



## **STATE LOAN PROGRAM REVENUE BONDS**

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**ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013  
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2014 and 2013**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
Oklahoma Water Resources Board

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds Program (the "Program") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Program's basic financial statements. The combining financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2014, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

*Aledge & Associates, P.C.*

Edmond, Oklahoma  
October 14, 2014

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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 (the "Program") financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2014 and June 30, 2013. Please read it in conjunction with the financial statements, which begin on page 12. This report covers the Bond Programs administered by the Oklahoma Water Resources Board (the "Board") for the Series 1989, 1994A, 1995, 1997, 1999, 2001, 2003A, 2003B, 2004A, 2006B, 2007, 2009, 2010A, 2010B, 2011, 2012, 2012A, 2012B, 2012C, 2013A, 2013B and 2014A Bond Programs and the reserve fund related to the bond accounts.

**Financial Highlights**

- Total Assets decreased 3.97% from \$332,783,493 to \$319,575,800 between FY 2013 and FY 2014. Total Assets increased 8.06% from \$307,955,913 to \$332,783,493 between FY 2012 and FY 2013.
- Total Net Position increased 3.39% from \$27,158,258 to \$28,079,820 between FY 2013 and FY 2014. Total Net Position increased 1.4% from \$26,792,041 to \$27,158,258 between FY 2012 and FY 2013.
- Total Liabilities decreased 4.62% from \$305,625,235 to \$291,495,980 between FY 2013 and FY 2014. The maturity of \$30,425,000 in principal on outstanding bonds contributed to the decrease. Total Liabilities increased 8.70% from \$281,163,872 to \$305,625,235 between FY 2012 and FY 2013. Issuance of the 2012B, 2012C and 2013A series totaling \$61,665,000 were major factors in the increase.
- During fiscal year 2014 the program issued the Series 2013B and 2014A bonds totaling \$5,460,000 and \$10,180,000.

**Using This Annual Report**

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

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

- Management's Discussion and Analysis – that provides useful analysis that facilitates a better understanding of the Program's financial condition and changes therein.
- Basic Financial Statements
  - Statements of Net Position
  - Statements of Revenues, Expenses and Changes in Net Position
  - Statements of Cash Flows

(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 – Combining Financial Statements of all Program Bond Issues for the year ended June 30, 2014
  - Statements of Net Position
  - Statements of Revenues, Expenses and Changes in Net Position
  - 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Program as a whole and about its activities in a way that helps answer this question. The following tables present a condensed comparative presentation of net position and changes therein.

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

	<b>Business-Type Activities</b>		
	<u>June 30,</u>		
	<u>2014</u>	Restated, <u>2013</u>	Restated, <u>2012</u>
Current assets	\$ 45,721,187	\$ 47,815,658	\$ 44,161,213
Non-current assets	273,854,613	284,967,835	263,794,700
<b>Total assets</b>	<u>319,575,800</u>	<u>332,783,493</u>	<u>307,955,913</u>
Current liabilities	28,573,636	33,017,432	37,461,831
Non-current liabilities	262,922,344	272,607,803	243,702,041
<b>Total liabilities</b>	<u>291,495,980</u>	<u>305,625,235</u>	<u>281,163,872</u>
Net position			
Restricted for debt service	24,895,552	23,589,441	17,766,508
Unrestricted	3,184,268	3,568,817	9,025,533
<b>Total net position</b>	<u>\$ 28,079,820</u>	<u>\$ 27,158,258</u>	<u>\$ 26,792,041</u>

The decrease in assets and liabilities in FY 2014 is due to the repayment of \$30,425,000 of notes and related debt in 2014. The increase in total assets and total liabilities in 2013 is due to the issuance of \$61,665,000 in notes receivable in FY 2013 and the related debt to fund the notes.

(Unaudited. See accompanying auditor’s report.)



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

	<b>Business-Type Activities</b>		
	<b>Years Ended June 30,</b>		
	<u>2014</u>	Restated, <u>2013</u>	Restated, <u>2012</u>
<b>Revenues</b>			
Loan program income	\$ 11,068,846	\$ 10,867,374	\$ 9,589,949
Gross production tax	1,301,612	-	-
Investment interest income	65,586	143,602	172,534
Other income	774	-	-
<b>Total revenues</b>	<u>12,436,818</u>	<u>11,010,976</u>	<u>9,762,483</u>
<b>Expenses</b>			
Trustee fees	42,056	42,544	35,545
Administration expenses	573,095	567,292	470,292
Interest expense	10,714,395	9,729,344	8,872,292
Standby bond purchase agreement fees	103,670	112,044	71,517
Remarketing fees	11,081	16,645	21,777
Provision (credit) for arbitrage rebate	-	-	(3,529)
Other fees	-	11,263	-
<b>Total expenses</b>	<u>11,444,297</u>	<u>10,479,132</u>	<u>9,467,894</u>
Net Income before transfers	992,521	531,844	294,589
Transfers to other programs	<u>(70,959)</u>	<u>(165,627)</u>	<u>(177,190)</u>
<b>Increase in net position</b>	921,562	366,217	117,399
<b>Total net position- beginning, restated</b>	27,158,258	26,792,041	26,674,642
<b>Total net position - ending</b>	<u><u>\$ 28,079,820</u></u>	<u><u>\$ 27,158,258</u></u>	<u><u>\$ 26,792,041</u></u>

(Unaudited. See accompanying auditor's report.)

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**Long-Term Debt**

At year-end, the Program had \$286,095,000 in long-term debt outstanding which represents a \$14,785,000 or 4.91% decrease from the prior year. At June 30, 2013, the long-term debt outstanding had increased by \$24,270,000 or 8.78%. The Program's long-term debt by bond issues are as follows:

Series:	2014	2013
1989	\$ 135,000	\$ 155,000
1994A	2,830,000	3,810,000
1995	2,720,000	3,570,000
1997	385,000	415,000
1999	5,805,000	6,745,000
2001	11,705,000	22,250,000
2003A	10,080,000	12,115,000
2003B	-	3,680,000
2004A	3,620,000	4,630,000
2006B	37,875,000	40,230,000
2007	7,870,000	8,270,000
2009	2,400,000	2,515,000
2010A	26,625,000	27,790,000
2010B	25,700,000	26,485,000
2011	13,270,000	13,775,000
2012	30,485,000	30,550,000
2012A	30,005,000	32,310,000
2012B	8,360,000	8,670,000
2012C	8,415,000	9,625,000
2013A	42,245,000	43,290,000
2013B	5,385,000	-
2014A	10,180,000	-
Total Bonds	<u>\$ 286,095,000</u>	<u>\$ 300,880,000</u>

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

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

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

**Contacting the Program's Financial Management**

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

(Unaudited. See accompanying auditor's report.)

