



## **STATE LOAN PROGRAM REVENUE BONDS**

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**ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015  
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, 2016 and 2015**

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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, 2016 and 2015, 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, 2016 and 2015, 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 collectively 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 28, 2016, 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.



Edmond, Oklahoma  
October 28, 2016

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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, 2016 and June 30, 2015. Please read it in conjunction with the financial statements, which begin on page 11. 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, 2004A, 2006B, 2007, 2009, 2010A, 2010B, 2011, 2012, 2012A, 2012B, 2012C, 2013A, 2013B, 2014A, 2014B, 2014C, and 2015A Bond Programs and the reserve fund related to the bond accounts.

**Financial Highlights**

- Total Assets decreased .35% from \$325,151,453 to \$324,000,914 between FY 2015 and FY 2016. Total Assets increased 1.74% from \$319,575,800 to \$325,151,453 between FY 2014 and FY 2015.
- Total Net Position increased 1.59% from \$29,414,339 to \$29,881,211 between FY 2015 and FY 2016. Total Net Position increased 4.75% from \$28,079,820 to \$29,414,339 between FY 2014 and FY 2015.
- Total Liabilities decreased .55% from \$295,737,114 to \$294,119,703 between FY 2015 and FY 2016. Total Liabilities increased 1.45% from \$291,495,980 to \$295,737,114 between FY 2014 and FY 2015. Issuance of the 2014B and 2014C series totaling \$29,595,000 were major factors in the increase.
- During fiscal year 2016 the program issued the Series 2015A bonds totaling \$21,540,000.

**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, 2016
  - 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>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 65,945,271	\$ 42,679,981	\$ 45,721,187
Non-current assets	258,055,643	282,471,472	273,854,613
<b>Total assets</b>	<u>324,000,914</u>	<u>325,151,453</u>	<u>319,575,800</u>
Current liabilities	57,392,734	23,929,958	28,573,636
Non-current liabilities	236,726,969	271,807,156	262,922,344
<b>Total liabilities</b>	<u>294,119,703</u>	<u>295,737,114</u>	<u>291,495,980</u>
Net position			
Restricted for debt service	26,259,186	26,218,875	24,895,552
Unrestricted	3,622,025	3,195,464	3,184,268
<b>Total net position</b>	<u>\$ 29,881,211</u>	<u>\$ 29,414,339</u>	<u>\$ 28,079,820</u>

The minor decrease in total assets and total liabilities in 2016 is due to the issuance of \$21,540,000 in notes receivable and repayment of \$18,360,000 of notes and related debt. The increase in total assets and total liabilities in 2015 is due to the issuance of \$29,595,000 in notes receivable and 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>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>			
Loan program income	\$ 12,244,494	\$ 11,360,645	\$ 11,068,846
Gross production tax	-	1,313,855	1,301,612
Investment interest income	98,950	63,129	65,586
Other income	-	1,401	774
<b>Total revenues</b>	<u>12,343,444</u>	<u>12,739,030</u>	<u>12,436,818</u>
<b>Expenses</b>			
Trustee fees	46,367	44,419	42,056
Administration expenses	593,492	594,891	573,095
Interest expense	11,109,564	10,621,978	10,714,395
Standby bond purchase agreement fees	62,438	84,882	103,670
Remarketing fees	8,594	11,494	11,081
<b>Total expenses</b>	<u>11,820,455</u>	<u>11,357,664</u>	<u>11,444,297</u>
Net Income before transfers	522,989	1,381,366	992,521
Transfers to other programs	(56,117)	(46,847)	(70,959)
<b>Change in net position</b>	<u>466,872</u>	<u>1,334,519</u>	<u>921,562</u>
<b>Total net position- beginning</b>	29,414,339	28,079,820	27,158,258
<b>Total net position - ending</b>	<u>\$ 29,881,211</u>	<u>\$ 29,414,339</u>	<u>\$ 28,079,820</u>

**Long-Term Debt**

At year-end, the Program had \$291,390,000 in long-term debt outstanding which represents a \$955,000 or .33% increase from the prior year. At June 30, 2015, the long-term debt outstanding had increased by \$4,340,000 or 1.52%. The Program's long-term debt by bond issue are as follows:

(Unaudited. See accompanying auditor's report.)



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Series:	2016	2015
1989	\$ 95,000	\$ 115,000
1994A	595,000	2,155,000
1995	1,770,000	2,500,000
1997	240,000	335,000
1999	4,355,000	5,090,000
2001	4,290,000	6,395,000
2003A	6,485,000	7,450,000
2004A	290,000	555,000
2006B	32,885,000	35,430,000
2007	7,025,000	7,455,000
2009	2,155,000	2,280,000
2010A	24,200,000	25,430,000
2010B	24,060,000	24,890,000
2011	12,215,000	12,750,000
2012	29,700,000	30,095,000
2012A	25,050,000	27,685,000
2012B	7,730,000	8,050,000
2012C	6,040,000	7,245,000
2013A	37,345,000	39,845,000
2013B	4,875,000	5,135,000
2014A	9,540,000	9,955,000
2014B	9,480,000	9,595,000
2014C	19,430,000	20,000,000
2015A	21,540,000	-
Total Bonds	<u>\$ 291,390,000</u>	<u>\$ 290,435,000</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**

**OKLAHOMA WATER RESOURCES BOARD**  
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**Statements of Net Position – June 30, 2016 and 2015**

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$1,898,945	\$3,194,086
Restricted investment	7,763,488	18,436,250
Current portion of notes receivable	53,301,300	18,095,355
Interest receivable:		
Notes receivable	2,972,429	2,939,992
Other	9,109	14,298
Total current assets	<u>65,945,271</u>	<u>42,679,981</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	17,278,398	3,808,108
Restricted investment	1,229,104	3,980,873
Notes receivable net of current portion	239,548,141	274,682,491
Total noncurrent assets	<u>258,055,643</u>	<u>282,471,472</u>
Total assets	<u>324,000,914</u>	<u>325,151,453</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accrued interest payable	2,785,018	2,726,587
Current maturities of long-term debt	54,420,000	18,360,000
Due to OWRB	20,629	20,629
Other accrued liabilities	167,087	2,822,742
Total current liabilities	<u>57,392,734</u>	<u>23,929,958</u>
Noncurrent liabilities:		
Long-term debt, less current maturities and net unamortized discount of \$243,031 and \$267,844 in 2016 and 2015, respectively	236,726,969	271,807,156
Total noncurrent liabilities	<u>236,726,969</u>	<u>271,807,156</u>
Total liabilities	<u>294,119,703</u>	<u>295,737,114</u>
<b>NET POSITION:</b>		
Restricted for debt service	26,259,186	26,218,875
Unrestricted	3,622,025	3,195,464
Total net position	<u>\$29,881,211</u>	<u>\$29,414,339</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, 2016 and 2015**

