

**FILED**

NOV 22 2011

RECEIPT #

116936

State Auditor & Inspector

State of Oklahoma

**OWRB**

**WATER RESOURCES BOARD**  
the water agency

**STATE LOAN PROGRAM REVENUE BONDS**  
**SERIES 2009**

---

**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 2009  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2011 and 2010**

---

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditor’s Report on Financial Statements</b> .....	3-4
<b>Management’s Discussion and Analysis</b> .....	5-9
<b>The Basic Financial Statements:</b>	
Statements of Net Assets .....	11
Statements of Revenues, Expenses, and Changes in Net Assets .....	12
Statements of Cash Flows .....	13
Footnotes to the Basic Financial Statements .....	14-18
<b>Supplemental Information:</b>	
Independent Auditor’s Report on Additional Information .....	20
Grouped Statements of Net Assets .....	21
Grouped Statements of Revenues, Expenses, and Changes in Net Assets .....	22
Grouped Statements of Cash Flows .....	23
<b>Internal Control over Financial Reporting and Compliance</b> .....	24-26
Independent Auditor’s Report on Internal Control and Compliance	



## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
Oklahoma Water Resources Board

We have audited the accompanying statements of net assets of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2009 (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 year ended June 30, 2011 and the initial period from November 24, 2009 (date of inception) to June 30, 2010. 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 2009 as of June 30, 2011 and 2010, and the changes in financial position and cash flows for the year ended June 30, 2011 and the initial period from November 24, 2009 (date of inception) to June 30, 2010 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.

  
Edmond, Oklahoma  
November 4, 2011

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2011 and 2010**

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2011 and 2010**

---

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2009 (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 2009 Bond Program.

**Financial Highlights**

- The Board issued a \$2,825,000 bond issue in November 2009 for the purpose of making loans to Local Entities to provide for acquisition, development and utilization of storage and control facilities for water and sewage systems.
- Total Assets decreased 3.2% from \$2,851,946 to \$2,759,453 between FY 2010 and 2011.
- Total Net Assets decreased 77.7% from \$1,155 to \$258 between FY 2010 and 2011.
- At the time of the bond closing, two loans were identified to receive the bond funds.
- Other accrued liabilities were increased 148.7% in FY 2011. Administrative fees assessed but not used during the fiscal year are "banked" for future administrative costs. No administrative fees have been drawn from this Bond Series.

**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

(Unaudited. See accompanying auditor’s report.)

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2011 and 2010**

---

- Footnotes – that elaborate on the accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- Supplemental Information – Grouped Financial Statements of all Program Bond Issues for the year ended June 30, 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.

**Oklahoma Water Resources Board  
Revenue Bonds - Series 2009  
Net Assets**

	<b>Business-Type Activities</b>	
	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Current Assets	\$ 134,453	\$ 121,946
Non-current Assets	<u>2,625,000</u>	<u>2,730,000</u>
<b>Total assets</b>	<u><u>2,759,453</u></u>	<u><u>2,851,946</u></u>
Current liabilities	134,195	120,791
Non-current liabilities	<u>2,625,000</u>	<u>2,730,000</u>
<b>Total liabilities</b>	<u><u>2,759,195</u></u>	<u><u>2,850,791</u></u>
Net assets		
Unrestricted	<u>258</u>	<u>1,155</u>
<b>Total net assets</b>	<u><u>\$ 258</u></u>	<u><u>\$ 1,155</u></u>

(Unaudited. See accompanying auditor’s report.)

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2011 and 2010**

**Oklahoma Water Resources Board**  
**Revenue Bonds - Series 2009**  
**Revenues, Expenses, and Changes in Net Assets**

	<b>Business-Type</b>	
	<b>Activities</b>	
	<b>Years Ended June 30,</b>	
	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Loan program income	\$ 97,389	\$ 59,196
Investment interest income	3	5
<b>Total revenues</b>	<u>97,392</u>	<u>59,201</u>
<b>Expenses</b>		
Trustee fees	1,313	691
Administration expenses	3,657	866
Interest expense	93,319	56,489
<b>Total expenses</b>	<u>98,289</u>	<u>58,046</u>
<b>Increase (decrease) in net assets</b>	(897)	1,155
<b>Total net assets - beginning</b>	1,155	-
<b>Total net assets - ending</b>	<u>\$ 258</u>	<u>\$ 1,155</u>

**Long-Term Debt**

At year-end, the Program had \$2,730,000 in long-term debt outstanding. The Program's changes in long-term debt by type of debt are as follows:

