

State of Oklahoma



WATER RESOURCES BOARD
the water agency

**STATE LOAN PROGRAM REVENUE BONDS
SERIES 2012**

**FINANCIAL STATEMENTS
FOR THE INITIAL PERIOD FROM
January 19, 2012 (DATE OF INCEPTION)
TO JUNE 30, 2012
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	3-4
Management’s Discussion and Analysis	5-9
The Basic Financial Statements:	
Statement of Net Assets	11
Statement of Revenues, Expenses, and Changes in Net Assets	12
Statement of Cash Flows	13
Footnotes to Statements	14-17
Supplemental Information	
Independent Auditor’s Report on Additional Information	19
Grouped Statements of Net Assets	20
Grouped Statements of Revenues, Expenses, and Changes in Net Assets	21
Grouped Statements of Cash Flows	22
Internal Control over Financial Reporting and Compliance	23-25
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 statement of net assets of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2012 (the "Program") as of June 30, 2012, and the related statement of revenues, expenses, and changes in net assets and cash flows for the initial period from January 19, 2012 (date of inception) to June 30, 2012. 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 audit.

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. 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 audit provides 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 2012 as of June 30, 2012, and the changes in financial position and cash flows for the initial period from January 19, 2012 (date of inception) to June 30, 2012 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

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**
For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The Board issued a \$30,595,000 bond issue in January 2012 for the purpose of making loans to Local Entities to provide for construction of water and wastewater system improvements.
- Total Assets at June 30, 2012 totaled \$31,128,869.
- Total Net Assets at June 30, 2012 totaled \$34.
- At the time of the bond closing, two loans were identified to receive the bond funds.
- Other accrued liabilities were \$19,851 in 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.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

- 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 2012
Net Assets**

	Business-Type Activities
	June 30,
	<u>2012</u>
Current Assets	\$ 578,869
Non-current Assets	30,550,000
Total assets	31,128,869
Current liabilities	578,835
Non-current liabilities	30,550,000
Total liabilities	31,128,835
Net assets	
Unrestricted	34
Total net assets	\$ 34

(Unaudited. See accompanying auditor’s report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

**Oklahoma Water Resources Board
Revenue Bonds - Series 2012
Revenues, Expenses, and Changes in Net Assets**

	Business-Type Activities
	Period Ended June 30,
	<u>2012</u>
Revenues	
Loan program income	\$ 533,869
Total revenues	533,869
Expenses	
Trustee fees	1,845
Administration expenses	18,006
Interest expense	513,984
Total expenses	533,835
Increase (decrease) in net assets	34
Total net assets - beginning	-
Total net assets - ending	\$ 34

Long-Term Debt

At year-end, the Program had \$30,595,000 in long-term debt outstanding. The Program's changes in long-term debt by type of debt are as follows:

	<u>2012</u>
Serial and term bonds due October 1, 2012 to October 1, 2040, interest rates at 2.00% to 4.00%	-
Plus: debt issued	\$ 30,595,000
Ending balances	\$ 30,595,000
Amounts due in one year	\$ 45,000

See Note 5 to the financial statements for more detailed information on the Program's long-term debt and changes therein.

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

Economic Factors and Next Year's Outlook

Due to the nature of the Series 2012 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 2012 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 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

BASIC FINANCIAL STATEMENTS

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

Statement of Net Assets – June 30, 2012

	<u>2012</u>
ASSETS:	
Current Assets:	
Current portions of notes receivable	\$45,000
Interest receivable:	
Notes receivable	533,869
Total current assets	578,869
Noncurrent Assets:	
Notes receivable	30,550,000
Total noncurrent assets	30,550,000
Total assets	31,128,869
 LIABILITIES:	
Current Liabilities:	
Accrued interest payable	513,984
Current maturities of long-term debt	45,000
Other accrued liabilities	19,851
Total current liabilities	578,835
Noncurrent liabilities:	
Long-term debt	30,550,000
Total noncurrent liabilities	30,550,000
Total liabilities	31,128,835
 NET ASSETS:	
Unrestricted	34
Total net assets	\$34

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

Statement of Revenues, Expenses, and Changes in Net Assets – For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

	<u>2012</u>
Operating Revenues:	
Loan program income	\$533,869
Total operating revenues	<u>533,869</u>
Operating Expenses:	
Trustee fees	1,845
Administration expenses	18,006
Interest expense	513,984
Total operating expenses	<u>533,835</u>
Change in net assets	34
Total net assets - beginning	-
Total net assets - ending	<u>\$34</u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

Statement of Cash Flows – For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

