

State of Oklahoma

**WRB**

**WATER RESOURCES BOARD**  
the water agency

**STATE LOAN PROGRAM REVENUE BONDS  
SERIES 2011**

**FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012 AND FOR  
THE INITIAL PERIOD FROM JUNE 23, 2011 (DATE OF INCEPTION) TO  
JUNE 30, 2011  
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012 and the Initial Period June 23, 2011 (date of  
inception) to June 30, 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 2011 (the "Program") as of June 30, 2012 and 2011, and the related statement of revenues, expenses, and changes in net assets and cash flows for the year ended June 30, 2012 and the initial period from June 23, 2011, (date of inception) to June 30, 2011. 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 2011 as of June 30, 2012 and 2011, and the changes in financial position and cash flows for the year ended June 30, 2012 and the initial period from June 23, 2011 (date of inception) to June 30, 2011 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.



Edmond, Oklahoma  
October 12, 2012

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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 2011 (the "Program") financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2012 and 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 2011 Bond Program.

**Financial Highlights**

- The Board issued a \$14,275,000 bond issue in June 2011 for the purpose of making a loan to Local Entity to provide for construction of wastewater system improvements.
- Total Assets increased 1.05% from \$14,296,169 to \$14,446,326 between June 30, 2011 and 2012.
- Total Net Assets (Deficit) at June 30, 2011 totaled (\$3) and (\$522) at June 30, 2012, due to the administrative fees payable.
- At the time of the bond closing, one loan was identified to receive the bond funds.
- Other accrued liabilities were \$7,646 in FY 2011 and \$19,685 at FY 2012. Administrative fees assessed but not used during the fiscal year are "banked" for future administrative costs. No administrative fees have been drawn from this Bond Series, although the administrative fees have been incurred.

**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
  - Statement of Net Assets
  - Statement of Revenues, Expenses and Changes in Net Assets
  - Statement of Cash Flows

(Unaudited. See accompanying auditor’s report.)

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- 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

**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.

**Oklahoma Water Resources Board  
Revenue Bonds - Series 2011  
Net Assets**

	<b>Business-Type</b>	
	<b>Activities</b>	
	<b>June 30,</b>	
	<u>2012</u>	<u>2011</u>
Current Assets	\$ 671,326	\$ 21,169
Non-current Assets	<u>13,775,000</u>	<u>14,275,000</u>
<b>Total assets</b>	<u>14,446,326</u>	<u>14,296,169</u>
Current liabilities	671,848	21,172
Non-current liabilities	<u>13,775,000</u>	<u>14,275,000</u>
<b>Total liabilities</b>	<u>14,446,848</u>	<u>14,296,172</u>
Net assets (deficit)		
Unrestricted	<u>(522)</u>	<u>(3)</u>
<b>Total net assets (deficit)</b>	<u>\$ (522)</u>	<u>\$ (3)</u>

(Unaudited. See accompanying auditor’s report.)

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**Oklahoma Water Resources Board  
Revenue Bonds - Series 2011  
Revenues, Expenses, and Changes in Net Assets**

	<b>Business-Type Activities</b>	
	<b>Period Ended June 30,</b>	
	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Loan program income	\$ 642,065	\$ 13,986
Investment interest income	2	-
<b>Total revenues</b>	<u>642,067</u>	<u>13,986</u>
<b>Expenses</b>		
Trustee fees	2,434	43
Administration expenses	18,786	420
Interest expense	621,366	13,526
<b>Total expenses</b>	<u>642,586</u>	<u>13,989</u>
<b>Increase (decrease) in net assets</b>	(519)	(3)
<b>Total net assets (deficit) - beginning</b>	(3)	-
<b>Total net assets (deficit) - ending</b>	<u>\$ (522)</u>	<u>\$ (3)</u>

**Long-Term Debt**

At year-end, the Program had \$14,275,000 in long-term debt outstanding. The Program's changes in long-term debt by type of debt are as follows:

	<u>2012</u>	<u>2011</u>
Serial and term bonds due October 1, 2012 to October 1, 2031, interest rates at .40% to 5.00%	14,275,000	-
Less: debt principal repayments	-	-
Plus: debt issued	-	\$ 14,275,000
Ending balances	<u>\$ 14,275,000</u>	<u>\$ 14,275,000</u>
Amounts due in one year	\$ 500,000	\$ -

See Note 6 to the financial statements for more detailed information on the Program's long-term debt and changes therein.

(Unaudited. See accompanying auditor's report.)