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**BASIC FINANCIAL STATEMENTS**

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**Statements of Net Position – June 30, 2014 and 2013**

	<b><u>2014</u></b>	<b><u>Restated 2013</u></b>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$6,571,586	\$2,992,456
Restricted Investment	20,368,723	15,551,484
Current portion of notes receivable	16,053,987	20,795,243
Interest receivable:		
Notes receivable	2,713,201	2,636,585
Other	13,690	11,782
Due from other funds	-	5,175
Total current assets	<u>45,721,187</u>	<u>41,992,725</u>
Noncurrent Assets:		
Restricted Cash and cash equivalents	7,552,542	14,563,737
Restricted Investment	735,000	4,593,723
Notes receivable net of current portion	265,567,071	271,633,308
Total noncurrent assets	<u>273,854,613</u>	<u>290,790,768</u>
Total assets	<u>319,575,800</u>	<u>332,783,493</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accrued interest payable	2,749,031	2,617,455
Current maturities of long-term debt	22,880,000	27,955,000
Due to OWRB	20,629	-
Other accrued liabilities	2,923,976	2,444,977
Total current liabilities	<u>28,573,636</u>	<u>33,017,432</u>
Noncurrent liabilities:		
Long-term debt, less current maturities and net unamortized discount of \$292,656 and \$317,197 in 2014 and 2013, respectively	262,922,344	272,607,803
Total noncurrent liabilities	<u>262,922,344</u>	<u>272,607,803</u>
Total liabilities	<u>291,495,980</u>	<u>305,625,235</u>
<b>NET POSITION:</b>		
Restricted for debt service	24,895,552	23,589,441
Unrestricted	3,184,268	3,568,817
Total net position	<u>\$28,079,820</u>	<u>\$27,158,258</u>

See accompanying notes to the basic financial statements.

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**Statements of Revenues, Expenses, and Changes in Net Position – Years Ended June 30, 2014 and 2013**

	<b><u>2014</u></b>	<b><u>Restated 2013</u></b>
<b>Operating Revenues:</b>		
Loan program income	\$11,068,846	\$10,867,374
Total operating revenues	<u>11,068,846</u>	<u>10,867,374</u>
<b>Operating Expenses:</b>		
Trustee fees	42,056	42,544
Administration fees	573,095	567,292
Interest expense	10,714,395	9,729,344
Standby bond purchase agreement fees	103,670	112,044
Remarketing fees	11,081	16,645
Other fees	-	11,263
Total operating expenses	<u>11,444,297</u>	<u>10,479,132</u>
<b>Operating income (loss)</b>	(375,451)	388,242
<b>Non-Operating Revenues (Expenses):</b>		
Other income	774	-
Interest income	65,586	143,602
Gross Production Tax	<u>1,301,612</u>	<u>-</u>
Total non-operating revenues	<u>1,367,972</u>	<u>143,602</u>
Net income before transfers	992,521	531,844
Transfers out - Oklahoma Water Resources Board	<u>(70,959)</u>	<u>(165,627)</u>
<b>Change in net position</b>	921,562	366,217
<b>Total net position - beginning, restated</b>	27,158,258	26,792,041
<b>Total net position - ending</b>	<u><u>\$28,079,820</u></u>	<u><u>\$27,158,258</u></u>

See accompanying notes to the basic financial statements.

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**Statements of Cash Flows – Years Ended June 30, 2014 and 2013**

	<b><u>2014</u></b>	<b><u>Restated 2013</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections of interest on loans to local governments	\$ 10,992,230	\$ 11,076,007
Payments to other suppliers	(250,903)	(436,328)
Interest paid on debt	(10,558,278)	(9,851,441)
Due from (to) other funds	25,804	(5,175)
Net Cash Provided by Operating Activities	<u>208,853</u>	<u>783,063</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out - Oklahoma Water Resources Board	(70,959)	(165,627)
Gross production tax	1,301,612	-
Issuance of long-term debt	15,640,000	61,665,000
Repayments of Long-term Debt	(30,425,000)	(37,395,000)
Net Cash Provided by (used in) Noncapital Financing Activities	<u>(13,554,347)</u>	<u>24,104,373</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collections of principal on loans to local governmental units	26,447,493	44,895,863
Purchase of investments	(958,516)	(4,762,699)
Loans to local governments	(15,640,000)	(61,665,000)
Miscellaneous revenue	774	-
Interest income	63,678	169,932
Net Cash Provided by (Used in) Investing Activities	<u>9,913,429</u>	<u>(21,361,904)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(3,432,065)	3,525,532
<b>Balances - beginning of the year, restated</b>	<u>17,556,193</u>	<u>14,030,661</u>
<b>Balances - end of the year</b>	<u><u>\$14,124,128</u></u>	<u><u>\$17,556,193</u></u>
<b>Reconciliation of Statement of Net Position:</b>		
Cash and Cash Equivalents	\$6,571,586	\$2,992,456
Restricted Cash and cash equivalents	7,552,542	14,563,737
<b>Total Cash and cash equivalents</b>	<u><u>\$14,124,128</u></u>	<u><u>\$17,556,193</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	(\$375,451)	\$388,242
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Amortization of bond issuance discounts/premiums	24,541	24,762
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	(76,616)	208,633
Decrease (Increase) in due from other funds	25,804	(5,175)
Increase (Decrease) in accrued interest payable	131,576	(146,859)
Increase (Decrease) in other accrued liabilities	478,999	313,460
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$208,853</u></u>	<u><u>\$783,063</u></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 (the "Program") was established to provide statewide financial assistance to local governments by making loans to be utilized to provide for the acquisition, development, and utilization of storage and control facilities for water and sewage systems and to be used to refund a portion of the Board's outstanding State Loan Program Revenue Bonds originally issued by the Board. As part of the program, the following bonds were issued:

- Series 1989 Bonds commenced operations in November 1989. The bonds were issued to provide loans to local government units.
- Series 1994A Bonds commenced operations in January 1994. The Program was established by the Board to provide monies to refund all or a portion of the Board's State Loan Program Revenue Bonds Series 1986A, Series 1989 and Series 1992 and to make loans to local governments.
- Series 1995 Bonds commenced operations in October 1995. The bonds were issued to provide loans to local government units.
- Series 1997 Bonds commenced operations in July 1997. The bonds were issued to provide loans to local government units.
- Series 1999 Bonds commenced operations in March 1999. The bonds were issued to provide loans to local government units.
- Series 2001 Bonds commenced operations in September 2001. The bonds were issued to provide loans to local government units.
- Series 2003A Bonds commenced operations in July 2003. The bonds were issued to provide loans to local government units or to refinance debt.
- Series 2003B Bonds commenced operations in July 2003. The bonds were issued to refund existing bonds, fund local debt service reserve funds, and pay cost of issuance. The bonds were paid in full in FY 2014.
- Series 2004A Bonds commenced operations in May 2004. The bonds were issued to refund a portion of the Boards' outstanding State Loan Program Revenue Bond, provide funds to refinance existing non-Board debt of certain Local Entities, to fund local debt service reserve funds, and to pay the cost of issuance.
- Series 2006B Bonds commenced operations in July 2006. The bonds were issued to provide loans to a local government unit for refinancing of an existing loans.