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Operating Revenues:</b>		
Loan program income	\$12,244,494	\$11,360,645
Total operating revenues	<u>12,244,494</u>	<u>11,360,645</u>
<b>Operating Expenses:</b>		
Trustee fees	46,367	44,419
Administration fees	593,492	594,891
Interest expense	11,109,564	10,621,978
Standby bond purchase agreement fees	62,438	84,882
Remarketing fees	8,594	11,494
Total operating expenses	<u>11,820,455</u>	<u>11,357,664</u>
<b>Operating income</b>	424,039	2,981
<b>Non-Operating Revenues (Expenses):</b>		
Other income	-	1,401
Interest income	98,950	63,129
Gross Production Tax	<u>-</u>	<u>1,313,855</u>
Total non-operating revenues	<u>98,950</u>	<u>1,378,385</u>
Net income before transfers	522,989	1,381,366
Transfers out - Oklahoma Water Resources Board	<u>(56,117)</u>	<u>(46,847)</u>
<b>Change in net position</b>	466,872	1,334,519
<b>Total net position - beginning</b>	29,414,339	28,079,820
<b>Total net position - ending</b>	<u><u>\$29,881,211</u></u>	<u><u>\$29,414,339</u></u>

See accompanying notes to the basic financial statements.

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**Statements of Cash Flows – Years Ended June 30, 2016 and 2015**

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections of interest on loans to local governments	\$ 12,212,057	\$ 11,133,854
Payments to other suppliers	(3,366,546)	(836,920)
Interest paid on debt	(11,026,320)	(10,619,610)
Net Cash Provided by (Used in) Operating Activities	<u>(2,180,809)</u>	<u>(322,676)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out - Oklahoma Water Resources Board	(56,117)	(46,847)
Gross production tax	-	1,313,855
Issuance of long-term debt	21,540,000	29,595,000
Repayments of Long-term Debt	(20,585,000)	(25,255,000)
Net Cash Provided by Noncapital Financing Activities	<u>898,883</u>	<u>5,607,008</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collections of principal on loans to local governmental units	21,468,405	18,438,212
Sale (Purchase) of investments	13,424,531	(1,313,400)
Loans to local governments	(21,540,000)	(29,595,000)
Miscellaneous revenue	-	1,401
Interest income	104,139	62,521
Net Cash Provided by (Used in) Investing Activities	<u>13,457,075</u>	<u>(12,406,266)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	12,175,149	(7,121,934)
<b>Balances - beginning of the year</b>	<u>7,002,194</u>	<u>14,124,128</u>
<b>Balances - end of the year</b>	<u><u>\$19,177,343</u></u>	<u><u>\$7,002,194</u></u>
<b>Reconciliation of Statement of Net Position:</b>		
Cash and Cash Equivalents	\$1,898,945	\$3,194,086
Restricted Cash and cash equivalents	17,278,398	3,808,108
<b>Total Cash and cash equivalents</b>	<u><u>\$19,177,343</u></u>	<u><u>\$7,002,194</u></u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
Operating income	\$424,039	\$2,981
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Amortization of bond issuance discounts/premiums	24,813	24,812
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	(32,437)	(226,791)
Increase (Decrease) in accrued interest payable	58,431	(22,444)
Increase (Decrease) in other accrued liabilities	(2,655,655)	(101,234)
Net Cash Provided by (Used in) Operating Activities	<u><u>(\$2,180,809)</u></u>	<u><u>(\$322,676)</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 bonds were issued 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 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.
- Series 2014B Bonds commenced operations in August 2014. 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.
- Series 2014C Bonds commenced operations in December 2014. 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.
- Series 2015A Bonds commenced operations July 2015. The bonds were issued to fund three new loans to local entities 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.



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

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 2016 and 2015 were as follows:

Issue	Original Discount/Premium	Amortization	
		2016	2015
1989	\$ 287,000	\$ 3,582	\$ 3,582
1994A	313,052	10,734	10,735
1995	166,500	5,763	5,762
1997	123,000	4,215	4,214
1999	82,500	1,029	1,029
2001	136,400	3,058	3,058
2003A	124,000	1,728	1,728
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, 2014A, 2014B, 2014C and 2015A 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.

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## **2. Cash Deposits and Investment Risk**

Cash and cash equivalents of \$19,177,343 and \$7,002,194 at June 30, 2016 and 2015 respectively, were on deposit with the Program's trustee.

*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.

The Program implemented GASB Statement No. 72, Fair Value Measurement and Application, during the fiscal year ended June 30, 2016. The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2016, 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>Fair Value Measurement</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	Level I	\$ 19,153,186
Goldman Sachs Financial Sq Treasury Obligation	16 days	AAAm	Level I	24,157
Certificates of deposit	6 mo. to 16 mo.	N/A	N/A	8,992,592
Total				<u>\$ 28,169,935</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 68.1% is invested in Federated Treasury Obligations Fund and 31.9% in certificates of deposit.

At June 30, 2015, 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:

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

<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Fair Value Measurement</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	Level I	\$ 6,776,537
Goldman Sachs Financial Sq Treasury Obligation	16 days	AAAm	Level I	225,657
Certificates of deposit	6 mo. to 16 mo.	N/A	N/A	22,417,123
Total				<u>\$ 29,419,317</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: 23.8% is invested in Federated Treasury Obligations Fund and 76.2% in certificates of deposit.