	<u>2011</u>	<u>2010</u>
Serial and term bonds due October 1, 2011 to October 1, 2031, interest rates at 1.20% to 4.25%	\$ 2,825,000	\$ -
Less: debt principal repayments	(95,000)	-
Plus: debt issued	-	2,825,000
Ending balances	<u>\$ 2,730,000</u>	<u>\$ 2,825,000</u>
Amounts due in one year	\$ 105,000	\$ 95,000

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2011 and 2010**

---

**BASIC FINANCIAL STATEMENTS**

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2011 and 2010**

**Statements of Net Assets – June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$5,174	\$2,395
Current portions of notes receivable	105,000	95,000
Interest receivable:		
Notes receivable	24,279	24,551
Total current assets	<u>134,453</u>	<u>121,946</u>
Noncurrent Assets:		
Notes receivable net of current portion	2,625,000	2,730,000
Total noncurrent assets	<u>2,625,000</u>	<u>2,730,000</u>
Total assets	<u>2,759,453</u>	<u>2,851,946</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
Accrued interest payable	22,975	23,290
Current maturities of long-term debt	105,000	95,000
Other accrued liabilities	6,220	2,501
Total current liabilities	<u>134,195</u>	<u>120,791</u>
Noncurrent liabilities:		
Long-term debt, less current maturities	2,625,000	2,730,000
Total noncurrent liabilities	<u>2,625,000</u>	<u>2,730,000</u>
Total liabilities	<u>2,759,195</u>	<u>2,850,791</u>
 <b>NET ASSETS:</b>		
Unrestricted	258	1,155
Total net assets	<u>\$258</u>	<u>\$1,155</u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2011 and 2010**

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

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues:</b>		
Loan program income	\$97,389	\$59,196
Total operating revenues	<u>97,389</u>	<u>59,196</u>
<b>Operating Expenses:</b>		
Trustee fees	1,313	691
Administration expenses	3,657	866
Interest expense	93,319	56,489
Total operating expenses	<u>98,289</u>	<u>58,046</u>
<b>Operating income (loss)</b>	(900)	1,150
<b>Non-Operating Revenues:</b>		
Other interest income	3	5
Total non-operating revenues	<u>3</u>	<u>5</u>
<b>Change in net assets</b>	(897)	1,155
<b>Total net assets - beginning</b>	1,155	-
<b>Total net assets - ending</b>	<u>\$258</u>	<u>\$1,155</u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2011 and 2010**

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

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections of interest on loans to local governments	\$97,661	\$34,645
Payments (to) from other suppliers	(1,251)	944
Interest paid on debt	(93,634)	(33,199)
	<u>2,776</u>	<u>2,390</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Issuance of long-term debt	-	2,825,000
Repayments of Long-term Debt	(95,000)	-
	<u>(95,000)</u>	<u>2,825,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collections of principal on loans to local governmental units	95,000	-
Loans to local governmental units	-	(2,825,000)
Interest income	3	5
	<u>95,003</u>	<u>(2,824,995)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	2,779	2,395
<b>Balances - beginning of the year</b>	<u>2,395</u>	<u>-</u>
<b>Balances - end of the year</b>	<u>\$5,174</u>	<u>\$2,395</u>
<b>Reconciliation of operating income to net cash provided</b>		
<b>by operating activities:</b>		
Operating income (loss)	(\$900)	\$1,150
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	272	(24,551)
Increase (Decrease) in accrued interest payable	(315)	23,290
Increase (Decrease) in other accrued liabilities	3,719	2,501
	<u>\$2,776</u>	<u>\$2,390</u>
Net Cash Provided in Operating Activities	<u>\$2,776</u>	<u>\$2,390</u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2011 and 2010**

---

**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 2009 (the "Program") commenced operations in November 2009. The Program was established by the Board to provide new loans to local governmental entities and to be used to refund a portion of the Board's outstanding State Loan Program Revenue Bonds originally issued by the Board. The 2009 issue was to fund two new loans to local governmental entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer systems.

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

Basis of Accounting and Measurement Focus

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

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

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

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

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

Bond Issuance Cost

Bond issuance costs were paid by the borrowers.

**OKLAHOMA WATER RESOURCES BOARD**  
**STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Years Ended June 30, 2011 and 2010**

---

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

Bond Issue Discount

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

Cash Equivalents

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

Operating Revenues and Expenses

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

Use of Estimates

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

**2. Cash Deposits and Investment Risk**

Cash of \$5,174 and \$2,395 at June 30, 2011 and 2010 was on deposit with the Program's trustee. The deposits are invested in the *Federated Treasury Obligations* mutual fund.