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

- Series 2007 Bonds commenced operations in March 2007. The bonds were issued to provide loans to a local government unit and to refund a portion of the Boards' outstanding State Loan Program Revenue Bonds.
- Series 2009 Bonds commenced operations in November 2009. The bonds were issued to fund two new loans to local governments for use in acquisition, development and utilization of storage and control facilities for water and sewer systems.
- Series 2010A Bonds commenced operations in June 2010. The bonds were issued to fund two new loans to local governments for use in acquisition, development and utilization of storage and control facilities for water and sewer systems.
- Series 2010B Bonds commenced operations in November 2010. The bonds were issued to fund one new loan to a local entity to purchase water storage rights and make water system improvements.
- Series 2011 Bonds commenced operations in June 2011. The bonds were issued to fund one new loan to a local entity for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2012 Bonds commenced operations in January 2012. The bonds were issued to fund two new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2012A Bonds commenced operations in March 2012. The bonds were issued to fund twelve new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2012B Bonds commenced operations in July 2012. The bonds were issued to fund two new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2012C Bonds commenced operations in August 2012. The bonds were issued to fund five new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2013A Bonds commenced operations in April 2013. The bonds were issued to fund four new loans to a local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2013B Bonds commenced operations in July 2013. The bonds were issued to fund two new loans to a local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.

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

- Series 2014A Bonds commenced operations in March 2014. The bonds were issued to fund one new loan to a local entity for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- The General Debt Service Reserve Fund accounts for the debt service reserve required to be held on all outstanding bonds.

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

Basis of Accounting and Measurement Focus

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

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

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

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

Bond Issue Discount and Premium

Some of the Program's bonds were initially sold at a discount or premium. The bond discount/premium is being amortized over the remaining life of the bonds and is included in interest expense in the accompanying Statement of Revenues, Expenses and Changes in Net Position. The original discounts/premiums by bond and the amortization expense recorded for fiscal years 2014 and 2013 were as follows:

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

Bond Issue Discount and Premium, (cont'd)

Issue	Original Discount/Premium	Amortization	
		2014	2013
1989	\$ 287,000	\$ 3,582	\$ 3,582
1994A	313,052	10,735	10,734
1995	166,500	5,762	5,763
1997	123,000	4,214	4,214
1999	82,500	1,029	1,029
2001	136,400	3,058	3,059
2003A	124,000	1,728	1,728
2003B	(780)	(271)	(51)
2004A	(102,582)	(5,296)	(5,296)

The net premium/discount and underwriter discount of the Series 2006B, 2007, 2009, 2010A, 2010B, 2011, 2012, 2012A, 2012B, 2012C, 2013A, 2013B and 2014A bonds were applied to the benefit of the borrower.

Cash and Cash Equivalents

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

Operating Revenues and Expenses

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

Use of Estimates

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

**2. Cash Deposits and Investment Risk**

Cash and cash equivalents of \$14,124,128 and \$11,733,260 at June 30, 2014 and 2013 respectively, were on deposit with the Program's trustee.

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

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

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

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

At June 30, 2014, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	\$ 13,956,605
Goldman Sachs Financial Sq Treasury Obligation	16 days	AAAm	166,690
Certificates of deposit	6 mo. to 16 mo.	N/A	17,350,000
Total			<u>\$ 31,473,295</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 44.3% is invested in Federated Treasury Obligations Fund and 55.1% in certificates of deposit.

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

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

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

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### 3. Notes Receivable

Notes receivable represents loans made by the Program which were made to local governmental entities for the purposes of acquisition, development, and utilization of storage and control facilities for water and sewage systems. Payments on the notes are due in semiannual installments for fixed rate notes and quarterly for variable rate notes with various maturity dates based upon the bond issue; however, the local entities have the option to pay the notes earlier than the scheduled maturities. The current portion of notes receivable contains scheduled maturities and any prepayments made subsequent to year-end through September 30, 2014. The notes are collateralized by various revenue sources including, but not limited to user charges and sales taxes of the borrowers and mortgages on the water and/or sewer systems. Outstanding notes receivable at June 30, 2014 and 2013 and maturity dates are as follows:

Issue	Maturity Date	Note Receivable		FY 2014
		2014	2013	Current Maturities
1989	2019	\$ 150,000	\$ 170,000	\$ 20,000
1994A	2023	3,708,875	4,681,092	687,100
1995	2025	3,339,300	4,187,700	273,550
1997	2026	531,350	561,150	32,250
1999	2031	5,930,550	6,875,400	728,950
2001	2033	8,065,600	12,200,650	523,150
2003A	2036	9,959,950	12,007,900	814,600
2003B	2018	-	3,680,000	-
2004A	2023	955,000	4,385,000	400,000
2006B	2025	37,875,000	40,230,000	2,445,000
2007	2036	8,035,433	8,439,659	419,387
2009	2031	2,400,000	2,515,000	120,000
2010A	2030	26,625,000	27,790,000	1,195,000
2010B	2035	25,700,000	26,485,000	810,000
2011	2031	13,270,000	13,775,000	520,000
2012	2040	30,485,000	30,550,000	390,000
2012A	2032	30,005,000	32,310,000	2,320,000
2012B	2035	8,360,000	8,670,000	310,000
2012C	2042	8,415,000	9,625,000	1,170,000
2013A	2038	42,245,000	43,290,000	2,400,000
2013B	2033	5,385,000	-	250,000
2014A	2033	10,180,000	-	225,000
		<u>\$281,621,058</u>	<u>\$ 292,428,551</u>	<u>\$ 16,053,987</u>

### 4. Program Funding and Fees

In order to develop a financial assistance program to provide water and wastewater infrastructure financing for Oklahoma communities, approximately \$40 million has been contributed to the Statewide Water Development Revolving Fund (SWDRF) that was established during the 1982 legislative session. A portion of those funds were used to create reserves to provide security for OWRB bond issues to enhance the Financial Assistance Program. Interest income earned on these reserve funds are transferred to the Emergency Grant Account at the discretion of the Program to be utilized by the Board to make emergency grants in amounts up to \$100,000 per local entity for approved purposes. Any portion of the Debt Service Reserve Fund that is not expended to cover defaults on principal and interest will be returned to the Revolving Fund at the termination of the Program.

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**4. Program Funding and Fees, (cont'd)**

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. In January of 2014, the Board received approval from the bondholders to move reserve funds from the 1989 and 1994A Series to the General Reserve account that will hold all reserve monies. In addition, State appropriated gross production tax revenues have been deposited into the General Reserve as additional security. The General Reserve is held by the Board's trustee bank.

For the year ended June 30, 2014 and 2013, \$60,275 and \$165,627, respectively, were transferred to the Emergency Grant Account.

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%, 0.1316%, or 0.3866% of fixed rate notes receivable outstanding during the period was charged to operations of the Bond Programs. An annual program administration fee of 0.4000% of variable rate notes receivable outstanding was charged to operations for the year for the variable Bond Programs. These fees are payable to the Oklahoma Water Resources Board for providing clerical, management and administrative services.
- Standby purchase agreement fees are to be paid to a bank that has guaranteed, under certain conditions, to purchase outstanding bonds that cannot otherwise be sold.
- Remarketing fees are payable to an investment banker for services related to determining the interest rate adjustment and attempting to remarket bonds when necessary.
- During the year, a trustee fee of 0.0122% of bonds outstanding was charged to operations of the 1989, 1994A 1995, 1997 2001, 2003A, 2003B, and 2004A. A trustee fee of 0.0134% of bonds outstanding was charged to operations of the 2006B, 2007, 2009, 2010A, 2010B, 2011, 2012, 2012A, 2012B, 2012C, 2013A, 2013B and 2014A. Fees are calculated twice a year using the balance of bonds outstanding at February 28 and August 31, or March 31 and September 30.