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**Economic Factors and Next Year's Outlook**

Due to the nature of the Series 2011 Bond Program, the Board expects a decrease in net assets and liabilities as the loan continues 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 2011 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  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011  
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**As of and for the Year Ended June 30, 2012 and the Initial Period June 23, 2011 (date of inception) to June 30, 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	\$13,989	\$7,183
Current portions of notes receivable	500,000	-
Interest receivable:		
Note receivable	157,337	13,986
Total current assets	<u>671,326</u>	<u>21,169</u>
Noncurrent Assets:		
Note receivable	13,775,000	14,275,000
Total noncurrent assets	<u>13,775,000</u>	<u>14,275,000</u>
Total assets	<u>14,446,326</u>	<u>14,296,169</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
Accrued interest payable	152,163	13,526
Current maturities of long-term debt	500,000	-
Other accrued liabilities	19,685	7,646
Total current liabilities	<u>671,848</u>	<u>21,172</u>
Noncurrent liabilities:		
Long-term debt	13,775,000	14,275,000
Total noncurrent liabilities	<u>13,775,000</u>	<u>14,275,000</u>
Total liabilities	<u>14,446,848</u>	<u>14,296,172</u>
 <b>NET ASSETS (DEFICIT):</b>		
Unrestricted	(522)	(3)
Total net assets (deficit)	<u><u>(\$522)</u></u>	<u><u>(\$3)</u></u>

See accompanying notes to the basic financial statements.

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**Statements of Revenues, Expenses, and Changes in Net Assets – Year Ended June 30, 2012 and the Initial Period from June 23, 2011 (date of inception) to June 30, 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating Revenues:</b>		
Loan program income	\$642,065	\$13,986
Total operating revenues	<u>642,065</u>	<u>13,986</u>
<b>Operating Expenses:</b>		
Trustee fees	2,434	43
Administration expenses	18,786	420
Interest expense	621,366	13,526
Total operating expenses	<u>642,586</u>	<u>13,989</u>
<b>Operating income (loss)</b>	(521)	(3)
<b>Non-Operating Revenues (Expenses):</b>		
Other interest income	2	-
Total non-operating revenues (expenses)	<u>2</u>	<u>-</u>
<b>Change in net assets</b>	(519)	(3)
<b>Total net assets (deficit) - beginning</b>	(3)	-
<b>Total net assets (deficit) - ending</b>	<u><u>(\$522)</u></u>	<u><u>(\$3)</u></u>

See accompanying notes to the basic financial statements.

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**Statements of Cash Flows – Year Ended June 30, 2012 and the Initial Period from June 23, 2011 (date of inception) to June 30, 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections of interest on loans to local governments	\$498,714	-
Payments (to) from other suppliers	(9,181)	\$7,183
Interest paid on debt	(482,729)	-
	<u>\$6,804</u>	<u>\$7,183</u>
Net Cash Provided by Operating Activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Issuance of long-term debt	-	\$14,275,000
	<u>-</u>	<u>\$14,275,000</u>
Net Cash Provided by (Used in) Noncapital Financing Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan to local governmental unit	-	(\$14,275,000)
Interest income	2	-
	<u>2</u>	<u>(\$14,275,000)</u>
Net Cash Provided (Used) in Investing Activities		
<b>Net Increase in Cash and Cash Equivalents</b>	<b>\$6,806</b>	<b>\$7,183</b>
<b>Balances - beginning of the year</b>	<b>7,183</b>	<b>-</b>
<b>Balances - end of the year</b>	<b>\$13,989</b>	<b>\$7,183</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	(\$521)	(\$3)
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	(143,351)	(13,986)
Increase (Decrease) in accrued interest payable	138,637	13,526
Increase (Decrease) in other accrued liabilities	12,039	7,646
	<u>\$6,804</u>	<u>\$7,183</u>
Net Cash Provided by Operating Activities		

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 2011 (the "Program") commenced operations in June 2011. The Program was established by the Board to provide new loans to local governmental entities and to be used to refund a portion of the Board's outstanding State Loan Program Revenue Bonds originally issued by the Board. The 2011 issue was used to fund one new loan to a local governmental entity for their use in acquisition, development and utilization of storage and control facilities for water and sewer systems.

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.

Bond Issuance Cost

Bond issuance costs were paid by the borrower.

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

Bond Issue Discount

The net premium/discount and underwriter discount was applied to the benefit of the borrower.

Cash Equivalents

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

Operating Revenues and Expenses

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

Use of Estimates

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

**2. Cash Deposits and Investment Risk**

Cash of \$13,989 and \$7,183 at June 30, 2012 and 2011 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.
- 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.

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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:

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

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	\$ 13,989
Total			<u>\$ 13,989</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 \$13,989 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	\$ 7,183
Total			<u>\$ 7,183</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 \$7,183 is invested in *Federated Treasury Obligations Fund*.

