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State of Oklahoma

State Auditor & Inspector

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WATER RESOURCES BOARD
the water agency

**STATE LOAN PROGRAM REVENUE BONDS
SERIES 2003A**

**ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2003A
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2011 and 2010**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Oklahoma Water Resources Board

We have audited the accompanying statements of net assets of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2003A (the "Program") as of June 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2003A as of June 30, 2011 and 2010, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2011, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Wedge & Associates, P.C.
Edmond, Oklahoma
November 4, 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2003A (the "Program") financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2011 and June 30, 2010. Please read it in conjunction with the financial statements, which begin on page 10. The Oklahoma Water Resources Board (the "Board") administers the Series 2003A Bond Program.

Financial Highlights

- Total Assets decreased 8.1% from \$24,899,164 to \$22,886,137 between FY 2010 and FY 2011. Total Assets decreased 26.5% from \$33,899,810 to \$24,899,164 between FY 2009 and FY 2010.
- Total Net Assets increased from \$10,829 to \$16,013 between FY 2010 and FY 2011. Total Net Assets decreased from \$18,397 to \$10,829 between FY 2009 and FY 2010.
- Total Liabilities decreased from \$24,888,335 in FY 2010 to \$22,870,124 in FY 2011. Total Liabilities decreased from \$33,881,413 in FY 2009 to \$24,888,335 in FY 2010.
- Other accrued liabilities increased from \$369,655 to \$419,968 from FY 2010 to FY 2011. Other accrued liabilities decreased from \$438,643 to \$369,655 from FY 2009 to FY 2010. Administrative fees assessed but not used during the fiscal year are "banked" for future administrative costs. During FY 2011, the Board collected no fees from the Series 2003A Bond Program for administrative services provided. During FY 2010, the Board collected \$110,000 from the 2003A Bond Series.

Using This Annual Report

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

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

- Management’s Discussion and Analysis – that provides useful analysis that facilitates a better understanding of the Program’s financial condition and changes therein.
- Basic Financial Statements
 - Statements of Net Assets
 - Statements of Revenues, Expenses and Changes in Net Assets
 - Statements of Cash Flows
- Footnotes – that elaborate on the accounting principles used in the preparation of the financial statements and further explain financial statement elements.

(Unaudited. See accompanying auditor’s report.)

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- Supplemental Information – Grouped Financial Statements of all Program Bond Issues for the year ended June 30, 2011
 - Statements of Net Assets
 - Statements of Revenues, Expenses and Changes in Net Assets
 - Statements of Cash Flows

A Financial Analysis of the Program

One of the most frequently asked questions about the Program’s finances is, “Has the overall financial condition improved, declined or remained steady over the past year?” The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Program as a whole and about its activities in a way that helps answer this question. The following tables present a condensed comparative presentation of net assets and changes therein.

**Oklahoma Water Resources Board
Revenue Bonds - Series 2003A
Net Assets**

	Business-Type		
	Activities		
	June 30,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current assets	\$ 2,909,402	\$ 2,782,117	\$ 6,030,001
Non-current assets	19,976,735	22,117,047	27,869,809
Total assets	<u>22,886,137</u>	<u>24,899,164</u>	<u>33,899,810</u>
Current liabilities	2,616,743	2,521,681	5,766,487
Non-current liabilities	20,253,381	22,366,654	28,114,926
Total liabilities	<u>22,870,124</u>	<u>24,888,335</u>	<u>33,881,413</u>
Net assets	<u>16,013</u>	<u>10,829</u>	<u>18,397</u>
Total net assets	<u>\$ 16,013</u>	<u>\$ 10,829</u>	<u>\$ 18,397</u>

(Unaudited. See accompanying auditor’s report.)