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**5. Restricted Cash and Investments**

A description of the cash and investment as of June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents - Federated Treasury Obligations	\$ 7,552,542	\$ 14,562,799
Cash	-	938
Investments - Long-term certificates of deposit with principal amounts for \$170,000 to \$249,000, maturing in July 2014 to December 2015, with interest rates from .15% to .60%	17,350,000	9,031,000
Investment - State and Local Government Series Notes principal amount of \$3,753,723 maturing in October 2014, with interest at .27%	3,753,723	11,114,207
	<u>\$ 28,656,265</u>	<u>\$ 34,708,944</u>

The use of the investments are restricted for debt service . The restricted cash and investments are held in the Reserve Account.

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

**6. Arbitrage Rebate Due Federal Government**

In order for the interest on the Program's bonds to be tax exempt, the Board must comply with certain provisions of the Internal Revenue Code, as amended. One provision requires that arbitrage earnings (defined as the excess of the amount earned on all nonpurpose investments over the amount which would have been earned if the nonpurpose investments were invested at a rate equal to the bond yield) be rebated to the Internal Revenue Service. This rebate is payable at the end of each five years during the term of the issue. Management has estimated the arbitrage rebate liability to be zero at June 30, 2014 and 2013.



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**7. Long-term Debt**

<u>Type of Bonds</u>	<u>Beginning July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending June 30, 2014</u>	<u>Due Within One Year</u>
Variable Rate Bonds	\$ 22,370,000	\$ -	\$ 4,245,000	\$ 18,125,000	\$ 2,680,000
Fixed Rate Bonds	278,510,000	15,640,000	26,180,000	267,970,000	20,200,000
Total Bonds Outstanding	<u>\$ 300,880,000</u>	<u>\$ 15,640,000</u>	<u>\$ 30,425,000</u>	<u>\$ 286,095,000</u>	<u>\$ 22,880,000</u>

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

**Outstanding Bonds at June 30, 2014:**

Series 1989 serial and term bonds due in annual installments of \$15,000 to \$30,000, interest at 6.30%, final maturity September 1, 2019 \$ 135,000

Series 1994A variable rate bonds, initially set at 2.3% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 14% per year. At June 30, 2014, the interest rate was .25%. Bonds have a final maturity of September 1, 2023 and are subject to a mandatory sinking fund redemption 2,830,000

Series 1995 variable rate bonds, initially set at 3.8% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2014, the interest rate was .25%. Bonds have a final maturity of September 1, 2022 and are subject to a mandatory sinking fund redemption 2,720,000

Series 1997 variable rate bonds, initially set at 3.7% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2014, the interest rate was .25%. Bonds have a final maturity of September 1, 2025 and are subject to a mandatory sinking fund redemption 385,000

Series 1999 serial and term bonds due in annual installments of \$125,000 to \$715,000 interest rate from 1.5% to 4.30%, final maturity September 1, 2021 4,310,000

Series 1999 variable rate bonds, initially set at 2.9% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2014, the interest rate was .25%. Bonds have a final maturity of September 1, 2025 and are subject to a mandatory sinking fund redemption 1,495,000

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**7. Long-term Debt, (cont'd)**

**Outstanding Bonds, (continued):**

Series 2001 serial and term bonds due in annual installments of \$75,000 to \$980,000 interest from 3.30% to 5.125%, final maturity September 1, 2023	5,610,000
Series 2001 variable rate bonds, initially set at 2.53% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2014, the interest rate was .25%. Bonds have a final maturity of September 1, 2033 and are subject to a mandatory sinking fund redemption	6,095,000
Series 2003A serial and term bonds due in annual installments of \$115,000 to \$1,495,000 interest from 1.90% to 4.55%, final maturity October 1, 2024	5,480,000
Series 2003A variable rate bonds, initially set at 0.87% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2014, the interest rate was .25%. Bonds have a final maturity of September 1, 2035 and are subject to a mandatory sinking fund redemption	4,600,000
Series 2004A serial and term bonds due in annual installments of \$40,000 to \$1,060,000 interest from 3.50% to 5.00%, final maturity September 1, 2023	3,620,000
Series 2006B serial and term bonds due in annual installments of \$100,000 to \$4,040,000 interest from 3.75% to 5.00%, final maturity October 1, 2025	37,875,000
Series 2007 serial and term bonds due in annual installments of \$75,000 to \$675,000 interest from 3.65% to 4.50%, final maturity October 1, 2036	7,870,000
Series 2009 serial and term bonds due in annual installments of \$80,000 to \$200,000 interest from 1.55% to 4.25%, final maturity October 1, 2031	2,400,000
Series 2010A serial and term bonds due in annual installments of \$100,000 to \$2,040,000 interest from 3.00% to 5.00%, final maturity October 1, 2030	26,625,000
Series 2010B serial and term bonds due in annual installments of \$400,000 to \$1,725,000 interest from 2.00% to 5.00%, final maturity October 1, 2035	25,700,000
Series 2011 serial and term bonds due in annual installments of \$115,000 to \$1,060,000 interest from .40% to 5.00%, final maturity October 1, 2031	13,270,000
Series 2012 serial and term bonds due in annual installments of \$65,000 to \$3,540,000 interest from 2.00% to 4.00%, final maturity October 1, 2040	30,485,000
Series 2012A serial and term bonds due in annual installments of \$740,000 to \$2,685,000 interest from .25% to 3.25%, final maturity October 1, 2032	30,005,000
Series 2012B serial and term bonds due in annual installments of \$80,000 to \$470,000 interest from .25% to 4.00%, final maturity October 1, 2035	8,360,000

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**7. Long-term Debt, (cont'd)**

**Outstanding Bonds, (continued):**

Series 2012C serial and term bonds due in annual installments of \$30,000 to \$1,210,000 interest from .25% to 4.00%, final maturity September 1, 2042	8,415,000
Series 2013A serial and term bonds due in annual installments of \$165,000 to \$2,660,000 interest from 2.00% to 5.00%, final maturity October 1, 2038	42,245,000
Series 2013B serial and term bonds due in annual installments of \$75,000 to \$475,000 interest from 1.00% to 4.375%, final maturity October 1, 2033	5,385,000
Series 2014A serial and term bonds due in annual installments of \$190,000 to \$575,000 interest from 1.00% to 4.00%, final maturity October 1, 2033	10,180,000
Total Bonds Outstanding	<u>\$ 286,095,000</u>
Current portion	\$ 22,880,000
Long-term portion	262,922,344
Net unamortized discount/premium	292,656
Gross amount	<u>\$ 286,095,000</u>

For variable rate bonds, at the option of the Board and subject to applicable provisions of the bond indenture, which require, among other things, that all bonds be successfully remarketed, the variable interest rate bonds may be converted to a term rate that would stay fixed until maturity of the bonds. During fiscal year 2014, the variable bonds were remarketed quarterly. There were no fixed rate conversions in 2014 and 2013. Variable interest rates were reset quarterly on March 1<sup>st</sup>, June 1<sup>st</sup>, September 1<sup>st</sup>, and December 1<sup>st</sup>, by the Program's remarketing agent for the 1994A, 1995, 1997 and 1999 variable rate bonds. Variable interest rates were reset quarterly on January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup>, by the Program's remarketing agent for the 2001, and 2003A variable rate bonds.