	<u>2012</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Issuance of long-term debt	\$30,595,000
Net Cash Provided by Noncapital Financing Activities	<u>\$30,595,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Loan to local governmental unit	(\$30,595,000)
Net Cash Provided (Used) in Investing Activities	<u>(\$30,595,000)</u>
Net Increase in Cash and Cash Equivalents	-
Balances - beginning of the year	<u>-</u>
Balances - end of the year	<u><u>-</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income	\$34
Change in assets and liabilities:	
Decrease (Increase) in interest receivable	(533,869)
Increase (Decrease) in accrued interest payable	513,984
Increase (Decrease) in other accrued liabilities	<u>19,851</u>
Net Cash Provided in Operating Activities	<u><u>-</u></u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

Reporting Entity

The Oklahoma Water Resources Board (the "Board") State Loan Program Revenue Bonds - Series 2012 (the "Program") commenced operations in January 2012. 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 2012 issue was used to fund two new loans to a local governmental entities 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.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

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. Notes Receivable

Notes receivable of \$30,595,000 at June 30, 2012 represents loans made by the Program to local governmental entities for the purposes of acquisition, development, utilization of storage and control facilities for water and sewage systems. Payments on the notes are due in semiannual installments with various maturity dates through 2040, including interest at various fixed rates; however, the local entity has the option to pay the note earlier than the scheduled maturity. The program has \$45,000 of notes scheduled to mature within the next year. 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.

3. 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 .1316% 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.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

3. Program Fees (continued)

- 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.

4. 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.

5. Long-term Debt

Long-term debt at June 30, 2012 consist of the following:

	<u>2012</u>
Serial and term bonds due October 1, 2012 to October 1, 2040, interest rates at 2.00% to 4.00%	-
Plus: debt issued	\$ 30,595,000
Ending balances	<u>\$ 30,595,000</u>
Amounts due in one year	<u>\$ 45,000</u>

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	\$45,000	\$1,378,688	\$1,423,688
2014	65,000	1,147,731	1,212,731
2015	390,000	1,143,181	1,533,181
2016	395,000	1,135,331	1,530,331
2017	405,000	1,127,331	1,532,331
2018-2022	2,220,000	5,418,631	7,638,631
2023-2027	2,335,000	5,041,963	7,376,963
2028-2032	2,555,000	4,646,109	7,201,109
2033-2037	8,820,000	3,830,494	12,650,494
2038-2041	<u>13,365,000</u>	<u>1,095,500</u>	<u>14,460,500</u>
Total	<u>\$30,595,000</u>	<u>\$25,964,959</u>	<u>\$56,559,959</u>

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

5. Long-term Debt (continued)

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 2012 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 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to June 30, 2012

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 2012 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 WINDHAM VETERANS BESE BOARD STATION
 FROM AN REVENUE BOARD
 STATE OF NEW YORK
 RECEIVED
 02/03/2011

	1/1/08 Balance	1/1/09 Balance	1/1/10 Balance	1/1/11 Balance	1/1/12 Balance	1/1/13 Balance	1/1/14 Balance	1/1/15 Balance	1/1/16 Balance	1/1/17 Balance	1/1/18 Balance	1/1/19 Balance	1/1/20 Balance	1/1/21 Balance	1/1/22 Balance
Current Assets:															
Cash	75,000	145,340	132,500	130,500	130,500	130,500	130,500	130,500	130,500	130,500	130,500	130,500	130,500	130,500	130,500
Accounts receivable	20,000	9,812,000	1,519,200	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000	1,435,000
Prepaid expenses	1,000	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other current assets	5,000	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
Total current assets	100,000	157,640	134,200	133,000	133,000	133,000	133,000	133,000	133,000	133,000	133,000	133,000	133,000	133,000	133,000
Non-current Assets:															
Property, plant and equipment, net	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Intangible assets	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other non-current assets	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total non-current assets	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Total Assets	1,700,000	1,757,640	1,734,200	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000
Liabilities:															
Accounts payable	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Accrued interest payable	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Current maturities of long-term debt	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Other current liabilities	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total current liabilities	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Long-term debt	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other non-current liabilities	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total non-current liabilities	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total Liabilities	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Equity:															
Common stock	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retained earnings	700,000	757,640	734,200	733,000	733,000	733,000	733,000	733,000	733,000	733,000	733,000	733,000	733,000	733,000	733,000
Total Equity	1,700,000	1,757,640	1,734,200	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000	1,733,000

See each individual fund base report for additional information and related disclosures.