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Oklahoma Water Resources Board
Revenue Bonds - Series 2003A
Revenues, Expenses, and Changes in Net Assets

	Business-Type		
	Activities		
	Years Ended June 30,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues			
Loan program income	\$ 725,040	\$ 808,572	\$ 1,240,406
Investment interest income	128	225	3,932
Total revenues	<u>725,168</u>	<u>808,797</u>	<u>1,244,338</u>
Expenses			
Trustee fees	2,787	3,062	4,150
Administration expenses	56,457	59,164	95,655
Interest expense	582,675	684,725	1,057,084
Amortization of debt issuance cost	1,462	1,462	1,462
Standby bond purchase agreement fees	68,520	62,748	27,227
Remarketing fees	8,083	5,204	14,345
Total expenses	<u>719,984</u>	<u>816,365</u>	<u>1,199,923</u>
Increase (decrease) in net assets	5,184	(7,568)	44,415
Total net assets (deficit) - beginning	10,829	18,397	(26,018)
Total net assets - ending	<u>\$ 16,013</u>	<u>\$ 10,829</u>	<u>\$ 18,397</u>

(Unaudited. See accompanying auditor's report.)

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Long-Term Debt

At June 30, 2011, the Program had \$22,350,000 in long-term debt outstanding which represents a \$2,055,000 or 8.4% decrease from the prior year. At June 30, 2010, the Program had \$24,405,000 in long-term debt outstanding which represents an \$8,865,000 or 26.6% decrease from June 30, 2009. During FY 2009, \$5,415,000 of variable rate bonds were converted to fixed rate bonds. The Program's changes in long-term debt by type of debt are as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Serial and term bonds due October 1, 2011 to October 1, 2024, at fixed interest rates	\$ 15,505,000	\$ 16,970,000	\$ 12,800,000
Serial and term bonds due October 1, 2011 to October 1, 2035, at variable rates subject to mandatory sinking fund redemption	8,900,000	16,300,000	22,625,000
Less: debt principal repayments	<u>(2,055,000)</u>	<u>(8,865,000)</u>	<u>(2,155,000)</u>
Ending Balances	<u>\$ 22,350,000</u>	<u>\$ 24,405,000</u>	<u>\$ 33,270,000</u>
Amounts due in one year	2,055,000	1,995,000	5,110,000

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

Economic Factors and Next Year's Outlook

Due to the nature of the Series 2003A Bond Program, the Board expects a decrease in net assets and liabilities as the loans continue to make principal repayments and bonds are redeemed. As the net assets and liabilities decrease, so will the revenues and operating expenses. However, the Board expects to have sufficient income to sustain the Series 2003A Bond Program throughout the life of the bonds.

Contacting the Program's Financial Management

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

(Unaudited. See accompanying auditor's report.)

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BASIC FINANCIAL STATEMENTS

**OKLAHOMA WATER RESOURCES BOARD
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Statements of Net Assets – June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$717,356	\$639,320
Current portions of notes receivable	2,059,200	1,996,750
Interest receivable:		
Notes receivable	132,841	146,041
Other	5	6
 Total current assets	 <u>2,909,402</u>	 <u>2,782,117</u>
Noncurrent Assets:		
Notes receivable net of current portion	19,941,750	22,080,600
Bond issuance cost, net of accumulated amortization of \$77,631 and \$76,169 in 2011 and 2010, respectively	34,985	36,447
 Total noncurrent assets	 <u>19,976,735</u>	 <u>22,117,047</u>
 Total assets	 <u>22,886,137</u>	 <u>24,899,164</u>
 LIABILITIES:		
Current Liabilities:		
Accrued interest payable	141,775	157,026
Current maturities of long-term debt	2,055,000	1,995,000
Other accrued liabilities	419,968	369,655
 Total current liabilities	 <u>2,616,743</u>	 <u>2,521,681</u>
Noncurrent liabilities:		
Long-term debt, less current maturities and unamortized discount of \$41,619 and \$43,346 in 2011 and 2010, respectively	20,253,381	22,366,654
 Total noncurrent liabilities	 <u>20,253,381</u>	 <u>22,366,654</u>
 Total liabilities	 <u>22,870,124</u>	 <u>24,888,335</u>
 NET ASSETS:		
Unrestricted net assets	16,013	10,829
 Total net assets	 <u>\$16,013</u>	 <u>\$10,829</u>

See accompanying notes to the basic financial statements.