Future debt service payments required by the serial and term bonds as of June 30, 2014, were developed using the loan repayment amortization schedules maintained in the IFS system for variable rate bonds and scheduled maturities for fixed rate bonds. Future debt service payments required by the Program's serial and term bonds as of June 30, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 22,880,000	\$ 10,404,050	\$ 33,284,050
2016	16,625,000	9,842,723	26,467,723
2017	16,630,000	9,361,721	25,991,721
2018	16,325,000	8,793,769	25,118,769
2019	16,275,000	8,087,693	24,362,693
2020-2024	75,850,000	31,788,695	107,638,695
2025-2029	56,840,000	18,781,360	75,621,360
2030-2034	37,830,000	9,209,067	47,039,067
2035-2039	19,700,000	3,321,886	23,021,886
2040-2043	7,140,000	294,909	7,434,909
Total	<u>\$ 286,095,000</u>	<u>\$109,885,873</u>	<u>\$ 395,980,873</u>

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**7. Long-term Debt, (cont'd)**

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

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

The Bonds share in an aggregate debt service reserve. At June 30, 2014, the aggregate debt service reserves totaled \$24,916,181 which is reflected in the General Debt Service Reserve Fund.

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 \$5,822,933 as of June 30, 2014.

**8. Transfers**

The Bond Accounts transferred \$60,275 to the Emergency Grant Account and \$10,684 to OWRB for administrative purposes.

**9. Restatement of net position**

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

Beginning net position was restated by \$5,822,933 in FY 2013 to account for the combining of the General Debt Service Reserve Fund held by the state with the Bond Program Accounts.

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<b>SUPPLEMENTAL INFORMATION</b>
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**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF NET POSITION  
All Program Bond Issues  
June 30, 2014**

<b><u>ASSETS</u></b>	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series
Current Assets:							
Cash and cash equivalents	\$ 40,434	403,429	127,895	86,835	180,280	1,280,531	463,133
Restricted investments	-	-	-	-	-	3,753,723	-
Current portion of notes receivable	20,000	687,100	273,550	32,250	728,950	523,150	814,600
Interest receivable:							
Notes receivable	3,222	4,665	4,035	642	50,669	21,523	54,347
Other	-	3	1	1	1	10	3
Total current assets	63,656	1,095,197	405,481	119,728	959,900	5,578,937	1,332,083
Noncurrent Assets:							
Notes receivable, net of current portion	130,000	3,021,775	3,065,750	499,100	5,201,600	7,542,450	9,145,350
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-	-
Total noncurrent assets	130,000	3,021,775	3,065,750	499,100	5,201,600	7,542,450	9,145,350
Total assets	193,656	4,116,972	3,471,231	618,828	6,161,500	13,121,387	10,477,433
<b><u>LIABILITIES</u></b>							
Current Liabilities:							
Accrued interest payable	2,835	590	567	80	46,889	155,380	55,267
Current maturities of long-term debt	20,000	685,000	270,000	30,000	725,000	4,690,000	825,000
Due to OWRB	-	-	-	-	-	-	-
Other accrued liabilities	13,826	140,008	126,493	102,022	198,876	648,044	371,176
Total current liabilities	36,661	825,598	397,060	132,102	970,765	5,493,424	1,251,443
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	96,493	2,046,602	2,391,268	303,620	5,062,741	6,954,143	9,218,565
Total noncurrent liabilities	96,493	2,046,602	2,391,268	303,620	5,062,741	6,954,143	9,218,565
Total liabilities	133,154	2,872,200	2,788,328	435,722	6,033,506	12,447,567	10,470,008
<b><u>NET POSITION</u></b>							
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted (deficit)	60,502	1,244,772	682,903	183,106	127,994	673,820	7,425
Total net position	\$ 60,502	1,244,772	682,903	183,106	127,994	673,820	7,425

(continued)

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PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF NET POSITION  
All Program Bond Issues  
June 30, 2014**

<u>ASSETS</u>	2003B Series	2004A Series	2006B Series	2007 Series	2009 Series	2010A Series	2010B Series
Current Assets:							
Cash and cash equivalents	\$ -	2,816,489	203,404	150,377	12,601	144,457	121,179
Restricted investments	-	-	-	-	-	-	-
Current portion of notes receivable	-	400,000	2,445,000	419,387	120,000	1,195,000	810,000
Interest receivable:							
Notes receivable	-	16,015	457,454	84,751	22,843	293,159	260,654
Other	-	23	2	1	-	1	1
Total current assets	-	3,232,527	3,105,860	654,516	155,444	1,632,617	1,191,834
Noncurrent Assets:							
Notes receivable, net of current portion	-	555,000	35,430,000	7,616,046	2,280,000	25,430,000	24,890,000
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-	-
Total noncurrent assets	-	555,000	35,430,000	7,616,046	2,280,000	25,430,000	24,890,000
Total assets	-	3,787,527	38,535,860	8,270,562	2,435,444	27,062,617	26,081,834
<u>LIABILITIES</u>							
Current Liabilities:							
Accrued interest payable	-	56,878	443,724	80,168	21,973	283,507	251,338
Current maturities of long-term debt	-	3,065,000	2,445,000	415,000	120,000	1,195,000	810,000
Due to OWRB	-	-	-	-	-	-	-
Other accrued liabilities	-	80,790	221,335	92,428	16,252	153,114	124,708
Total current liabilities	-	3,202,668	3,110,059	587,596	158,225	1,631,621	1,186,046
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	-	603,912	35,430,000	7,455,000	2,280,000	25,430,000	24,890,000
Total noncurrent liabilities	-	603,912	35,430,000	7,455,000	2,280,000	25,430,000	24,890,000
Total liabilities	-	3,806,580	38,540,059	8,042,596	2,438,225	27,061,621	26,076,046
<u>NET POSITION</u>							
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted (deficit)	-	(19,053)	(4,199)	227,966	(2,781)	996	5,788
Total net position	-	(19,053)	(4,199)	227,966	(2,781)	996	5,788

(continued)



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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF NET POSITION  
All Program Bond Issues  
June 30, 2014**

<b><u>ASSETS</u></b>	2011 Series	2012 Series	2012A Series	2012B Series	2012C Series	2013A Series
Current Assets:						
Cash and cash equivalents	\$ 50,777	88,468	192,218	58,022	45,512	89,675
Restricted investments	-	-	-	-	-	-
Current portion of notes receivable	520,000	390,000	2,320,000	310,000	1,170,000	2,400,000
Interest receivable:						
Notes receivable	152,685	297,821	230,365	75,455	80,245	454,083
Other	-	1	2	-	-	1
Total current assets	723,462	776,290	2,742,585	443,477	1,295,757	2,943,759
Noncurrent Assets:						
Notes receivable, net of current portion	12,750,000	30,095,000	27,685,000	8,050,000	7,245,000	39,845,000
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-
Total noncurrent assets	12,750,000	30,095,000	27,685,000	8,050,000	7,245,000	39,845,000
Total assets	13,473,462	30,871,290	30,427,585	8,493,477	8,540,757	42,788,759
<b><u>LIABILITIES</u></b>						
Current Liabilities:						
Accrued interest payable	147,875	286,770	207,181	67,095	70,700	429,183
Current maturities of long-term debt	520,000	390,000	2,320,000	310,000	1,170,000	2,400,000
Due to OWRB	-	-	-	-	-	-
Other accrued liabilities	60,599	99,498	215,096	66,434	54,378	114,182
Total current liabilities	728,474	776,268	2,742,277	443,529	1,295,078	2,943,365
Noncurrent Liabilities:						
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	12,750,000	30,095,000	27,685,000	8,050,000	7,245,000	39,845,000
Total noncurrent liabilities	12,750,000	30,095,000	27,685,000	8,050,000	7,245,000	39,845,000
Total liabilities	13,478,474	30,871,268	30,427,277	8,493,529	8,540,078	42,788,365
<b><u>NET POSITION</u></b>						
Restricted for debt service	-	-	-	-	-	-
Unrestricted (deficit)	(5,012)	22	308	(52)	679	394
Total net position	(5,012)	22	308	(52)	679	394