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	1994 Series	1997 Series	1999 Series	2001 Series	2003A Series	2003B Series	2004A Series	2004B Series	2006 Series	2007 Series	2010 Series	2011B Series	2011 Series	2012 Series	2013A Series	Total	
																		(Items-random (b)(2))	
REVENUES																			
Operating revenues	\$ 15,140	\$ 114,463	\$ 131,561	\$ 211,323	\$ 302,804	\$ 1,457,491	\$ 620,121	\$ 216,715	\$ 259,862	\$ 2,015,908	\$ 376,818	\$ 96,058	\$ 1,246,462	\$ 1,084,774	\$ 643,065	\$ 453,869	\$ 241,655	\$ 9,589,949	
Loan program income	15,140	114,463	131,561	211,323	302,804	1,457,491	620,121	216,715	259,862	2,015,908	376,818	96,058	1,246,462	1,084,774	643,065	453,869	241,655	9,589,949	
Total operating revenues	1,000	1,000	861	1,000	1,205	4,442	2,510	1,311	1,000	5,697	1,280	1,250	3,012	3,683	2,434	1,845	1,145	15,545	
EXPENSES																			
Operating Expenses	379	27,868	37,250	13,160	41,556	75,183	82,117	7,775	7,775	97,030	11,875	3,513	38,684	36,345	18,766	10,046	25,444	470,282	
Trustee fees	18,121	48,851	63,259	183,548	266,106	1,299,844	510,936	208,779	246,082	1,977,560	345,026	92,529	1,204,129	1,047,000	621,366	311,984	217,292	8,872,292	
Administration fees	2,187	12,946	7,550	5,770	3,315	6,117	1,462	9,616	6,915	-	-	-	-	-	-	-	-	55,818	
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of bond issuance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Steady bond purchase agreement fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remarketing fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	21,617	101,543	123,349	208,854	322,972	1,397,800	609,532	226,927	261,742	2,040,287	366,111	97,292	1,346,235	1,087,028	642,586	453,815	243,601	9,577,261	
Operating income (loss)	(6,477)	12,920	7,212	5,469	(20,168)	59,691	(10,412)	(10,212)	(2,000)	(319)	(37,293)	(1,242)	(263)	(2,354)	(1,521)	34	(2,316)	62,688	
NONOPERATING REVENUES (EXPENSES)																			
Credit (provision) for amortage rebate	144,863	3,529	26,083	94	28	20	99	16	17	48	15	2	17	5	2	-	20	3,429	
Other interest income	144,863	3,529	26,083	94	28	20	99	16	17	48	15	2	17	5	2	-	20	3,429	
Grant production tax from state	144,863	3,529	26,083	94	28	20	99	16	17	48	15	2	17	5	2	-	20	3,429	
Net nonoperating revenues	138,366	43,738	9,306	5,497	(20,140)	59,743	(10,608)	(10,196)	(2,087)	(271)	(10,732)	(1,222)	(260)	(2,249)	(439)	34	(2,045)	298,564	
Income (loss) before transfers	(144,837)	(22,153)	(12,137)	(14,681)	(40,967)	(37,106)	(10,109)	(10,905)	(4,087)	(790)	(10,717)	(1,220)	(260)	(2,249)	(509)	34	(2,045)	(177,390)	
Transfers (to) from Oklahoma Water Resources Board	(6,477)	10,985	9,306	5,497	(20,140)	59,743	10,608	(10,196)	(2,087)	(271)	(10,732)	(1,222)	(260)	(2,249)	(509)	34	(2,045)	61,561	
Change in net assets	3,610,827	15,685,773	75,446	250,341	203,466	93,901	16,613	82,222	38,333	12,312	20,629	288	941	8,074	(13)	-	-	21,608,788	
NET ASSETS																			
Net assets, beginning of year	\$ 3,610,827	\$ 15,685,773	\$ 75,446	\$ 250,341	\$ 203,466	\$ 93,901	\$ 16,613	\$ 82,222	\$ 38,333	\$ 12,312	\$ 20,629	\$ 288	\$ 941	\$ 8,074	\$ (13)	\$ -	\$ -	\$ 21,608,788	
Net assets (deficit), end of year	\$ 3,610,827	\$ 15,664,758	\$ 76,352	\$ 255,838	\$ 183,326	\$ 813,344	\$ 26,211	\$ 22,826	\$ 26,222	\$ 12,041	\$ 218,361	\$ (974)	\$ 684	\$ 5,825	\$ (422)	\$ 34	\$ (2,045)	\$ 21,670,346	

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

OKLAHOMA WATER RESOURCES BOARD STATE LOAN PROGRAM REV. 11-16-05

SUPPLEMENTAL INFORMATION
GENERAL STATEMENTS OF CASH FLOWS
All Program Based Items
For the year ended June 30, 2013

