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State Auditor & Inspector

State of Oklahoma



WATER RESOURCES BOARD
the water agency

**STATE LOAN PROGRAM REVENUE BONDS
SERIES 2011**

**FINANCIAL STATEMENTS
FOR THE INITIAL PERIOD FROM
JUNE 23, 2011 (DATE OF INCEPTION)
TO JUNE 30, 2011
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Oklahoma Water Resources Board

We have audited the accompanying statement of net assets of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2011 (the "Program") as of June 30, 2011, and the related statement of revenues, expenses, and changes in net assets and cash flows for the initial period from June 23, 2011, (date of inception) to June 30, 2011. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2011 as of June 30, 2011, and the change in financial position and cash flows for the initial period from June 23, 2011 (date of inception) to June 30, 2011 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 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The Board issued a \$14,275,000 bond issue in June 2011 for the purpose of making a loan to Local Entity to provide for construction of wastewater system improvements.
- Total Assets at June 30, 2011 totaled \$14,296,169.
- Total Net Assets (Deficit) at June 30, 2011 totaled \$(3), due to the administrative fees payable.
- At the time of the bond closing, one loan was identified to receive the bond funds.
- Other accrued liabilities were \$7,646 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, although the administrative fees have been incurred.

Using This Annual Report

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

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

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

(Unaudited. See accompanying auditor’s report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

- 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 2011
Net Assets**

	Business-Type Activities
	June 30, 2011
Current Assets	\$ 21,169
Non-current Assets	14,275,000
Total assets	14,296,169
Current liabilities	21,172
Non-current liabilities	14,275,000
Total liabilities	14,296,172
Net assets (deficit)	
Unrestricted	(3)
Total net assets	\$ (3)

(Unaudited. See accompanying auditor’s report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

**Oklahoma Water Resources Board
Revenue Bonds - Series 2011
Revenues, Expenses, and Changes in Net Assets**

	Business-Type Activities
	Period Ended June 30,
	<u>2011</u>
Revenues	
Loan program income	\$ 13,986
Total revenues	13,986
Expenses	
Trustee fees	43
Administration expenses	420
Interest expense	13,526
Total expenses	13,989
Increase (decrease) in net assets	(3)
Total net assets (deficit) - beginning	-
Total net assets (deficit) - ending	\$ (3)

Long-Term Debt

At year-end, the Program had \$14,275,000 in long-term debt outstanding. The Program's changes in long-term debt by type of debt are as follows:

	<u>2011</u>
Serial and term bonds due October 1, 2012 to October 1, 2031, interest rates at .40% to 5.00%	-
Plus: debt issued	\$ 14,275,000
Ending balances	\$ 14,275,000
Amounts due in one year	\$ -

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

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

Economic Factors and Next Year's Outlook

Due to the nature of the Series 2011 Bond Program, the Board expects a decrease in net assets and liabilities as the loan continues to make principal repayments and bonds are redeemed. As the net assets and liabilities decrease, so will the revenues and operating expenses. However, the Board expects to have sufficient income to sustain the Series 2011 Bond Program throughout the life of the bonds.

Contacting the Program's Financial Management

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

(Unaudited. See accompanying auditor's report.)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
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For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

BASIC FINANCIAL STATEMENTS

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

Statement of Net Assets – June 30, 2011

	<u>2011</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$7,183
Interest receivable:	
Note receivable	13,986
Total current assets	<u>21,169</u>
Noncurrent Assets:	
Note receivable	14,275,000
Total noncurrent assets	<u>14,275,000</u>
Total assets	<u>14,296,169</u>
LIABILITIES:	
Current Liabilities:	
Accrued interest payable	13,526
Other accrued liabilities	7,646
Total current liabilities	<u>21,172</u>
Noncurrent liabilities:	
Long-term debt	14,275,000
Total noncurrent liabilities	<u>14,275,000</u>
Total liabilities	<u>14,296,172</u>
NET ASSETS (DEFICIT):	
Unrestricted	(3)
Total net assets (deficit)	<u>(\$3)</u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
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For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

Statement of Revenues, Expenses, and Changes in Net Assets – For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

	<u>2011</u>
Operating Revenues:	
Loan program income	\$13,986
Total operating revenues	<u>13,986</u>
Operating Expenses:	
Trustee fees	43
Administration expenses	420
Interest expense	13,526
Total operating expenses	<u>13,989</u>
Change in net assets	(3)
Total net assets - beginning	-
Total net assets (deficit) - ending	<u><u>(\$3)</u></u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