**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 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, 2016. 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, 2016 and 2015 and maturity dates are as follows:

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Issue	Maturity Date	Note Receivable		FY 2016 Current Maturities
		2016	2015	
1989	2019	\$ 110,000	\$ 130,000	\$ 25,000
1994A	2023	1,377,650	3,053,100	233,133
1995	2025	1,345,700	3,136,800	165,300
1997	2026	388,300	482,500	37,000
1999	2031	4,487,300	5,166,400	704,200
2001	2033	4,949,400	7,050,600	477,600
2003A	2036	6,474,600	7,442,400	735,300
2004A	2023	290,000	315,000	290,000
2006B	2025	32,885,000	35,430,000	32,885,000
2007	2036	7,181,491	7,616,046	5,548,767
2009	2031	2,155,000	2,280,000	135,000
2010A	2030	24,200,000	25,430,000	1,270,000
2010B	2035	24,060,000	24,890,000	850,000
2011	2031	12,215,000	12,750,000	555,000
2012	2040	29,700,000	30,095,000	405,000
2012A	2032	25,050,000	27,685,000	2,685,000
2012B	2035	7,730,000	8,050,000	325,000
2012C	2042	6,040,000	7,245,000	1,055,000
2013A	2038	37,345,000	39,845,000	2,565,000
2013B	2033	4,875,000	5,135,000	340,000
2014A	2033	9,540,000	9,955,000	420,000
2014B	2039	9,480,000	9,595,000	180,000
2014C	2036	19,430,000	20,000,000	705,000
2015A	2040	21,540,000	-	710,000
		<u>\$292,849,441</u>	<u>\$ 292,777,846</u>	<u>\$ 53,301,300</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.

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, 2016 and 2015, \$56,117 and \$46,847, respectively, were transferred to the Emergency Grant Account.

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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%, 0.1866% 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, 1999, 2001, 2003A, 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, 2014A, 2014B, 2014C and 2015A. 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, 2016 and 2015 is as follows:

	<u><b>2016</b></u>	<u><b>2015</b></u>
Cash and cash equivalents - Federated Treasury Obligations	\$ 17,278,398	\$ 3,808,108
Investments - Long-term certificates of deposit with principal amounts for \$60,000 to \$245,000, maturing in July 2015 to November 2016, with interest rates from .15% to .50%	8,992,592	22,417,123
	<u>\$ 26,270,990</u>	<u>\$ 26,225,231</u>

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

**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, 2016 and 2015.

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**7. Long-term Debt**

<u>Type of Bonds</u>	<u>Beginning July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending June 30, 2016</u>	<u>Due Within One Year</u>
Variable Rate Bonds	\$ 15,610,000	\$ -	\$ 4,965,000	\$ 10,645,000	\$ 2,350,000
Fixed Rate Bonds	274,825,000	21,540,000	15,620,000	280,745,000	52,070,000
Total Bonds Outstanding	<u>\$ 290,435,000</u>	<u>\$ 21,540,000</u>	<u>\$ 20,585,000</u>	<u>\$ 291,390,000</u>	<u>\$ 54,420,000</u>

<u>Type of Bonds</u>	<u>Beginning July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending June 30, 2015</u>	<u>Due Within One Year</u>
Variable Rate Bonds	\$ 18,125,000	\$ -	\$ 2,515,000	\$ 15,610,000	\$ 2,740,000
Fixed Rate Bonds	267,970,000	29,595,000	22,740,000	274,825,000	15,620,000
Total Bonds Outstanding	<u>\$ 286,095,000</u>	<u>\$ 29,595,000</u>	<u>\$ 25,255,000</u>	<u>\$ 290,435,000</u>	<u>\$ 18,360,000</u>

**Outstanding Bonds at June 30, 2016:**

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 \$ 95,000

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, 2016, the interest rate was .30%. Bonds have a final maturity of September 1, 2023 and are subject to a mandatory sinking fund redemption 595,000

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, 2016, the interest rate was .30%. Bonds have a final maturity of September 1, 2022 and are subject to a mandatory sinking fund redemption 1,770,000

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, 2016, the interest rate was .30%. Bonds have a final maturity of September 1, 2025 and are subject to a mandatory sinking fund redemption 240,000

Series 1999 serial and term bonds due in annual installments of \$125,000 to \$715,000 interest rate from 3.15% to 4.13%, final maturity September 1, 2021 2,970,000

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, 2016, the interest rate was .30%. Bonds have a final maturity of September 1, 2025 and are subject to a mandatory sinking fund redemption 1,385,000

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

**Outstanding Bonds, (continued):**

Series 2001 serial and term bonds due in annual installments of \$165,000 to \$200,000 interest from 3.85% to 4.10%, final maturity September 1, 2021	1,085,000
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, 2016, the interest rate was .45%. Bonds have a final maturity of September 1, 2033 and are subject to a mandatory sinking fund redemption	3,205,000
Series 2003A serial and term bonds due in annual installments of \$340,000 to \$410,000 interest from 3.15% to 4.38%, final maturity October 1, 2023	3,035,000
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, 2016, the interest rate was .45%. Bonds have a final maturity of September 1, 2035 and are subject to a mandatory sinking fund redemption	3,450,000
Series 2004A serial and term bonds due in annual installments of \$30,000 to \$40,000 interest from 4.50% to 4.85%, final maturity September 1, 2023	290,000
Series 2006B serial and term bonds due in annual installments of \$100,000 to \$4,040,000 interest from 4.00% to 5.00%, final maturity October 1, 2025	32,885,000
Series 2007 serial and term bonds due in annual installments of \$75,000 to \$675,000 interest from 3.875% to 4.50%, final maturity October 1, 2036	7,025,000
Series 2009 serial and term bonds due in annual installments of \$80,000 to \$200,000 interest from 3.0% to 4.30%, final maturity October 1, 2031	2,155,000
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	24,200,000
Series 2010B serial and term bonds due in annual installments of \$850,000 to \$1,725,000 interest from 2.50% to 5.00%, final maturity October 1, 2035	24,060,000
Series 2011 serial and term bonds due in annual installments of \$115,000 to \$1,060,000 interest from 2.50% to 5.00%, final maturity October 1, 2031	12,215,000
Series 2012 serial and term bonds due in annual installments of \$405,000 to \$3,540,000 interest from 2.00% to 4.00%, final maturity October 1, 2040	29,700,000
Series 2012A serial and term bonds due in annual installments of \$740,000 to \$2,685,000 interest from 2.00% to 3.30%, final maturity October 1, 2032	25,050,000
Series 2012B serial and term bonds due in annual installments of \$325,000 to \$470,000 interest from 2.00% to 4.00%, final maturity October 1, 2035	7,730,000