	1989 Series	1991 Series	1995 Series	1997 Series	1999 Series	2001 Series	2003 Series	2004 Series	2005 Series	2006 Series	2007 Series	2008 Series	2009 Series	2010 Series	2011 Series	2012 Series	2013 Series	1-cash (Continuation 7-83)
\$	20,928	121,957	180,297	211,987	309,593	1,521,574	674,494	229,771	271,630	2,082,449	176,839	96,411	1,246,706	1,066,729	899,714	3,448,728	669,714	8,188,845
	(7,000)	(47,000)	(69,000)	(62,576)	(34,576)	(179,617)	(63,152)	(1,311)	(1,000)	(155,943)	(1,260)	(1,260)	(1,260)	(1,900)	(19,101)	(1,900)	(62,900)	
	(23,300)	(47,500)	(73,500)	(157,610)	(271,590)	(1,320,112)	(63,803)	(230,380)	(252,000)	(1,309,360)	(1,386,260)	(92,250)	(2,520,250)	(1,945,300)	(652,250)	(3,448,728)	(62,900)	(8,188,845)
	(843)	(2,023)	(9,200)	(38,623)	3,764	67,146	43,718	3,103	9,008	(22,642)	18,583	2,632	38,709	18,330	6,610	38,709	1,000	1,000
	(148,837)	(152,549)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(177,180)
	(260,000)	(1,386,000)	(5,410,000)	(1,115,000)	(995,000)	(1,545,000)	(62,700,000)	(1,470,000)	(1,020,000)	(2,100,000)	(470,000)	(105,000)	(105,000)	(700,000)	(700,000)	(3,448,000)	(3,448,000)	(47,975,000)
	(604,837)	(1,297,543)	(5,411,000)	(1,115,000)	(995,000)	(1,546,000)	(62,700,000)	(1,470,000)	(1,020,000)	(2,100,000)	(470,000)	(105,000)	(105,000)	(700,000)	(700,000)	(3,448,000)	(3,448,000)	(48,250,000)
\$	255,000	3,218,009	5,764,350	3,099,407	991,650	8,596,340	114,640	1,570,100	1,020,000	2,100,000	375,010	105,000	1,120,000	900,000	800,000	3,448,000	3,448,000	25,290,000
	(11,692,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,692,000)
	143,308	3,206,317	5,764,350	3,099,407	991,650	8,596,340	114,640	1,570,100	1,020,000	2,100,000	375,010	105,000	1,120,000	900,000	800,000	3,448,000	3,448,000	14,598,000
	(8,273)	(4,782)	(11,929,316)	(51,691)	434	2,420,678	688,608	2,066	7,462	(82,594)	22,967	2,634	35,005	38,732	6,806	35,005	291	(8,200,639)
	55,732	14,674,472	130,368	129,692	130,126	678,133	717,156	78,182	31,207	296,403	83,605	5,174	32,496	15,130	7,183	32,496	718	(64,000,000)
\$	50,358	2,760,158	78,433	78,001	130,560	3,095,811	1,405,964	83,260	41,108	210,810	106,416	7,800	71,501	51,461	13,989	71,501	291	1,207,372
	(6,473)	12,920	9,212	4,469	(20,100)	79,901	10,599	(10,212)	(2,000)	(719)	10,717	(1,240)	(2,500)	(2,740)	(520)	(2,740)	74	62,688
	5,769	21,640	13,312	9,954	4,343	8,175	3,100	9,564	1,620	-	-	-	-	-	-	-	-	60,998
	5,786	7,224	19,712	648	6,769	64,003	14,333	12,056	11,966	22,593	41	353	1,606	954	(44,751)	(43,569)	(211,688)	(790,173)
	(5,780)	(1,884)	(10,340)	(6,277)	(6,216)	(24,025)	(21,169)	(11,599)	(11,479)	(21,840)	(3,700)	-	-	-	-	-	-	(18,718)
	300	(42,283)	(19,000)	(66,000)	19,016	(41,683)	46,742	7,778	7,778	(93,110)	11,828	2,212	3,648	36,310	12,630	3,648	20,759	(28,000)
\$	(181)	(2,023)	(9,200)	(38,623)	3,764	67,146	43,718	3,103	9,008	(22,642)	18,583	2,632	38,709	18,330	6,610	38,709	1,000	(19,020)

See each method's bond issue audit report for additional information and related disclosures.

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on investments
Proceeds from sale of investments
Repurchase of long-term debt
Proceeds from sale of investments

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net cash and cash equivalents
Change in net cash and cash equivalents
Interest on investments
Net cash provided (used) by operating activities

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities
Amortization of bond premium
Increase (decrease) in interest receivable
Increase (decrease) in other receivable
Increase (decrease) in accrued interest payable
Increase (decrease) in other financial liabilities

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2012
ANNUAL FINANCIAL REPORT**

For the Initial Period from January 19, 2012 (date of inception) to JUNE 30, 2012

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 2012 (the "Program") as of and for the initial period January 19, 2012 (date of inception) to 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.

Adage & Associates, P.C.

Edmond, Oklahoma
October 2, 2012