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Statements of Revenues, Expenses and Changes in Net Assets – Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Loan program income	\$725,040	\$808,572
Total operating revenues	<u>725,040</u>	<u>808,572</u>
Operating Expenses:		
Trustee fees	2,787	3,062
Administration expenses	56,457	59,164
Interest expense	582,675	684,725
Amortization of bond issuance cost	1,462	1,462
Standby bond purchase agreement fees	68,520	62,748
Remarketing fees	8,083	5,204
Total operating expenses	<u>719,984</u>	<u>816,365</u>
Operating income (loss)	5,056	(7,793)
Non-Operating Revenues:		
Other interest income	128	225
Total non-operating revenues	<u>128</u>	<u>225</u>
Change in net assets	5,184	(7,568)
Total net assets - beginning	10,829	18,397
Total net assets - ending	<u><u>\$16,013</u></u>	<u><u>\$10,829</u></u>

See accompanying notes to the basic financial statements.

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Statements of Cash Flows – Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections of interest on loans to local governmental units	\$738,240	\$820,155
Payments to other suppliers	(85,534)	(199,166)
Interest paid on debt	(596,199)	(743,815)
Net Cash Provided by (Used in) Operating Activities	<u>56,507</u>	<u>(122,826)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayments of long-term debt	(2,055,000)	(8,865,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(2,055,000)</u>	<u>(8,865,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections of principal on loans to local governmental units	2,076,400	5,854,850
Interest income	129	420
Net Cash Provided by Investing Activities	<u>2,076,529</u>	<u>5,855,270</u>
Net Increase (Decrease) in Cash and Cash Equivalents	78,036	(3,132,556)
Balances - beginning of the year	<u>639,320</u>	<u>3,771,876</u>
Balances - end of the year	<u>\$717,356</u>	<u>\$639,320</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$5,056	(\$7,793)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Amortization of bond issuance costs and bond issuance discounts	3,189	3,190
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	13,200	11,583
Increase (Decrease) in accrued interest payable	(15,251)	(60,818)
Increase (Decrease) in other accrued liabilities	50,313	(68,988)
Net Cash Provided by (Used in) Operating Activities	<u>\$56,507</u>	<u>(\$122,826)</u>

See accompanying notes to the basic financial statements.

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Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

Reporting Entity

The Oklahoma Water Resources Board (the "Board") State Loan Program Revenue Bonds - Series 2003A (the "Program") commenced operations in July 2003. The Program was established by the Board to provide monies to implement its state-wide financial assistance program to make long-term loans to eligible entities to finance water and sewer system improvements, or to refinance debt originally incurred for such purpose. Provisions of the bond indenture require that all local loans be originated by July 8, 2006. No new loans will be originated after that date without amendments to the bond indenture. Any portion of the bond proceeds may be used to redeem bonds at the option of the Board as specified by the bond indenture.

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

Basis of Accounting and Measurement Focus

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

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

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

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). Under the guidelines of GASB Statement 20, the Program has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

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

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

Bond Issuance Cost

Bond issuance costs are amortized using the straight-line method over the life of the bonds, which is 33 years.

Bond Issue Discount

The Program's bonds were initially sold at a discount of \$124,000. The bond discount is being amortized over the remaining life of the bonds. Amortization expense of \$1,727 and \$1,728 was recorded in 2011 and 2010 and is included in interest expense in the accompanying statement of revenues, expenses, and changes in net assets

Cash Equivalents

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

Operating Revenues and Expenses

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

Use of Estimates

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

2. Cash Deposits and Investment Risk

Cash of \$717,356 and \$639,320 at June 30, 2011 and 2010 respectively, was on deposit with the Program's trustee. The deposits are invested in the *Federated Treasury Obligations* mutual fund.

Investment Interest Rate Risk – the bond indenture provides that initial bond proceeds be invested in an investment agreement that provides for an interest rate return equal to the interest due on the bonds for the initial loan period, 3 years.

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

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

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

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

At June 30, 2011, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	\$ 717,356
Total			\$ 717,356

Concentration of Investment Credit Risk – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk: 100% or \$717,356 is invested in *Federated Treasury Obligations Fund*.

At June 30, 2010, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	15 days	AAAm	\$ 639,320
Total			\$ 639,320

Concentration of Investment Credit Risk – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program had the following concentration of credit risk: 100% or \$639,320 was invested in *Federated Treasury Obligations Fund*.