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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 \$1,070,000 interest from 1.00% to 4.00%, final maturity September 1, 2042	6,040,000
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	37,345,000
Series 2013B serial and term bonds due in annual installments of \$80,000 to \$475,000 interest from 2.00% to 4.375%, final maturity October 1, 2033	4,875,000
Series 2014A serial and term bonds due in annual installments of \$190,000 to \$575,000 interest from 2.00% to 4.00%, final maturity October 1, 2033	9,540,000
Series 2014B serial and term bonds due in annual installments of \$180,000 to \$645,000 interest from 2.00% to 4.00%, final maturity October 1, 2039	9,480,000
Series 2014C serial and term bonds due in annual installments of \$160,000 to \$1,475,000 interest from 2.00% to 5.00%, final maturity October 1, 2036	19,430,000
Series 2015A serial and term bonds due in annual installments of \$160,000 to \$1,150,000 interest from 2.00% to 5.00%, final maturity October 1, 2040	21,540,000

Total Bonds Outstanding	\$ 291,390,000
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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 2016, the variable bonds were remarketed semi-annually. There were no fixed rate conversions in 2016 and 2015. Variable interest rates were reset on September 1<sup>st</sup> and March 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 on October 1<sup>st</sup> and April 1<sup>st</sup> by the Program's remarketing agent for the 2001 and 2003A.

Future debt service payments required by the serial and term bonds as of June 30, 2016, 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, 2016 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 54,420,000	\$ 9,976,047	\$ 64,396,047
2018	14,620,000	8,703,242	23,323,242
2019	14,320,000	8,279,713	22,599,713
2020	14,520,000	7,862,411	22,382,411
2021	12,530,000	7,417,438	19,947,438
2022-2026	59,576,000	30,367,100	89,943,100
2027-2031	59,249,000	19,204,058	78,453,058
2032-2036	42,845,000	8,302,500	51,147,500
2037-2041	19,210,000	1,893,328	21,103,328
2042-4043	100,000	3,625	103,625
Total	\$ 291,390,000	\$ 102,009,462	\$ 393,399,462

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

Interest on the bonds is payable semiannually for fixed rate bonds and 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, 2016, the aggregate debt service reserves totaled \$26,259,186 which is reflected in the General Debt Service Reserve Fund.

**8. Transfers**

The Bond Accounts transferred \$56,117 to the Emergency Grant Account.

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**SUPPLEMENTAL INFORMATION**

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**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF NET POSITION  
All Program Bond Issues  
June 30, 2016**

<b><u>ASSETS</u></b>	<b>1989 Series</b>	<b>1994A Series</b>	<b>1995 Series</b>	<b>1997 Series</b>	<b>1999 Series</b>	<b>2001 Series</b>	<b>2003A Series</b>
Current Assets:							
Cash and cash equivalents	\$ 25,545	423,193	1,086,774	4,411	6,903	26,730	35,587
Restricted investments	-	-	-	-	-	-	-
Current portion of notes receivable	25,000	233,133	165,300	37,000	704,200	477,600	735,300
Interest receivable:							
Notes receivable	2,363	6,961	6,549	1,890	43,409	27,325	44,330
Other	4	50	187	1	1	5	7
Total current assets	52,912	663,337	1,258,810	43,302	754,513	531,660	815,224
Noncurrent Assets:							
Notes receivable, net of current portion	85,000	1,144,517	1,180,400	351,300	3,783,100	4,471,800	5,739,300
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-	-
Total noncurrent assets	85,000	1,144,517	1,180,400	351,300	3,783,100	4,471,800	5,739,300
Total assets	137,912	1,807,854	2,439,210	394,602	4,537,613	5,003,460	6,554,524
<b><u>LIABILITIES</u></b>							
Current Liabilities:							
Accrued interest payable	1,995	594	1,770	240	35,787	14,403	32,320
Current maturities of long-term debt	25,000	380,000	1,155,000	35,000	700,000	470,000	735,000
Due to OWRB	-	-	-	-	-	-	-
Other accrued liabilities	370	2,364	2,127	878	3,530	6,094	4,697
Total current liabilities	27,365	382,958	1,158,897	36,118	739,317	490,497	772,017
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	58,657	138,070	567,794	162,049	3,639,798	3,765,260	5,717,020
Total noncurrent liabilities	58,657	138,070	567,794	162,049	3,639,798	3,765,260	5,717,020
Total liabilities	86,022	521,028	1,726,691	198,167	4,379,115	4,255,757	6,489,037
<b><u>NET POSITION</u></b>							
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted (deficit)	51,890	1,286,826	712,519	196,435	158,498	747,703	65,487
Total net position	\$ 51,890	1,286,826	712,519	196,435	158,498	747,703	65,487

(continued)

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**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF NET POSITION  
All Program Bond Issues  
June 30, 2016**