(continued)

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF NET POSITION  
All Program Bond Issues  
June 30, 2014**

<u>ASSETS</u>	2013B Series	2014A Series	General Debt Service Reserve Fund	Totals
Current Assets:				
Cash and cash equivalents	\$ 15,096	774	-	6,571,586
Restricted investments	-	-	16,615,000	20,368,723
Current portion of notes receivable	250,000	225,000	-	16,053,987
Interest receivable:				
Notes receivable	52,194	96,374	-	2,713,201
Other	-	-	13,639	13,690
Total current assets	317,290	322,148	16,628,639	45,721,187
Noncurrent Assets:				
Notes receivable, net of current portion	5,135,000	9,955,000	-	265,567,071
Restricted cash and cash equivalents	-	-	7,552,542	7,552,542
Restricted investment	-	-	735,000	735,000
Total noncurrent assets	5,135,000	9,955,000	8,287,542	273,854,613
Total assets	5,452,290	10,277,148	24,916,181	319,575,800
<u>LIABILITIES</u>				
Current Liabilities:				
Accrued interest payable	46,809	94,222	-	2,749,031
Current maturities of long-term debt	250,000	225,000	-	22,880,000
Due to OWRB	-	-	20,629	20,629
Other accrued liabilities	20,207	4,510	-	2,923,976
Total current liabilities	317,016	323,732	20,629	28,573,636
Noncurrent Liabilities:				
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	5,135,000	9,955,000	-	262,922,344
Total noncurrent liabilities	5,135,000	9,955,000	-	262,922,344
Total liabilities	5,452,016	10,278,732	20,629	291,495,980
<u>NET POSITION</u>				
Restricted for debt service	-	-	24,895,552	24,895,552
Unrestricted (deficit)	274	(1,584)	-	3,184,268
Total net position	274	(1,584)	24,895,552	28,079,820

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
All Program Bond Issues  
For the Year Ended June 30, 2014**

	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series
<b>REVENUES</b>							
Operating revenues:							
Loan program income	\$ 9,882	\$ 66,722	\$ 55,956	\$ 8,127	\$ 176,155	\$ 287,148	\$ 299,231
Total operating revenues	9,882	66,722	55,956	8,127	176,155	287,148	299,231
<b>EXPENSES</b>							
Operating Expenses:							
Trustee fees	1,000	1,000	777	1,000	1,000	1,103	1,309
Administration fees	279	18,279	14,121	2,191	11,547	29,972	28,600
Interest expense	12,297	21,024	15,022	5,369	147,927	658,626	229,375
Standby bond purchase agreement fees	-	17,584	16,603	2,077	8,599	32,351	26,456
Remarketing fees	-	2,437	1,500	179	1,293	3,260	2,412
Total operating expenses	13,576	60,324	48,023	10,816	170,366	725,312	288,152
Operating income (loss)	(3,694)	6,398	7,933	(2,689)	5,789	(438,164)	11,079
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Other income	-	-	-	-	-	-	-
Other interest income	181	11,336	26	10	20	16,641	46
Gross production tax from state	-	-	-	-	-	-	-
Net nonoperating revenues	181	11,336	26	10	20	16,641	46
Income (loss) before transfers	(3,513)	17,734	7,959	(2,679)	5,809	(421,523)	11,125
Transfers (to) from Oklahoma Water Resources Board	(175)	(23,551)	-	-	-	-	-
Transfers (to) from Oklahoma Water Resources Board Bond Reserve Account	(3,490,599)	(14,279,916)	-	-	-	-	-
Change in net position	(3,494,287)	(14,285,733)	7,959	(2,679)	5,809	(421,523)	11,125
<b>NET POSITION</b>							
Net position (deficit), beginning of year, restated	3,554,789	15,530,505	674,944	185,785	122,185	1,095,343	(3,700)
Net position (deficit), end of year	\$ 60,502	\$ 1,244,772	\$ 682,903	\$ 183,106	\$ 127,994	\$ 673,820	\$ 7,425

(continued)

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**All Program Bond Issues  
For the Year Ended June 30, 2014**

	2003B Series	2004A Series	2006B Series	2007 Series	2009 Series	2010A Series	2010B Series
<b>REVENUES</b>							
Operating revenues:							
Loan program income	\$ 39,745	\$ 202,157	\$ 1,854,220	\$ 342,840	\$ 91,990	\$ 1,181,795	\$ 1,048,787
Total operating revenues	39,745	202,157	1,854,220	342,840	91,990	1,181,795	1,048,787
<b>EXPENSES</b>							
Operating Expenses:							
Trustee fees	422	1,000	5,154	1,250	1,250	3,607	3,470
Administration fees	2,444	4,201	50,619	10,708	3,196	35,422	34,079
Interest expense	38,074	171,652	1,798,448	324,324	88,469	1,142,766	1,011,238
Standby bond purchase agreement fees	-	-	-	-	-	-	-
Remarketing fees	-	-	-	-	-	-	-
Total operating expenses	40,940	176,853	1,854,221	336,282	92,915	1,181,795	1,048,787
Operating income (loss)	(1,195)	25,304	(1)	6,558	(925)	-	-
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Other income	-	-	-	-	-	-	-
Other interest income	19	87	44	20	2	21	12
Gross production tax from state	-	-	-	-	-	-	-
Net nonoperating revenues	19	87	44	20	2	21	12
Income (loss) before transfers	(1,176)	25,391	43	6,578	(923)	21	12
Transfers (to) from Oklahoma Water Resources Board	(10,684)	-	-	-	-	-	-
Transfers (to) from Oklahoma Water Resources Board Bond S	-	-	-	-	-	-	-
Change in net position	(11,860)	25,391	43	6,578	(923)	21	12
<b>NET POSITION</b>							
Net position (deficit), beginning of year, restated	11,860	(44,444)	(4,242)	221,388	(1,858)	975	5,776
Net position (deficit), end of year	\$ -	\$ (19,053)	\$ (4,199)	\$ 227,966	\$ (2,781)	\$ 996	\$ 5,788

(continued)

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
All Program Bond Issues  
For the Year Ended June 30, 2014**