3. Notes Receivable

Notes receivable of \$22,000,950 and \$24,077,350 at June 30, 2011 and 2010, respectively, represents loans made by the Program to local governmental entities for the purposes of financing water and sewer system improvements, or for refinancing debt originally incurred. Payments on the notes are due in semiannual installments for fixed rate notes and quarterly for variable rate notes with various maturity dates through 2036; however, the local entities have the option to pay the notes earlier than the scheduled maturities. The current portion of notes

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6. Long-term Debt

Long-term debt at June 30, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Serial and term bonds due October 1, 2011 to October 1, 2024, at fixed interest rates	\$ 15,505,000	\$ 16,970,000
Serial and term bonds due October 1, 2011 to October 1, 2035, at variable rates subject to mandatory sinking fund redemption	8,900,000	16,300,000
Less: debt principal repayments	<u>(2,055,000)</u>	<u>(8,865,000)</u>
Ending Balances	<u>\$ 22,350,000</u>	<u>\$ 24,405,000</u>
Amounts due in one year	2,055,000	1,995,000

The bonds bear interest at a variable rate, initially set at 0.87% and periodically adjusted pursuant to the provisions of the bond indenture. The interest rate on the bonds was 0.65% at June 30, 2011. 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 may be converted to a term rate that would stay fixed until maturity of the bonds. No Bonds were converted during fiscal years 2011 or 2010. Bonds converted in prior years bear interest at fixed rates ranging from 1.0% to 4.55%. Beginning in FY 2009, variable interest rates are reset quarterly on January 1st, April 1st, July 1st, and October 1st, as specified by the bond indenture, by the Program's remarketing agent. At June 30, 2011, the Program had \$8,535,000 of variable rate bonds outstanding.

Future debt service payments required by the serial and term bonds as of June 30, 2011, 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, 2011 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$2,055,000	\$530,357	\$2,585,357
2013	2,135,000	470,739	2,605,739
2014	2,220,000	405,054	2,625,054
2015	2,305,000	334,021	2,639,021
2016	2,410,000	257,339	2,667,339
2017-2021	4,300,000	698,478	4,998,478
2022-2026	3,730,000	172,267	3,902,267
2027-2031	1,740,000	17,958	1,757,958
2032-2037	1,220,000	8,388	1,228,388
2038	235,000	1,678	236,678
Total	<u>\$22,350,000</u>	<u>\$2,896,279</u>	<u>\$25,246,279</u>

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6. Long-term Debt (cont'd)

Interest on the bonds is payable semiannually for fixed rate bonds and quarterly for variable rate bonds. While the bonds bear interest at an adjustable, variable rate, the 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 2003A Bonds share in an aggregate debt service reserve along with all the other Board bond programs. At June 30, 2011, the aggregate debt service reserves totaled \$17,766,508. The debt service reserves are reflected in the Board bond programs Series 1989 and 1994A.

On May 10, 2011, the Board approved a resolution authorizing an amendment to the General Bond Resolution creating a General Debt Service Reserve Fund for the purpose of further securing the Board's State Loan Program Bonds. The Reserve has been funded with State appropriated gross production tax revenues in the amount of \$2,194,000 as of June 30, 2011 and is held by the Board's trustee bank.

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As of and for the Years Ended June 30, 2011 and 2010**

SUPPLEMENTAL INFORMATION

OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS

SUPPLEMENTAL INFORMATION
GROUPED STATEMENTS OF NET ASSETS
All Program Bond Issues
June 30, 2011