<u><b>ASSETS</b></u>	<u>2004A Series</u>	<u>2006B Series</u>	<u>2007 Series</u>	<u>2009 Series</u>	<u>2010A Series</u>	<u>2010B Series</u>	<u>2011 Series</u>
Current Assets:							
Cash and cash equivalents	\$ 16,320	107,222	100,022	-	31,024	24,451	74
Restricted investments	-	-	-	-	-	-	-
Current portion of notes receivable	290,000	32,885,000	5,548,767	135,000	1,270,000	850,000	555,000
Interest receivable:							
Notes receivable	4,610	405,196	75,674	21,160	274,092	249,859	143,153
Other	-	1	1	-	-	-	-
Total current assets	<u>310,930</u>	<u>33,397,419</u>	<u>5,724,464</u>	<u>156,160</u>	<u>1,575,116</u>	<u>1,124,310</u>	<u>698,227</u>
Noncurrent Assets:							
Notes receivable, net of current portion	-	-	1,632,724	2,020,000	22,930,000	23,210,000	11,660,000
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,632,724</u>	<u>2,020,000</u>	<u>22,930,000</u>	<u>23,210,000</u>	<u>11,660,000</u>
Total assets	<u>310,930</u>	<u>33,397,419</u>	<u>7,357,188</u>	<u>2,176,160</u>	<u>24,505,116</u>	<u>24,334,310</u>	<u>12,358,227</u>
<u><b>LIABILITIES</b></u>							
Current Liabilities:							
Accrued interest payable	4,470	393,275	71,492	20,378	265,320	241,138	138,725
Current maturities of long-term debt	290,000	32,885,000	5,545,000	135,000	1,270,000	850,000	555,000
Due to OWRB	-	-	-	-	-	-	-
Other accrued liabilities	568	11,921	7,676	1,493	8,773	8,722	4,428
Total current liabilities	<u>295,038</u>	<u>33,290,196</u>	<u>5,624,168</u>	<u>156,871</u>	<u>1,544,093</u>	<u>1,099,860</u>	<u>698,153</u>
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	38,321	-	1,480,000	2,020,000	22,930,000	23,210,000	11,660,000
Total noncurrent liabilities	<u>38,321</u>	<u>-</u>	<u>1,480,000</u>	<u>2,020,000</u>	<u>22,930,000</u>	<u>23,210,000</u>	<u>11,660,000</u>
Total liabilities	<u>333,359</u>	<u>33,290,196</u>	<u>7,104,168</u>	<u>2,176,871</u>	<u>24,474,093</u>	<u>24,309,860</u>	<u>12,358,153</u>
<u><b>NET POSITION</b></u>							
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>(22,429)</u>	<u>107,223</u>	<u>253,020</u>	<u>(711)</u>	<u>31,023</u>	<u>24,450</u>	<u>74</u>
Total net position	<u>\$ (22,429)</u>	<u>107,223</u>	<u>253,020</u>	<u>(711)</u>	<u>31,023</u>	<u>24,450</u>	<u>74</u>

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF NET POSITION  
All Program Bond Issues  
June 30, 2016**

<u>ASSETS</u>	2012 Series	2012A Series	2012B Series	2012C Series	2013A Series	2013B Series
Current Assets:						
Cash and cash equivalents	\$ 149	452	-	66	536	-
Restricted investments	-	-	-	-	-	-
Current portion of notes receivable	405,000	2,685,000	325,000	1,055,000	2,565,000	340,000
Interest receivable:						
Notes receivable	293,612	201,199	71,675	62,070	422,773	48,484
Other	-	-	-	-	-	-
Total current assets	698,761	2,886,651	396,675	1,117,136	2,988,309	388,484
Noncurrent Assets:						
Notes receivable, net of current portion	29,295,000	22,365,000	7,405,000	4,985,000	34,780,000	4,535,000
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-
Total noncurrent assets	29,295,000	22,365,000	7,405,000	4,985,000	34,780,000	4,535,000
Total assets	29,993,761	25,251,651	7,801,675	6,102,136	37,768,309	4,923,484
<u>LIABILITIES</u>						
Current Liabilities:						
Accrued interest payable	282,845	182,406	63,945	54,867	401,558	43,609
Current maturities of long-term debt	405,000	2,685,000	325,000	1,055,000	2,565,000	340,000
Due to OWRB	-	-	-	-	-	-
Other accrued liabilities	10,766	18,812	7,784	7,243	21,223	5,025
Total current liabilities	698,611	2,886,218	396,729	1,117,110	2,987,781	388,634
Noncurrent Liabilities:						
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	29,295,000	22,365,000	7,405,000	4,985,000	34,780,000	4,535,000
Total noncurrent liabilities	29,295,000	22,365,000	7,405,000	4,985,000	34,780,000	4,535,000
Total liabilities	29,993,611	25,251,218	7,801,729	6,102,110	37,767,781	4,923,634
<u>NET POSITION</u>						
Restricted for debt service	-	-	-	-	-	-
Unrestricted (deficit)	150	433	(54)	26	528	(150)
Total net position	\$ 150	433	(54)	26	528	(150)

(continued)

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

**SUPPLEMENTAL INFORMATION  
COMBINING STATEMENTS OF NET POSITION  
All Program Bond Issues  
June 30, 2016**

<u>ASSETS</u>	<u>2014A Series</u>	<u>2014B Series</u>	<u>2014C Series</u>	<u>2015A Series</u>	<u>General Debt Service Reserve Fund</u>	<u>Totals</u>
Current Assets:						
Cash and cash equivalents	\$ 1,563	7,832	88	3	-	1,898,945
Restricted investments	-	-	-	-	7,763,488	7,763,488
Current portion of notes receivable	420,000	180,000	705,000	710,000	-	53,301,300
Interest receivable:						
Notes receivable	77,911	85,793	220,187	182,154	-	2,972,429
Other	27	-	-	-	8,825	9,109
Total current assets	<u>499,501</u>	<u>273,625</u>	<u>925,275</u>	<u>892,157</u>	<u>7,772,313</u>	<u>65,945,271</u>
Noncurrent Assets:						
Notes receivable, net of current portion	9,120,000	9,300,000	18,725,000	20,830,000	-	239,548,141
Restricted cash and cash equivalents	-	-	-	-	17,278,398	17,278,398
Restricted investment	-	-	-	-	1,229,104	1,229,104
Total noncurrent assets	<u>9,120,000</u>	<u>9,300,000</u>	<u>18,725,000</u>	<u>20,830,000</u>	<u>18,507,502</u>	<u>258,055,643</u>
Total assets	<u>9,619,501</u>	<u>9,573,625</u>	<u>19,650,275</u>	<u>21,722,157</u>	<u>26,279,815</u>	<u>324,000,914</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accrued interest payable	74,453	76,313	211,731	171,384	-	2,785,018
Current maturities of long-term debt	420,000	180,000	705,000	710,000	-	54,420,000
Due to OWRB	-	-	-	-	20,629	20,629
Other accrued liabilities	3,472	9,483	8,475	11,163	-	167,087
Total current liabilities	<u>497,925</u>	<u>265,796</u>	<u>925,206</u>	<u>892,547</u>	<u>20,629</u>	<u>57,392,734</u>
Noncurrent Liabilities:						
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	9,120,000	9,300,000	18,725,000	20,830,000	-	236,726,969
Total noncurrent liabilities	<u>9,120,000</u>	<u>9,300,000</u>	<u>18,725,000</u>	<u>20,830,000</u>	<u>-</u>	<u>236,726,969</u>
Total liabilities	<u>9,617,925</u>	<u>9,565,796</u>	<u>19,650,206</u>	<u>21,722,547</u>	<u>20,629</u>	<u>294,119,703</u>
<u>NET POSITION</u>						
Restricted for debt service	-	-	-	-	26,259,186	26,259,186
Unrestricted (deficit)	<u>1,576</u>	<u>7,829</u>	<u>69</u>	<u>(390)</u>	<u>-</u>	<u>3,622,025</u>
Total net position	<u>\$ 1,576</u>	<u>7,829</u>	<u>69</u>	<u>(390)</u>	<u>26,259,186</u>	<u>29,881,211</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, 2016**