Statement of Cash Flows – For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments (to) from other suppliers	\$7,183
Net Cash Provided in Operating Activities	<u>\$7,183</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Issuance of long-term debt	\$14,275,000
Net Cash Provided by Noncapital Financing Activities	<u>\$14,275,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Loan to local governmental unit	(\$14,275,000)
Net Cash Provided (Used) in Investing Activities	<u>(\$14,275,000)</u>
Net Increase in Cash and Cash Equivalents	\$7,183
Balances - beginning of the year	<u>-</u>
Balances - end of the year	<u><u>\$7,183</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	(\$3)
Change in assets and liabilities:	
Decrease (Increase) in interest receivable	(13,986)
Increase (Decrease) in accrued interest payable	13,526
Increase (Decrease) in other accrued liabilities	<u>7,646</u>
Net Cash Provided in Operating Activities	<u><u>\$7,183</u></u>

See accompanying notes to the basic financial statements.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

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 2011 (the "Program") commenced operations in June 2011. 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 2011 issue was used to fund one new loan to a local governmental entity for their use in acquisition, development and utilization of storage and control facilities for water and sewer systems.

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

Basis of Accounting and Measurement Focus

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

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

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

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

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

Bond Issuance Cost

Bond issuance costs were paid by the borrower.

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

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

Bond Issue Discount

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

Cash Equivalents

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

Operating Revenues and Expenses

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

Use of Estimates

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

2. Cash Deposits and Investment Risk

Cash of \$7,183 at June 30, 2011 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.

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:

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2011
ANNUAL FINANCIAL REPORT**

For the Initial Period from June 23, 2011 (date of inception) to June 30, 2011

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

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAA _m	\$ 7,183
Total			<u>\$ 7,183</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 \$7,183 is invested in *Federated Treasury Obligations Fund*.

3. Note Receivable

Note receivable of \$14,275,000 at June 30, 2011 represents a loan made by the Program to a local governmental entity for the purposes of acquisition, development, utilization of storage and control facilities for water and sewage systems. Payments on the note is due in semiannual installments with various maturity dates through 2031, including interest at various fixed rates; however, the local entity has the option to pay the note earlier than the scheduled maturity. The program has no note scheduled to mature within the next year. The note is 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:

- During the year, an annual program administration fee of .1328% of fixed rate notes receivable outstanding during the period was charged to operations. These fees are payable to the Oklahoma Water Resources Board for providing clerical, management and administrative services.
- During the year, a trustee fee of .0134% of bonds outstanding was charged to operations. Fees are calculated twice a year using the balance of bonds outstanding at March 31 and September 30.