**3. Note Receivable**

Note receivable of \$14,275,000 at June 30, 2012 and 2011 represents a loan made by the Program to a local governmental entity for the purposes of acquisition, development, utilization of storage and control facilities for water and sewage systems. Payments on the note are due in semiannual installments with various maturity dates through 2031, including interest at various fixed rates; however, the local entity has the option to pay the note earlier than the scheduled maturity. The current portion of the note receivables contains scheduled maturity and any prepayments made subsequent to year-end through September 30, 2012. The note is collateralized by various revenue sources including, but not limited to user charges and sales taxes of the borrower 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:



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- During the year, an annual program administration fee of .1316% of fixed rate notes receivable outstanding during the period was charged to operations. These fees are payable

**4. Program Fees (cont'd)**

to the Oklahoma Water Resources Board for providing clerical, management and administrative services.

- During the year, a trustee fee of .0134% 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 had no arbitrage liability at June 30, 2012 or 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, 2031, interest rates at .40% to 5.00%	14,275,000	-
Less: debt principal repayments	-	-
Plus: debt issued	-	\$ 14,275,000
Ending balances	<u>\$ 14,275,000</u>	<u>\$ 14,275,000</u>
Amounts due in one year	<u>\$ 500,000</u>	<u>\$ -</u>

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$500,000	\$607,650	\$1,107,650
2014	505,000	599,075	1,104,075
2015	520,000	582,500	1,102,500
2016	535,000	564,200	1,099,200
2017	555,000	543,800	1,098,800
2018-2022	3,085,000	2,375,425	5,460,425
2023-2027	3,765,000	1,691,875	5,456,875
2028-2032	4,810,000	624,750	5,434,750
Total	<u>\$14,275,000</u>	<u>\$7,589,275</u>	<u>\$21,864,275</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 2011 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 2011 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

DELLAQUA WATER BENDERS ROAD STATE LOAN

PROGRAM REVENUE REPORTS  
 BY TYPE FINANCIAL INFORMATION  
 GRAND TOTAL STATEMENTS OF NET ASSETS  
 All Program Road Issues  
 June 30, 2013

	1997 Budget	1997 Actual	1997 Var	2008 Budget	2008 Actual	2008 Var	2009 Budget	2009 Actual	2009 Var	2010 Budget	2010 Actual	2010 Var	2011 Budget	2011 Actual	2011 Var	2012 Budget	2012 Actual	2012 Var	2013 Budget	2013 Actual	2013 Var	2014 Budget	2014 Actual	2014 Var
1. Total Revenue	1,264,600	1,264,600	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0
2. Total Expenses	1,264,600	1,264,600	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0
3. Total Net Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Total Revenue	1,264,600	1,264,600	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0
5. Total Expenses	1,264,600	1,264,600	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0
6. Total Net Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Total Revenue	1,264,600	1,264,600	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0
8. Total Expenses	1,264,600	1,264,600	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0
9. Total Net Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Total Revenue	1,264,600	1,264,600	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0
11. Total Expenses	1,264,600	1,264,600	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0	1,601,644	1,601,644	0
12. Total Net Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

For each individual fund issue report for additional information and related disclosures.

OKI ARIZONA WATER RESOURCES BOARD STATE LOAN PROGRAM REVENUE BONDS

SUPPLEMENTAL INFORMATION GROUPED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS AD Program Bond Issues For the Year Ended June 30, 2012