	<u>2011 Series</u>	<u>2012 Series</u>	<u>2012A Series</u>	<u>2012B Series</u>	<u>2012C Series</u>	<u>2013A Series</u>
<b>REVENUES</b>						
Operating revenues:						
Loan program income	<u>\$ 614,721</u>	<u>\$ 1,200,633</u>	<u>\$ 925,793</u>	<u>\$ 302,480</u>	<u>\$ 241,843</u>	<u>\$ 1,822,342</u>
Total operating revenues	<u>614,721</u>	<u>1,200,633</u>	<u>925,793</u>	<u>302,480</u>	<u>241,843</u>	<u>1,822,342</u>
<b>EXPENSES</b>						
Operating Expenses:						
Trustee fees	1,795	3,268	4,096	1,250	1,159	5,538
Administration fees	17,631	40,140	90,665	32,619	28,085	94,310
Interest expense	595,288	1,147,406	831,030	268,730	212,604	1,721,956
Standby bond purchase agreement fees	-	-	-	-	-	-
Remarketing fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>614,714</u>	<u>1,190,814</u>	<u>925,791</u>	<u>302,599</u>	<u>241,848</u>	<u>1,821,804</u>
Operating income (loss)	<u>7</u>	<u>9,819</u>	<u>2</u>	<u>(119)</u>	<u>(5)</u>	<u>538</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Other income	-	-	-	-	-	-
Other interest income	-	13	33	6	6	20
Gross production tax from state	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net nonoperating revenues	<u>-</u>	<u>13</u>	<u>33</u>	<u>6</u>	<u>6</u>	<u>20</u>
Income (loss) before transfers	<u>7</u>	<u>9,832</u>	<u>35</u>	<u>(113)</u>	<u>1</u>	<u>558</u>
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	-
Transfers (to) from Oklahoma Water Resources Board Bond Series 1994A	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>7</u>	<u>9,832</u>	<u>35</u>	<u>(113)</u>	<u>1</u>	<u>558</u>
<b>NET POSITION</b>						
Net position (deficit), beginning of year, restated	<u>(5,019)</u>	<u>(9,810)</u>	<u>273</u>	<u>61</u>	<u>678</u>	<u>(164)</u>
Net position (deficit), end of year	<u>\$ (5,012)</u>	<u>\$ 22</u>	<u>\$ 308</u>	<u>\$ (52)</u>	<u>\$ 679</u>	<u>\$ 394</u>

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
All Program Bond Issues  
For the Year Ended June 30, 2014**

	<u>2013B Series</u>	<u>2014A Series</u>	<u>General Debt Service Reserve Fund</u>	<u>Totals</u>
<b>REVENUES</b>				
Operating revenues:				
Loan program income	\$ 199,131	\$ 97,148	\$ -	\$ 11,068,846
Total operating revenues	<u>199,131</u>	<u>97,148</u>	<u>-</u>	<u>11,068,846</u>
<b>EXPENSES</b>				
Operating Expenses:				
Trustee fees	1,191	417	-	42,056
Administration fees	19,894	4,093	-	573,095
Interest expense	178,548	94,222	-	10,714,395
Standby bond purchase agreement fees	-	-	-	103,670
Remarketing fees	-	-	-	11,081
Total operating expenses	<u>199,633</u>	<u>98,732</u>	<u>-</u>	<u>11,444,297</u>
Operating income (loss)	<u>(502)</u>	<u>(1,584)</u>	<u>-</u>	<u>(375,451)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Other income	774	-	-	774
Other interest income	2	-	37,041	65,586
Gross production tax from state	-	-	1,301,612	1,301,612
Net nonoperating revenues	<u>776</u>	<u>-</u>	<u>1,338,653</u>	<u>1,367,972</u>
Income (loss) before transfers	<u>274</u>	<u>(1,584)</u>	<u>1,338,653</u>	<u>992,521</u>
Transfers (to) from Oklahoma Water Resources Board	-	-	(36,549)	(70,959)
Transfers (to) from Oklahoma Water Resources Board Bond Reserve Account	-	-	17,770,515	-
Change in net position	<u>274</u>	<u>(1,584)</u>	<u>19,072,619</u>	<u>921,562</u>
<b>NET POSITION</b>				
Net position (deficit), beginning of year, restated	-	-	5,822,933	27,158,258
Net position (deficit), end of year	<u>\$ 274</u>	<u>\$ (1,584)</u>	<u>\$ 24,895,552</u>	<u>\$ 28,079,820</u>

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF CASH FLOWS  
All Program Bond Issues  
For the Year Ended June 30, 2014**

	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Collections of interest on loans to local governmental units	\$ 10,312	69,453	57,155	8,186	181,693	320,234	302,534
Payments (to) from other suppliers	(1,000)	(22,177)	(19,102)	(3,256)	(10,891)	(38,261)	(31,663)
Interest paid on debt	(9,135)	(11,618)	(9,586)	(1,179)	(151,764)	(659,642)	(232,471)
Due from other funds	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>177</u>	<u>35,658</u>	<u>28,467</u>	<u>3,751</u>	<u>19,038</u>	<u>(377,669)</u>	<u>38,400</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfer (to) from Oklahoma Water Resources Board	(175)	(23,551)	-	-	-	-	-
Transfer (to) from interaccount	(3,490,599)	(14,279,916)	-	-	-	-	-
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-
Repayments of long-term debt	(20,000)	(980,000)	(850,000)	(30,000)	(940,000)	(10,545,000)	(2,035,000)
Net cash provided by (used in) noncapital financing activities	<u>(3,510,774)</u>	<u>(15,283,467)</u>	<u>(850,000)</u>	<u>(30,000)</u>	<u>(940,000)</u>	<u>(10,545,000)</u>	<u>(2,035,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Collections of principal on loans to local governmental units	20,000	972,217	848,400	29,800	944,850	4,135,050	2,047,950
Sales (purchase) of investments	-	9,031,000	-	-	-	7,360,484	-
Loans to local governments	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-
Interest income	210	23,047	26	10	20	16,656	46
Net cash provided by (used in) investing activities	<u>20,210</u>	<u>10,026,264</u>	<u>848,426</u>	<u>29,810</u>	<u>944,870</u>	<u>11,512,190</u>	<u>2,047,996</u>
Net increase (decrease) in cash and cash equivalents	(3,490,387)	(5,221,545)	26,893	3,561	23,908	589,521	51,396
Cash and cash equivalents, beginning of year	<u>3,530,821</u>	<u>5,624,974</u>	<u>101,002</u>	<u>83,274</u>	<u>156,372</u>	<u>691,010</u>	<u>411,737</u>
Cash and cash equivalents, end of year	<u>\$ 40,434</u>	<u>403,429</u>	<u>127,895</u>	<u>86,835</u>	<u>180,280</u>	<u>1,280,531</u>	<u>463,133</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ (3,694)	6,398	7,933	(2,689)	5,789	(438,164)	11,079
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Amortization of bond discount/premium	3,582	10,735	5,762	4,214	1,029	3,058	1,728
Decrease (Increase) Interest receivable	430	2,731	1,199	59	5,538	33,086	3,303
Decrease (Increase) Due from other funds	-	-	-	-	-	-	-
Increase (Decrease) Accrued interest payable	(420)	(1,329)	(326)	(24)	(4,866)	(4,074)	(4,824)
Increase (Decrease) Other accrued liabilities	279	17,123	13,899	2,191	11,548	28,425	27,114
Net cash provided by (used in) operating activities	<u>\$ 177</u>	<u>35,658</u>	<u>28,467</u>	<u>3,751</u>	<u>19,038</u>	<u>(377,669)</u>	<u>38,400</u>

(continued)



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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF CASH FLOWS**