	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series
<b>REVENUES</b>							
Operating revenues:							
Loan program income	\$ 7,304	66,780	59,294	26,435	150,243	186,925	221,011
Total operating revenues	7,304	66,780	59,294	26,435	150,243	186,925	221,011
<b>EXPENSES</b>							
Operating Expenses:							
Trustee fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Administration fees	1,555	8,164	11,122	1,771	9,817	24,042	17,275
Interest expense	9,777	13,598	11,034	5,005	111,259	60,980	130,645
Standby bond purchase agreement fees	-	5,239	9,404	1,417	6,771	21,918	17,689
Remarketing fees	-	617	956	168	1,124	3,066	2,663
Total operating expenses	12,332	28,618	33,516	9,361	129,971	111,006	169,272
Operating income (loss)	(5,028)	38,162	25,778	17,074	20,272	75,919	51,739
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Other interest income	30	418	585	48	105	798	143
Net nonoperating revenues	30	418	585	48	105	798	143
Income (loss) before transfers	(4,998)	38,580	26,363	17,122	20,377	76,717	51,882
Transfers (to) from Oklahoma Water Resources Board			-	-	-	-	-
Change in net position	(4,998)	38,580	26,363	17,122	20,377	76,717	51,882
<b>NET POSITION</b>							
Net position (deficit), beginning of year	56,888	1,248,246	686,156	179,313	138,121	670,986	13,605
Net position (deficit), end of year	\$ 51,890	1,286,826	712,519	196,435	158,498	747,703	65,487

(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, 2016**

	2004A Series	2006B Series	2007 Series	2009 Series	2010A Series	2010B Series	2011 Series
<b>REVENUES</b>							
Operating revenues:							
Loan program income	\$ 24,217	1,758,589	320,293	89,514	1,135,833	1,022,354	582,441
Total operating revenues	24,217	1,758,589	320,293	89,514	1,135,833	1,022,354	582,441
<b>EXPENSES</b>							
Operating Expenses:							
Trustee fees	1,000	4,355	1,250	1,250	3,185	3,154	1,605
Administration fees	391	44,114	9,594	2,877	32,252	31,936	16,252
Interest expense	10,323	1,598,794	290,806	82,389	1,070,504	968,700	559,550
Standby bond purchase agreement fees	-	-	-	-	-	-	-
Remarketing fees	-	-	-	-	-	-	-
Total operating expenses	11,714	1,647,263	301,650	86,516	1,105,941	1,003,790	577,407
Operating income (loss)	12,503	111,326	18,643	2,998	29,892	18,564	5,034
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Other interest income	52	54	25	3	33	11	-
Net nonoperating revenues	52	54	25	3	33	11	-
Income (loss) before transfers	12,555	111,380	18,668	3,001	29,925	18,575	5,034
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Change in net position	12,555	111,380	18,668	3,001	29,925	18,575	5,034
<b>NET POSITION</b>							
Net position (deficit), beginning of year	(34,984)	(4,157)	234,352	(3,712)	1,098	5,875	(4,960)
Net position (deficit), end of year	\$ (22,429)	107,223	253,020	(711)	31,023	24,450	74

(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, 2016**

	<u>2012 Series</u>	<u>2012A Series</u>	<u>2012B Series</u>	<u>2012C Series</u>	<u>2013A Series</u>	<u>2013B Series</u>
<b>REVENUES</b>						
Operating revenues:						
Loan program income	\$ <u>1,176,564</u>	<u>820,323</u>	<u>288,621</u>	<u>190,822</u>	<u>1,708,604</u>	<u>196,840</u>
Total operating revenues	<u>1,176,564</u>	<u>820,323</u>	<u>288,621</u>	<u>190,822</u>	<u>1,708,604</u>	<u>196,840</u>
<b>EXPENSES</b>						
Operating Expenses:						
Trustee fees	3,860	3,338	1,250	1,250	4,934	1,250
Administration fees	39,340	74,204	29,879	20,102	81,726	19,098
Interest expense	1,133,356	742,800	257,381	168,617	1,621,856	176,388
Standby bond purchase agreement fees	-	-	-	-	-	-
Remarketing fees	-	-	-	-	-	-
Total operating expenses	<u>1,176,556</u>	<u>820,342</u>	<u>288,510</u>	<u>189,969</u>	<u>1,708,516</u>	<u>196,736</u>
Operating income (loss)	<u>8</u>	<u>(19)</u>	<u>111</u>	<u>853</u>	<u>88</u>	<u>104</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Other interest income	<u>24</u>	<u>52</u>	<u>13</u>	<u>7</u>	<u>45</u>	<u>6</u>
Net nonoperating revenues	<u>24</u>	<u>52</u>	<u>13</u>	<u>7</u>	<u>45</u>	<u>6</u>
Income (loss) before transfers	<u>32</u>	<u>33</u>	<u>124</u>	<u>860</u>	<u>133</u>	<u>110</u>
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	-
Change in net position	<u>32</u>	<u>33</u>	<u>124</u>	<u>860</u>	<u>133</u>	<u>110</u>
<b>NET POSITION</b>						
Net position (deficit), beginning of year	<u>118</u>	<u>400</u>	<u>(178)</u>	<u>(834)</u>	<u>395</u>	<u>(260)</u>
Net position (deficit), end of year	\$ <u><u>150</u></u>	<u><u>433</u></u>	<u><u>(54)</u></u>	<u><u>26</u></u>	<u><u>528</u></u>	<u><u>(150)</u></u>