	1989 Series	1994 Series	1995 Series	1999 Series	2001 Series	2003A Series	2003B Series	2004A Series	2004B Series	2007 Series	2009 Series	2011 Series	2011 D Series	2011 Series	2012 Series	2012A Series	Total (Memorandum 10/3)
<b>REVENUES</b>																	
Operating revenues	\$ 14,140	\$ 114,403	\$ 130,461	\$ 211,323	\$ 212,804	\$ 1,487,431	\$ 630,121	\$ 216,715	\$ 2,039,968	\$ 176,818	\$ 96,058	\$ 1,246,462	\$ 1,084,774	\$ 642,065	\$ 533,869	\$ 241,685	\$ 9,559,949
Loan program income	35,140	114,463	130,461	211,323	202,804	1,487,431	630,121	216,715	2,039,968	176,818	96,058	1,246,462	1,084,774	642,065	533,869	241,685	9,559,949
Total operating revenues	49,280	228,866	260,922	422,646	415,608	2,974,862	1,260,242	433,430	4,079,936	353,636	192,116	2,492,924	2,169,548	1,284,130	1,067,738	483,370	19,119,898
<b>EXPENSES</b>																	
Operating Expenses																	
Proctor fees	1,000	1,000	601	1,000	1,205	4,442	2,510	1,111	5,697	1,250	1,250	3,912	3,603	2,434	1,845	1,145	15,545
Administration fees	27,608	37,250	37,250	13,160	41,566	51,163	52,137	7,227	57,030	11,625	5,514	30,684	46,348	16,786	18,066	28,644	470,232
Interest expense	18,121	48,651	62,580	183,508	246,108	1,299,844	510,336	208,779	1,977,500	553,026	92,529	1,204,129	1,447,000	621,366	513,964	217,202	8,822,592
Amortization of bond issuance cost	2,187	12,948	3,590	5,770	3,315	6,117	1,402	9,616	6,915	-	-	-	-	-	-	-	55,538
Standby bond purchase agreement (en)	-	6,870	8,636	1,566	9,185	8,449	96,211	-	-	-	-	-	-	-	-	-	11,517
Renegotiating fees	-	4,148	3,793	810	1,605	5,755	5,766	-	-	-	-	-	-	-	-	-	21,555
Total operating expenses	21,617	107,543	121,349	205,854	325,972	1,317,800	699,825	276,927	2,040,287	366,301	97,592	1,246,725	1,087,028	642,506	533,835	241,691	9,657,361
Operating income (loss)	(6,877)	12,221	9,212	5,469	(20,168)	59,661	10,599	(10,212)	(719)	10,717	(1,234)	(263)	(2,254)	(52)	34	(2,376)	62,608
<b>NONOPERATING REVENUES (EXPENSES)</b>																	
Grants (previous) for arbitrage rebate	7,529	26,889	94	28	20	152	99	16	48	15	2	1*	6	2	291	7	3,329
Other interest income	144,843	30,418	94	28	20	152	99	16	48	15	2	1*	5	2	291	7	172,534
Income tax provision tax from state	138,266	43,338	9,306	5,407	(20,148)	89,753	10,698	(10,386)	(271)	10,732	(1,232)	(246)	(2,209)	(519)	34	(2,485)	238,551
Net nonoperating revenues	(144,817)	(10,985)	9,306	5,407	(20,148)	89,753	10,698	(10,386)	(271)	10,732	(1,232)	(246)	(2,209)	(519)	34	(2,485)	238,551
Transfers (to) from Oklahoma Water Resources Board	(6,471)	10,985	9,306	5,407	(20,148)	89,753	10,698	(10,386)	(271)	10,732	(1,232)	(246)	(2,209)	(519)	34	(2,485)	(177,061)
Change in net assets	3,616,871	15,645,773	784,446	270,341	203,469	755,591	16,013	82,722	28,339	207,629	258	949	8,074	(3)	-	-	21,608,785
<b>NET ASSETS</b>																	
Net assets, beginning of year	\$ 1,610,400	\$ 15,664,708	\$ 763,752	\$ 275,838	\$ 183,321	\$ 813,344	\$ 26,711	\$ 72,526	\$ 12,051	\$ 218,361	\$ (974)	\$ 668	\$ 5,825	\$ (522)	\$ 34	\$ (2,485)	\$ 21,630,346
Net assets (deficit), end of year																	

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

ONTARIO WATER RESOURCES BOARD STATE LOAN PROGRAM BOND FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL INFORMATION  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 All Programs Bond Issues  
 For the Year Ended June 30, 2012

	1999 Series	1998 Series	1997 Series	1996 Series	2001 Series	2002 Series	2003 Series	2004 Series	2005 Series	2006 Series	2007 Series	2008 Series	2009 Series	2010 Series	2011 Series	2012 Series	2013 Series	2014 Series
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>																		
Interest received on bonds	20,928	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987
Interest received on other investments	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Interest paid on debt	(20,928)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)	(21,987)
Net cash provided (used) by operating activities	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>																		
Proceeds from sale of bonds	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Proceeds from sale of other investments																		
Proceeds from sale of land																		
Proceeds from sale of other assets																		
Proceeds from sale of other investments																		
Proceeds from sale of other assets																		
Net cash provided (used) by non-capital financing activities	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>																		
Proceeds from sale of investments	20,928	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987
Proceeds from sale of land																		
Proceeds from sale of other assets																		
Proceeds from sale of other investments																		
Proceeds from sale of other assets																		
Net cash provided (used) by investing activities	20,928	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>																		
Net cash provided (used) by operating activities	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Net cash provided (used) by non-capital financing activities	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Net cash provided (used) by investing activities	20,928	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987	21,987
Net change in cash and cash equivalents	18,928	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987
Cash and cash equivalents, end of year	18,928	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987	19,987

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

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011  
ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2012 and the Initial Period June 23, 2011 (date of  
inception) to June 30, 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 2011 (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.

*Arlidge & Associates, P.C.*

Edmond, Oklahoma  
October 12, 2012