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

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

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

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2011 and 2010**

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

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	\$ 5,174
Total			<u>\$ 5,174</u>

*Concentration of Investment Credit Risk* – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk: 100% or \$5,174 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	\$ 2,395
Total			<u>\$ 2,395</u>

*Concentration of Investment Credit Risk* – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk: 100% or \$2,395 is invested in *Federated Treasury Obligations Fund*.

**3. Notes Receivable**

Notes receivable of \$2,730,000 and \$2,825,000 at June 30, 2011 and 2010, respectively, represents loans made by the Program to local governmental entities for the purposes of acquisition, development, utilization of storage and control facilities for water and sewage systems. Payments on the notes are due in semiannual installments with various maturity dates through 2031, including interest at various fixed rates; however, the local entities have the option to pay the note earlier than the scheduled maturity. The current portion of the note receivables contains scheduled maturity and any prepayments made subsequent to year-end through September 30, 2011. The notes are collateralized by various revenue sources including, but not limited to user charges and sales taxes of the borrower and mortgages on the water and/or sewer systems.

**4. Program Fees**

The bond indenture agreement provides for various fees to be paid in connection with the administration of the Program. These fees include the following:



INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

To the Members of the  
Oklahoma Water Resources Board

Our report on our audit of the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2009 for June 30, 2011 appears on page three. The audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Grouped Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements of each bond issue and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each bond issue as a whole.



Edmond, Oklahoma  
November 4, 2011

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

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

	1989 Series	1992 Series	1995 Series	1997 Series	1999 Series	2000 Series	2003A Series	2003B Series	2004A Series	2006B Series	2007 Series	2009 Series	2010 Series	2011 Series	Totals (Memorandum Only)
<b>ASSETS</b>															
Current Assets:															
Cash and cash equivalents	55,732	-	399,472	130,365	129,692	138,126	675,233	717,356	73,287	296,405	83,608	5,174	32,496	15,126	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	2,180,000	373,910	105,000	1,120,000	700,000	15,250,127
Interest receivable:															
Notes receivable	9,870	-	15,699	24,273	69,436	97,436	339,353	132,841	96,327	526,935	96,152	24,279	312,970	271,909	2,095,045
Other	36,310	-	121	-	-	-	5	5	1	2	1	-	-	-	36,449
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	356,912	-	2,086,559	805,139	787,837	1,237,213	3,169,641	2,909,402	1,189,815	3,003,342	553,671	134,453	1,465,466	987,035	20,217,028
Noncurrent Assets:															
Notes receivable, net of current portion	190,000	-	6,939,925	9,371,100	5,148,850	9,793,000	36,640,550	19,941,750	5,685,000	42,495,000	8,828,731	2,625,000	28,915,000	27,255,000	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	68,567	139,920	34,985	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	42,495,000	8,828,731	2,625,000	28,915,000	27,255,000	241,723,490
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	9,382,402	2,759,453	30,380,466	28,242,035	261,939,518
<b>LIABILITIES</b>															
Current Liabilities:															
Accrued interest payable	9,653	-	7,486	17,321	66,410	91,008	340,592	141,775	60,877	93,345	91,032	22,975	302,082	259,775	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	2,180,000	370,000	105,000	1,120,000	700,000	15,246,000
Other accrued liabilities	13,008	-	145,326	130,092	141,620	151,648	595,960	419,968	65,241	62,945	58,741	6,220	42,444	19,186	2,160,325
Total current liabilities	282,663	-	1,822,812	797,413	793,030	1,242,656	3,091,552	2,616,743	1,496,118	1,176,290	2,991,020	134,195	1,464,526	978,961	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	8,655,000	2,625,000	28,915,000	27,255,000	220,898,281
Total noncurrent liabilities	155,747	-	5,982,928	8,723,981	4,960,977	9,649,655	36,104,968	20,253,381	5,095,374	5,754,799	8,655,000	2,625,000	28,915,000	27,255,000	220,901,810
Total liabilities	438,410	-	7,805,740	9,521,394	5,754,007	10,892,311	39,196,520	22,870,124	6,591,492	45,486,020	9,174,773	2,759,195	30,379,526	28,233,961	240,330,734
<b>NET ASSETS</b>															
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	258	940	8,074	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	258	940	8,074	21,608,785

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



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

To the Members of the  
Oklahoma Water Resources Board

We have audited the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2009 (the "Program") as of and for the year ended June 30, 2011, and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Program's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Program's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

*Wedge & Associates, P.C.*

Edmond, Oklahoma  
November 4, 2011