955)
Adjustments to reconcile operating income to net cash provided		
(used) by operating activities:		
Amortization of bond issuance costs and bond issuance premiums	1,620	1,619
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	11,968	10,763
Increase (Decrease) in accrued interest payable	(11,475)	(10,282)
Increase (Decrease) in other accrued liabilities	<u>7,775</u>	<u>9,125</u>
Net Cash Provided by Operating Activities	<u>\$7,808</u>	<u>\$9,270</u>

See accompanying notes to the basic financial statements.

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**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 2004A (the "Program") commenced operations in May 2004. The Program was established by the Board to provide new loans to local governmental entities to be used to refund a portion of the Board's outstanding State Loan Program Revenue Bonds originally issued by the Board and to fund one new loan to a local governmental entity for its use in acquisition, development and utilization of storage and control facilities for water and sewer systems. Provisions of the bond indenture required that all local loans be originated by May 12, 2004. 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.

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

Bond Issuance Cost

Bond issuance costs are amortized using the straight-line method over the life of the bonds, which is 19 years.

Bond Issue Premium

The Program's bonds were initially sold at a premium of \$102,582. The bond premium is being amortized over the remaining life of the bonds. Amortization expense of \$5,295 and \$5,296 was recorded in 2012 and 2011, respectively, 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 \$81,108 and \$73,287 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:

- a. Obligations of the United States Government, its agencies and instrumentalities.

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

- 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	\$ 81,108
Total			<u>\$ 81,108</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 \$81,108 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	16 days	AAAm	\$ 73,287
Total			<u>\$ 73,287</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 \$73,287 was invested in *Federated Treasury Obligations Fund*.

**3. Notes Receivable**

Notes receivable of \$5,685,000 and \$6,705,000 at June 30, 2012 and 2011, respectively, represents loans made by the Program to local governmental entities for the purposes of refunding a portion of the Board's outstanding revenue bonds originally issued by the Board and one new loan to a local governmental entity for its project. Payments on the notes are due in semiannual installments with various maturity dates through 2023, including interest at various fixed rates; 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



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**3. Notes Receivable (cont'd)**

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:

- During the year, an annual program administration fee of 0.1328% of fixed rate notes receivable outstanding during the period was charged to operations. These fees are payable to the Oklahoma Water Resources Board for providing clerical, management and administrative services.
- 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 February 28 and August 31.

**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 had no arbitrage liability at June 30, 2012.

**6. Long-term Debt**

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

	<u>2012</u>	<u>2011</u>
Beginning Balances:		
Serial and term bonds due September 1, 2012 to September 1, 2023, interest rates at 3.50% to 5.00%	\$ 6,710,000	\$ 7,705,000
Less: debt principal repayments	(1,020,000)	(995,000)
	<u>\$ 5,690,000</u>	<u>\$ 6,710,000</u>
Amounts due in one year	<u>\$ 1,060,000</u>	<u>\$ 1,020,000</u>

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$1,060,000	\$227,060	\$1,287,060
2014	1,010,000	189,573	1,199,573
2015	795,000	150,760	945,760
2016	680,000	113,885	793,885
2017	460,000	86,535	546,535
2018-2022	1,605,000	139,063	1,744,063
2023	80,000	3,860	83,860
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Total	<u>\$5,690,000</u>	<u>\$910,736</u>	<u>\$6,600,736</u>

In addition to their normal scheduled maturity dates as shown above, the bonds may also be redeemed at the option of the Board, in whole or in part, on such dates and for such prices, plus accrued interest as are set forth in the bond indenture.

The 2004A 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.

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**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 2004A 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 12, 2012

ONE SHONK WATER RESOURCES BOARD STATISTICAL  
 PERFORMANCE REPORT  
 SUPPLEMENTAL INFORMATION  
 CASH FLOW STATEMENTS OF NET ASSETS  
 All Program Board Issues  
 June 30, 2011