	Assets											Total					
	1989 Series	1992 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series	2003B Series	2004A Series	2006B Series		2007 Series	2009 Series	2010 Series	2010 B Series	2011 Series
Current Assets:																	
Cash and cash equivalents	55,732		399,472	130,365	120,692	138,126	675,233	717,356	76,152	73,287	296,405	83,608	5,174	32,496	15,126	7,183	2,835,407
Current portion of notes receivable	255,000		1,671,267	650,500	588,550	1,001,650	2,155,050	2,059,200	1,370,000	1,020,000	2,180,000	373,910	105,000	1,120,000	700,000	-	15,250,127
Interest receivable	9,870		15,609	24,273	69,594	97,456	339,353	132,841	63,221	96,527	526,935	96,152	24,279	312,970	271,909	13,986	2,095,045
Notes receivable	36,310		121		1	1	5		1			1					56,449
Other receivable																	
Total current assets	358,912		2,086,559	805,139	787,837	1,237,213	3,169,641	2,909,402	1,509,374	1,189,815	3,003,342	553,671	134,453	1,465,466	987,055	21,169	20,217,028
Noncurrent Assets:																	
Notes receivable, net of current portion	190,000		6,939,925	9,771,100	5,148,850	9,793,000	36,640,550	19,941,750	5,095,000	5,685,000	42,495,000	8,828,731	2,625,000	28,915,000	27,255,000	14,275,000	223,198,906
Restricted cash / investment	3,490,508		14,276,000														17,766,508
Bond issuance cost, net of accumulated amortization	17,860		157,029	99,601	87,661	65,567	139,920	34,985	69,840	84,613							757,076
Total noncurrent assets	3,698,368		21,372,954	9,470,701	5,236,511	9,858,567	36,780,470	19,976,735	5,164,840	5,769,613	42,495,000	8,828,731	2,625,000	28,915,000	27,255,000	14,275,000	241,722,490
Total assets	4,055,280		23,459,513	10,275,840	6,024,348	11,095,780	39,950,111	22,886,137	6,674,214	6,959,428	45,498,342	9,382,402	2,759,453	30,380,466	28,242,035	14,296,169	261,959,518
LIABILITIES																	
Current Liabilities:																	
Accrued interest payable	9,655		7,486	17,321	66,410	91,008	340,592	141,775	60,877	93,345	510,740	91,032	22,975	302,082	259,775	13,526	2,028,599
Current maturities of long-term debt	260,000		1,670,000	650,000	585,000	1,000,000	2,155,000	2,055,000	1,370,000	1,020,000	2,180,000	370,000	105,000	1,120,000	700,000	-	15,240,000
Other accrued liabilities	13,008		145,326	130,092	141,620	151,648	595,960	419,988	65,241	62,945	300,280	58,741	6,229	42,444	19,186	7,646	2,160,325
Total current liabilities	282,663		1,822,812	797,413	793,030	1,243,656	3,091,552	2,616,743	1,496,118	1,176,290	2,991,020	519,773	134,195	1,464,526	978,961	21,172	19,428,924
Noncurrent Liabilities:																	
Arbitrage rebate payable to Federal Government																	3,529
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	155,747		5,979,399	8,723,981	4,960,977	9,649,655	36,104,968	20,253,381	5,095,374	5,754,799	42,495,000	8,655,000	2,625,000	28,915,000	27,255,000	14,275,000	220,898,281
Total noncurrent liabilities	155,747		5,986,928	8,723,981	4,960,977	9,649,655	36,104,968	20,253,381	5,095,374	5,754,799	42,495,000	8,655,000	2,625,000	28,915,000	27,255,000	14,275,000	220,901,810
Total liabilities	438,410		7,809,740	9,521,394	5,754,007	10,892,311	39,196,520	22,870,124	6,591,492	6,931,089	45,486,020	9,174,773	2,759,195	30,379,526	28,233,961	14,296,172	240,330,734
NET ASSETS																	
Restricted for debt service	3,490,508		14,276,000														17,766,508
Unrestricted	126,363		1,377,773	754,446	270,341	203,469	753,591	16,013	82,722	28,339	12,322	207,629	258	940	8,074	(3)	3,842,277
Total net assets	3,616,871		15,653,773	754,446	270,341	203,469	753,591	16,013	82,722	28,339	12,322	207,629	258	940	8,074	(3)	21,608,785

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

OKLAHOMA WATER RESOURCES BOARD STATE LOAN PROGRAM REVENUE BONDS

SUPPLEMENTAL INFORMATION GROUPED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS All Program Bond Issues For the Year Ended June 30, 2011