(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, 2016**

	2014A Series	2014B Series	2014C Series	2015A Series	General Debt Service Reserve Fund	Totals
<b>REVENUES</b>						
Operating revenues:						
Loan program income	\$ 313,870	343,860	883,835	669,922	-	12,244,494
Total operating revenues	313,870	343,860	883,835	669,922	-	12,244,494
<b>EXPENSES</b>						
Operating Expenses:						
Trustee fees	1,272	1,250	2,563	2,601	-	46,367
Administration fees	12,723	36,416	31,440	37,402	-	593,492
Interest expense	299,888	305,825	849,775	630,314	-	11,109,564
Standby bond purchase agreement fees	-	-	-	-	-	62,438
Remarketing fees	-	-	-	-	-	8,594
Total operating expenses	313,883	343,491	883,778	670,317	-	11,820,455
Operating income (loss)	(13)	369	57	(395)	-	424,039
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Other interest income	45	8	12	5	96,428	98,950
Net nonoperating revenues	45	8	12	5	96,428	98,950
Income (loss) before transfers	32	377	69	(390)	96,428	522,989
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	(56,117)	(56,117)
Change in net position	32	377	69	(390)	40,311	466,872
<b>NET POSITION</b>						
Net position (deficit), beginning of year	1,544	7,452	-	-	26,218,875	29,414,339
Net position (deficit), end of year	\$ 1,576	7,829	69	(390)	26,259,186	29,881,211

**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, 2016**

	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	\$ 7,734	75,186	67,906	26,877	164,491	194,285	224,737
Payments (to) from other suppliers	(16,188)	(165,914)	(161,140)	(107,727)	(225,523)	(242,732)	(216,520)
Interest paid on debt	(6,615)	(4,066)	(5,584)	(829)	(116,461)	(59,091)	(130,789)
Net cash provided by (used in) operating activities	<u>(15,069)</u>	<u>(94,794)</u>	<u>(98,818)</u>	<u>(81,679)</u>	<u>(177,493)</u>	<u>(107,538)</u>	<u>(122,572)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-
Repayments of long-term debt	(20,000)	(1,560,000)	(730,000)	(95,000)	(735,000)	(2,105,000)	(965,000)
Net cash provided by (used in) noncapital financing activities	<u>(20,000)</u>	<u>(1,560,000)</u>	<u>(730,000)</u>	<u>(95,000)</u>	<u>(735,000)</u>	<u>(2,105,000)</u>	<u>(965,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Collections of principal on loans to local governmental units	20,000	1,675,450	1,791,100	94,200	679,100	2,101,200	967,800
Sales (purchase) of investments	-	-	-	-	-	-	-
Loans to local governments	-	-	-	-	-	-	-
Interest income	26	371	399	48	106	795	139
Net cash provided by (used in) investing activities	<u>20,026</u>	<u>1,675,821</u>	<u>1,791,499</u>	<u>94,248</u>	<u>679,206</u>	<u>2,101,995</u>	<u>967,939</u>
Net increase (decrease) in cash and cash equivalents	(15,043)	21,027	962,681	(82,431)	(233,287)	(110,543)	(119,633)
Cash and cash equivalents, beginning of year	40,588	402,166	124,093	86,842	240,190	137,273	155,220
Cash and cash equivalents, end of year	<u>\$ 25,545</u>	<u>423,193</u>	<u>1,086,774</u>	<u>4,411</u>	<u>6,903</u>	<u>26,730</u>	<u>35,587</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ (5,028)	38,162	25,778	17,074	20,272	75,919	51,739
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Amortization of bond discount/premium	3,582	10,734	5,763	4,215	1,029	3,058	1,728
Changes in operating assets and liabilities-							
Decrease (Increase) Interest receivable	430	8,406	8,612	442	14,248	7,360	3,726
Increase (Decrease) Accrued interest payable	(420)	(1,202)	(313)	(39)	(6,231)	(1,169)	(1,872)
Increase (Decrease) Other accrued liabilities	(13,633)	(150,894)	(138,658)	(103,371)	(206,811)	(192,706)	(177,893)
Net cash provided by (used in) operating activities	<u>\$ (15,069)</u>	<u>(94,794)</u>	<u>(98,818)</u>	<u>(81,679)</u>	<u>(177,493)</u>	<u>(107,538)</u>	<u>(122,572)</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, 2016**