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	7
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OKLAHOMA WATER RESOURCES BOARD STATE FUND  
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	1984A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series	2003B Series	2004B Series	2006B Series	2007 Series	2009 Series	2010 Series	2010B Series	2011 Series	2012 Series	2012A Series	Total (Unaudited) (2012)
<b>REVENUES</b>																		
Operating revenues	\$ 15,140	\$ 114,463	\$ 130,561	\$ 211,323	\$ 302,264	\$ 1,487,401	\$ 620,121	\$ 216,215	\$ 250,662	\$ 2,039,968	\$ 376,818	\$ 96,098	\$ 1,246,462	\$ 1,068,224	\$ 642,965	\$ 533,869	\$ 241,655	\$ 9,589,349
Loan program income	14,340	114,463	130,561	211,323	302,264	1,487,401	620,121	216,215	250,662	2,039,968	376,818	96,098	1,246,462	1,068,224	642,965	533,869	241,655	9,589,349
Total operating revenues	29,480	228,926	261,122	422,646	604,528	2,974,802	1,240,242	432,430	501,324	4,079,936	753,636	192,196	2,492,924	2,136,448	1,285,930	1,067,738	483,310	19,178,698
<b>EXPENSES</b>																		
Operating Expenses	1,000	1,000	861	1,000	1,205	4,442	2,510	3,110	1,000	5,697	1,250	1,250	3,912	3,683	2,434	1,845	1,145	15,345
Trustee fees	27,808	13,160	37,250	13,160	41,556	51,183	52,337	7,221	7,775	47,030	11,825	5,513	30,684	36,345	18,786	10,806	25,644	476,252
Administration fees	48,851	63,259	183,548	183,548	266,106	1,299,844	410,936	208,579	246,052	1,977,560	333,326	92,529	1,204,129	1,047,097	621,366	513,784	217,202	8,872,992
Interest expense	18,121	48,851	63,259	183,548	266,106	1,299,844	410,936	208,579	246,052	1,977,560	333,326	92,529	1,204,129	1,047,097	621,366	513,784	217,202	8,872,992
Amortization of bond discounts on	2,187	12,406	7,550	5,720	3,315	6,137	1,462	9,816	6,915	6,915	-	-	-	-	-	-	-	35,838
Steadily bond purchase premium fees	6,879	8,636	1,566	9,185	8,459	8,459	36,711	-	-	-	-	-	-	-	-	-	-	71,417
Remarketing fees	4,048	3,934	810	1,665	1,665	5,755	5,756	-	-	-	-	-	-	-	-	-	-	21,222
Total operating expenses	21,617	101,543	121,349	205,854	325,972	1,397,800	669,552	226,922	291,242	2,081,208	366,301	97,292	1,246,725	1,087,928	642,586	533,835	243,991	9,589,349
Operating income (loss)	(6,437)	12,921	9,212	5,469	(20,168)	60,601	(10,599)	(10,212)	(2,081)	(319)	10,717	(1,234)	(253)	(22,544)	(521)	34	(2,339)	62,608
<b>NONOPERATING REVENUES (EXPENSES)</b>																		
Fund (previous) plus-charge rebate	3,529	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other interest income	144,843	26,809	94	94	20	152	99	16	11	48	15	2	17	6	2	-	291	1,529
Net nonoperating revenues	148,372	26,809	94	94	20	152	99	16	11	48	15	2	17	6	2	-	291	1,529
Income (loss) before transfers	141,935	43,310	9,306	5,467	(20,148)	60,753	10,608	(10,196)	(2,067)	(271)	10,732	(1,232)	(246)	(22,540)	(519)	34	(2,045)	208,751
Transfers (to) from Oklahoma Water Resources Board	(144,833)	(22,153)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(177,191)
Change in net assets	(2,898)	21,157	9,306	5,467	(20,148)	60,753	10,608	(10,180)	(2,067)	(271)	10,732	(1,232)	(246)	(22,540)	(519)	34	(2,045)	31,560
<b>NET ASSETS</b>																		
Net assets, beginning of year	\$ 3,616,821	\$ 15,633,773	\$ 754,446	\$ 251,341	\$ 2,142,608	\$ 783,591	\$ 16,013	\$ 82,722	\$ 28,119	\$ 12,122	\$ 207,629	\$ 258	\$ 960	\$ 6,674	\$ (3)	\$ -	\$ -	\$ 21,608,785
Net assets (deficit), end of year	\$ 3,613,923	\$ 15,654,930	\$ 763,752	\$ 256,808	\$ 183,321	\$ 843,344	\$ 26,711	\$ 72,536	\$ 26,052	\$ 12,051	\$ 218,861	\$ (974)	\$ 694	\$ 5,825	\$ (522)	\$ 34	\$ (2,045)	\$ 21,650,346

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



**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2004A  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

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**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 2004A (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.

*Arling Associates, P.C.*  
Edmond, Oklahoma  
October 12, 2012