	1989 Series	1992 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series	2003B Series	2004A Series	2006B Series	2007 Series	2009 Series	2010 Series	2010 B Series	2011 Series	Trials (Memorandum Only)
REVENUES																	
Operating revenues:																	
Loan program income	\$ 34,214	\$ 2,398	\$ 232,343	\$ 183,770	\$ 301,470	\$ 382,048	\$ 1,509,444	\$ 725,040	\$ 264,005	\$ 294,964	\$ 2,129,448	\$ 388,378	\$ 97,389	\$ 1,255,824	\$ 719,047	\$ 13,986	\$ 8,533,768
Total operating revenues	34,214	2,398	232,343	183,770	301,470	382,048	1,509,444	725,040	264,005	294,964	2,129,448	388,378	97,389	1,255,824	719,047	13,986	8,533,768
EXPENSES																	
Operating Expenses:																	
Trustee fees	1,000	250	1,209	1,187	1,027	1,369	4,756	2,787	1,000	1,000	6,127	1,252	1,313	4,036	2,164	43	30,520
Administration fees	673	107	36,517	40,433	13,679	26,791	75,277	56,457	9,027	9,124	60,024	12,342	3,657	38,688	18,562	420	401,778
Interest expense	37,426	822	141,142	106,861	277,260	335,112	1,384,604	582,675	254,098	279,880	2,065,910	367,726	93,319	1,211,685	690,249	13,526	7,840,295
Amortization of bond issuance cost	2,187	255	12,906	7,551	5,771	3,316	6,117	1,462	9,615	6,915	-	-	-	-	-	-	56,095
Standby bond purchase agreement fees	-	-	9,387	9,662	1,832	15,816	9,352	68,520	-	-	-	-	-	-	-	-	114,509
Remarketing fees	-	-	6,206	4,640	1,010	1,719	8,203	8,083	-	-	-	-	-	-	-	-	29,861
Total operating expenses	41,286	1,434	207,367	170,334	309,579	384,123	1,488,209	719,984	273,740	296,919	2,130,061	381,220	98,289	1,254,409	710,975	13,989	8,473,118
Operating income (loss)	(7,072)	964	24,976	13,436	891	(2,075)	21,135	5,056	(9,735)	(1,955)	(613)	7,058	(900)	1,415	8,072	(3)	60,650
NONOPERATING REVENUES (EXPENSES)																	
Credit (provision) for arbitrage rebate	-	-	7,963	-	-	-	-	-	-	-	-	-	-	-	-	-	7,963
Other interest income	123,863	21,407	106,004	24	97	77	178	128	36	22	51	11	3	7	2	-	251,910
Gross production tax from state	-	-	900,000	-	-	-	-	-	-	-	-	-	-	-	-	-	900,000
Net nonoperating revenues	123,863	21,407	1,013,967	24	97	77	178	128	36	22	51	11	3	7	2	-	1,150,873
Income (loss) before transfers	116,791	22,371	1,038,943	13,460	988	(1,998)	21,313	5,184	(9,699)	(1,933)	(562)	7,069	(897)	1,422	8,074	(3)	1,220,523
Transfers (to) from Oklahoma Water Resources Board	1,977,283	(2,341,193)	138,695	-	-	-	-	-	-	-	-	-	-	-	-	-	(225,215)
Change in net assets	2,094,074	(2,318,822)	1,177,638	13,460	988	(1,998)	21,313	5,184	(9,699)	(1,933)	(562)	7,069	(897)	1,422	8,074	(3)	995,308
NET ASSETS																	
Net assets, beginning of year	1,522,797	2,318,822	14,476,135	740,986	269,353	205,467	732,278	10,829	92,421	30,272	12,884	200,560	1,155	(482)	-	-	20,613,477
Net assets (deficit), end of year	\$ 3,616,871	\$ -	\$ 15,653,773	\$ 754,446	\$ 270,341	\$ 203,469	\$ 753,591	\$ 16,013	\$ 82,722	\$ 28,339	\$ 12,322	\$ 207,629	\$ 258	\$ 940	\$ 8,074	\$ (3)	\$ 21,608,785

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

This report is intended solely for the information and use of the audit committee, management, and the members of the Oklahoma Water Resources Board and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Associates, P.C.

Edmond, Oklahoma
November 4, 2011