**All Program Bond Issues  
For the Year Ended June 30, 2014**

	2003B Series	2004A Series	2006B Series	2007 Series	2009 Series	2010A Series	2010B Series
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Collections of interest on loans to local governmental units	77,662	254,702	1,878,624	346,675	92,607	1,190,955	1,054,959
Payments (to) from other suppliers	(80,685)	(1,001)	(5,233)	(1,250)	(1,250)	(3,646)	(3,496)
Interest paid on debt	(74,928)	(189,573)	(1,821,998)	(327,974)	(89,044)	(1,151,504)	(1,017,125)
Due from other funds	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	(77,951)	64,128	51,393	17,451	2,313	35,805	34,338
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfer (to) from Oklahoma Water Resources Board	(10,684)	-	-	-	-	-	-
Transfer (to) from interaccount	-	-	-	-	-	-	-
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-
Repayments of long-term debt	(3,680,000)	(1,010,000)	(2,355,000)	(400,000)	(115,000)	(1,165,000)	(785,000)
Net cash provided by (used in) noncapital financing activities	(3,690,684)	(1,010,000)	(2,355,000)	(400,000)	(115,000)	(1,165,000)	(785,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Collections of principal on loans to local governmental units	3,680,000	3,430,000	2,355,000	404,226	115,000	1,165,000	785,000
Sales (purchase) of investments	-	-	-	-	-	-	-
Loans to local governments	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-
Interest income	20	67	43	20	2	21	11
Net cash provided by (used in) investing activities	3,680,020	3,430,067	2,355,043	404,246	115,002	1,165,021	785,011
Net increase (decrease) in cash and cash equivalents	(88,615)	2,484,195	51,436	21,697	2,315	35,826	34,349
Cash and cash equivalents, beginning of year	88,615	332,294	151,968	128,680	10,286	108,631	86,830
Cash and cash equivalents, end of year	-	2,816,489	203,404	150,377	12,601	144,457	121,179
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>							
Operating income (loss)	(1,195)	25,304	(1)	6,558	(925)	-	-
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Amortization of bond discount/premium	(271)	(5,296)	-	-	-	-	-
Decrease (Increase) Interest receivable	37,917	52,545	24,404	3,835	617	9,160	6,172
Decrease (Increase) Due from other funds	-	-	-	-	-	-	-
Increase (Decrease) Accrued interest payable	(36,583)	(12,625)	(23,550)	(3,650)	(575)	(8,738)	(5,887)
Increase (Decrease) Other accrued liabilities	(77,819)	4,200	50,540	10,708	3,196	35,383	34,053
Net cash provided by (used in) operating activities	(77,951)	64,128	51,393	17,451	2,313	35,805	34,338

(continued)

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF CASH FLOWS  
All Program Bond Issues  
For the Year Ended June 30, 2014**

	2011 Series	2012 Series	2012A Series	2012B Series	2012C Series	2013A Series
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Collections of interest on loans to local governmental units	618,692	1,191,982	930,126	303,139	244,057	1,710,772
Payments (to) from other suppliers	(1,812)	(4,089)	(4,174)	(1,249)	(1,270)	(14,520)
Interest paid on debt	(599,076)	(1,147,731)	(833,335)	(269,079)	(213,612)	(1,616,165)
Due from other funds	-	-	-	5,175	-	-
Net cash provided by (used in) operating activities	17,804	40,162	92,617	37,986	29,175	80,087
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-
Transfer (to) from interaccount	-	-	-	-	-	-
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Repayments of long-term debt	(505,000)	(65,000)	(2,305,000)	(310,000)	(1,210,000)	(1,045,000)
Net cash provided by (used in) noncapital financing activities	(505,000)	(65,000)	(2,305,000)	(310,000)	(1,210,000)	(1,045,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Collections of principal on loans to local governmental units	505,000	65,000	2,305,000	310,000	1,210,000	1,045,000
Sales (purchase) of investments	-	-	-	-	-	-
Loans to local governments	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Interest income	-	12	32	6	6	19
Net cash provided by (used in) investing activities	505,000	65,012	2,305,032	310,006	1,210,006	1,045,019
Net increase (decrease) in cash and cash equivalents	17,804	40,174	92,649	37,992	29,181	80,106
Cash and cash equivalents, beginning of year	32,973	48,294	99,569	20,030	16,331	9,569
Cash and cash equivalents, end of year	50,777	88,468	192,218	58,022	45,512	89,675
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>						
Operating income (loss)	7	9,819	2	(119)	(5)	538
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Amortization of bond discount/premium	-	-	-	-	-	-
Decrease (Increase) Interest receivable	3,971	(8,651)	4,333	659	2,214	(111,570)
Decrease (Increase) Due from other funds	-	-	-	5,175	-	-
Increase (Decrease) Accrued interest payable	(3,788)	(325)	(2,305)	(349)	(1,008)	105,791
Increase (Decrease) Other accrued liabilities	17,614	39,319	90,587	32,620	27,974	85,328
Net cash provided by (used in) operating activities	17,804	40,162	92,617	37,986	29,175	80,087

(continued)

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF CASH FLOWS  
All Program Bond Issues  
For the Year Ended June 30, 2014**

	2013B Series	2014A Series	General Debt Service Reserve Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Collections of interest on loans to local governmental units	146,937	774	-	10,992,230
Payments (to) from other suppliers	(878)	-	-	(250,903)
Interest paid on debt	(131,739)	-	-	(10,558,278)
Due from other funds	-	-	20,629	25,804
Net cash provided by (used in) operating activities	14,320	774	20,629	208,853
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfer (to) from Oklahoma Water Resources Board	-	-	(36,549)	(70,959)
Transfer (to) from interaccount	-	-	17,770,515	-
Transfer (to) from Oklahoma Water Resources Board	-	-	1,301,612	1,301,612
Issuance of long-term debt	5,460,000	10,180,000	-	15,640,000
Repayments of long-term debt	(75,000)	-	-	(30,425,000)
Net cash provided by (used in) noncapital financing activities	5,385,000	10,180,000	19,035,578	(13,554,347)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Collections of principal on loans to local governmental units	75,000	-	-	26,447,493
Sales (purchase) of investments	-	-	(17,350,000)	(958,516)
Loans to local governments	(5,460,000)	(10,180,000)	-	(15,640,000)
Miscellaneous Income	774	-	-	774
Interest income	2	-	23,402	63,678
Net cash provided by (used in) investing activities	(5,384,224)	(10,180,000)	(17,326,598)	9,913,429
Net increase (decrease) in cash and cash equivalents	15,096	774	1,729,609	(3,432,065)
Cash and cash equivalents, beginning of year	-	-	5,822,933	17,556,193
Cash and cash equivalents, end of year	15,096	774	7,552,542	14,124,128
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	(502)	(1,584)	-	(375,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization of bond discount/premium	-	-	-	24,541
Decrease (Increase) Interest receivable	(52,194)	(96,374)	-	(76,616)
Decrease (Increase) Due from other funds	-	-	20,629	25,804
Increase (Decrease) Accrued interest payable	46,809	94,222	-	131,576
Increase (Decrease) Other accrued liabilities	20,207	4,510	-	478,999
Net cash provided by (used in) operating activities	14,320	774	20,629	208,853

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2014 and 2013**

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**INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

To the Members of the  
Oklahoma Water Resources Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds Program (the "Program") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated October 14, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
October 14, 2014