	2004A Series	2006B Series	2007 Series	2009 Series	2010A Series	2010B Series	2011 Series
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Collections of interest on loans to local governmental units	\$ 24,646	1,785,205	325,339	90,434	1,145,504	1,026,805	587,286
Payments (to) from other suppliers	(84,209)	(305,231)	(105,734)	(21,919)	(213,521)	(183,996)	(90,921)
Interest paid on debt	(20,036)	(1,624,488)	(295,644)	(83,264)	(1,079,729)	(972,850)	(564,200)
Net cash provided by (used in) operating activities	(79,599)	(144,514)	(76,039)	(14,749)	(147,746)	(130,041)	(67,835)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-
Repayments of long-term debt	(265,000)	(2,545,000)	(430,000)	(125,000)	(1,230,000)	(830,000)	(535,000)
Net cash provided by (used in) noncapital financing activities	(265,000)	(2,545,000)	(430,000)	(125,000)	(1,230,000)	(830,000)	(535,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Collections of principal on loans to local governmental units	25,000	2,545,000	434,555	125,000	1,230,000	830,000	535,000
Sales (purchase) of investments	-	-	-	-	-	-	-
Loans to local governments	-	-	-	-	-	-	-
Interest income	55	55	25	3	34	12	-
Net cash provided by (used in) investing activities	25,055	2,545,055	434,580	125,003	1,230,034	830,012	535,000
Net increase (decrease) in cash and cash equivalents	(319,544)	(144,459)	(71,459)	(14,746)	(147,712)	(130,029)	(67,835)
Cash and cash equivalents, beginning of year	335,864	251,681	171,481	14,746	178,736	154,480	67,909
Cash and cash equivalents, end of year	\$ 16,320	107,222	100,022	-	31,024	24,451	74
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ 12,503	111,326	18,643	2,998	29,892	18,564	5,034
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Amortization of bond discount/premium	(5,296)	-	-	-	-	-	-
Changes in operating assets and liabilities-							
Decrease (Increase) Interest receivable	429	26,616	5,046	920	9,671	4,451	4,845
Increase (Decrease) Accrued interest payable	(4,417)	(25,694)	(4,838)	(875)	(9,225)	(4,150)	(4,650)
Increase (Decrease) Other accrued liabilities	(82,818)	(256,762)	(94,890)	(17,792)	(178,084)	(148,906)	(73,064)
Net cash provided by (used in) operating activities	\$ (79,599)	(144,514)	(76,039)	(14,749)	(147,746)	(130,041)	(67,835)

(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, 2016**

	2012 Series	2012A Series	2012B Series	2012C Series	2013A Series	2013B Series
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Collections of interest on loans to local governmental units	\$ 1,178,682	835,850	290,541	200,045	1,726,117	199,050
Payments (to) from other suppliers	(171,575)	(356,523)	(121,176)	(94,513)	(268,359)	(55,608)
Interest paid on debt	(1,135,331)	(755,975)	(258,981)	(176,650)	(1,637,481)	(178,338)
Net cash provided by (used in) operating activities	(128,224)	(276,648)	(89,616)	(71,118)	(179,723)	(34,896)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Repayments of long-term debt	(395,000)	(2,635,000)	(320,000)	(1,205,000)	(2,500,000)	(260,000)
Net cash provided by (used in) noncapital financing activities	(395,000)	(2,635,000)	(320,000)	(1,205,000)	(2,500,000)	(260,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Collections of principal on loans to local governmental units	395,000	2,635,000	320,000	1,205,000	2,500,000	260,000
Sales (purchase) of investments	-	-	-	-	-	-
Loans to local governments	-	-	-	-	-	-
Interest income	25	54	14	7	46	6
Net cash provided by (used in) investing activities	395,025	2,635,054	320,014	1,205,007	2,500,046	260,006
Net increase (decrease) in cash and cash equivalents	(128,199)	(276,594)	(89,602)	(71,111)	(179,677)	(34,890)
Cash and cash equivalents, beginning of year	128,348	277,046	89,602	71,177	180,213	34,890
Cash and cash equivalents, end of year	\$ 149	452	-	66	536	-
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 8	(19)	111	853	88	104
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Amortization of bond discount/premium	-	-	-	-	-	-
Changes in operating assets and liabilities-						
Decrease (Increase) Interest receivable	2,118	15,527	1,920	9,223	17,513	2,210
Increase (Decrease) Accrued interest payable	(1,975)	(13,175)	(1,600)	(8,033)	(15,625)	(1,950)
Increase (Decrease) Other accrued liabilities	(128,375)	(278,981)	(90,047)	(73,161)	(181,699)	(35,260)
Net cash provided by (used in) operating activities	\$ (128,224)	(276,648)	(89,616)	(71,118)	(179,723)	(34,896)

**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, 2016**

	2014A Series	2014B Series	2014C Series	2015A Series	General Debt Service Reserve Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Collections of interest on loans to local governmental units	\$ 316,096	344,550	886,923	487,768	-	12,212,057
Payments (to) from other suppliers	(27,350)	(56,673)	(44,654)	(28,840)	-	(3,366,546)
Interest paid on debt	(301,963)	(306,400)	(852,625)	(458,930)	-	(11,026,320)
Net cash provided by (used in) operating activities	(13,217)	(18,523)	(10,356)	(2)	-	(2,180,809)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	(56,117)	(56,117)
Issuance of long-term debt	-	-	-	21,540,000	-	21,540,000
Repayments of long-term debt	(415,000)	(115,000)	(570,000)	-	-	(20,585,000)
Net cash provided by (used in) noncapital financing activities	(415,000)	(115,000)	(570,000)	21,540,000	(56,117)	898,883
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Collections of principal on loans to local governmental units	415,000	115,000	570,000	-	-	21,468,405
Sales (purchase) of investments	-	-	-	-	13,424,531	13,424,531
Loans to local governments	-	-	-	(21,540,000)	-	(21,540,000)
Interest income	18	8	12	5	101,876	104,139
Net cash provided by (used in) investing activities	415,018	115,008	570,012	(21,539,995)	13,526,407	13,457,075
Net increase (decrease) in cash and cash equivalents	(13,199)	(18,515)	(10,344)	3	13,470,290	12,175,149
Cash and cash equivalents, beginning of year	14,762	26,347	10,432	-	3,808,108	7,002,194
Cash and cash equivalents, end of year	\$ 1,563	7,832	88	3	17,278,398	19,177,343
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (13)	369	57	(395)	-	424,039
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Amortization of bond discount/premium	-	-	-	-	-	24,813
Changes in operating assets and liabilities-						
Decrease (Increase) Interest receivable	2,226	690	3,088	(182,154)	-	(32,437)
Increase (Decrease) Accrued interest payable	(2,075)	(575)	(2,850)	171,384	-	58,431
Increase (Decrease) Other accrued liabilities	(13,355)	(19,007)	(10,651)	11,163	-	(2,655,655)
Net cash provided by (used in) operating activities	\$ (13,217)	(18,523)	(10,356)	(2)	-	(2,180,809)

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2016 and 2015**

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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, 2016, 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 28, 2016.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Edmond, Oklahoma  
October 28, 2016