5. Arbitrage Rebate Due Federal Government

In order for the interest on the Program's bonds to be tax exempt, the Program must comply with certain provisions of the Internal Revenue Code, as amended. One provision requires that arbitrage earnings (defined as the excess of the amount earned on all nonpurpose investments over the amount which would have been earned if the nonpurpose investments were invested at a rate equal to the bond yield) be rebated to the Internal Revenue Service. This rebate is payable at the end of each five years during the term of the issue. The Program had no arbitrage liability at June 30, 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	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	Total (Memorandum Only)
ASSETS																	
Current Assets:																	
Cash and cash equivalents	\$ 55,732	-	399,472	130,365	129,692	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	2,669,200	1,370,000	1,430,000	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	69,594	97,436	339,353	132,841	63,221	96,327	526,935	96,152	24,279	312,970	271,919	13,986	2,095,045
Other	36,310	-	121	1	1	1	5	5	1	1	2	1	-	-	-	-	36,449
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	356,912	-	2,086,559	805,139	787,837	1,237,213	3,109,641	2,909,402	1,509,374	1,189,815	3,003,342	553,671	134,453	1,465,466	987,035	21,169	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	5,095,000	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	39,890,111	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	261,939,518
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	240,000	-	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	419,968	65,241	62,945	300,280	58,741	6,220	42,444	19,186	7,646	2,160,325
Total current liabilities	262,663	-	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	519,773	134,195	1,464,526	978,961	21,172	19,428,924
Noncurrent Liabilities:																	
Arbitrage rebate payable to Federal Government	-	-	3,529	-	-	-	-	-	-	-	-	-	-	-	-	-	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	220,988,281
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	42,495,000	8,655,000	2,625,000	28,915,000	27,255,000	14,275,000	220,991,810
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	6,931,089	45,486,020	9,174,773	2,759,195	30,379,526	28,231,961	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 CASH FLOWS
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	2005A Series	2006B Series	2007 Series	2009 Series	2010 Series	2011 Series	Total
														(Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES:														
Collections of interest on loans to local governmental units	43,421	4,296	256,695	187,725	346,879	488,639	1,554,092	783,540	274,137	306,727	592,148	97,661	447,138	8,211,216
Payments to (or from) governmental units	(1,001)	981	(10,123)	(18,120)	(4,309)	(26,670)	(58,514)	(1,000)	(1,000)	(12,540)	(1,254)	(4,288)	(1,540)	(385,685)
Interest paid on debt	(42,883)	(1,407)	(154,083)	(104,240)	(336,995)	(378,454)	(1,397,160)	(596,199)	(264,289)	(6,127)	(19,281)	(9,562,991)	(4,804,470)	(7,508,121)
Net cash provided (used) by operating activities	(68)	4,370	83,489	64,359	35,885	23,945	(95,527)	56,807	9,338	9,270	17,586	30,139	15,124	317,458
	(102,217)	(156,693)	33,695	-	-	-	-	-	-	-	-	-	-	(225,215)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:														
Transfer to (or from) Oklahoma Water Resources Board	(410,000)	(45,000)	(4,555,000)	(795,000)	(3,895,000)	(3,045,000)	(2,250,000)	(2,185,000)	(1,370,000)	(995,000)	(3,600,000)	(95,000)	(27,955,000)	42,330,000
Repayment of long-term debt	(612,217)	(310,693)	(3,421,200)	(708,000)	(3,895,000)	(3,045,000)	(2,250,000)	(2,185,000)	(1,370,000)	(995,000)	(3,600,000)	(95,000)	(27,955,000)	(21,655,000)
Gross production tax														900,000
Net cash provided (used) by noncapital financing activities														21,269,785
	410,000	45,000	3,794,175	639,450	3,866,150	3,026,950	2,090,000	2,076,400	1,370,000	995,000	3,675,754	95,000	27,955,000	20,413,179
CASH FLOWS FROM INVESTING ACTIVITIES:														
Collections of principal on loans to local governmental units	102,217	43,039	33,652	34	97	77	182	129	36	22	11	3	7	11,146,000
Sales (purchases) of investments	(31,221)	88,039	14,556,127	639,874	3,866,347	3,027,027	2,091,082	2,076,239	1,370,056	995,022	3,675,651	98,003	27,954,993	(42,129,443)
Loans to local governments														(14,275,000)
Interest income	(54)	(109,284)	11,218,311	(1,677)	(2,868)	5,972	(254,167)	78,056	9,274	9,292	23,333	2,779	15,126	11,093,285
Net increase (decrease) in cash and cash equivalents	55,786	109,284	3,457,101	130,832	132,460	132,154	929,298	69,221	66,778	60,275	60,275	2,395	7,183	6,014,122
Cash and cash equivalents, beginning of year														17,111,497
Cash and cash equivalents, end of year														23,125,619
	(7,072)	964	24,976	13,456	891	(2,075)	21,135	5,056	(9,235)	(1,955)	7,058	8,072	(3)	60,650
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:														
Operating income (loss)	5,769	3,732	23,641	13,314	9,985	4,345	9,176	3,189	9,564	1,619	3,770	272	(271,909)	80,975
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	9,207	2,398	24,352	3,955	65,409	46,391	15,548	13,200	11,122	10,763	3,770	272	(264,753)	(322,553)
Amortization of bond issuance costs and discount														(13,986)
Decrease (increase) interest receivable														2,187
Increase (decrease) other receivables														2,187
Increase (decrease) other payables	(8,444)	(703)	(23,676)	(5,648)	(63,549)	(44,341)	(15,501)	(15,251)	(10,640)	(3,600)	(3,151)	285,091	259,775	307,292
Increase (Decrease) Other accrued liabilities	672	(659)	34,196	3,202	13,149	19,625	(15,605)	50,312	9,077	9,125	13,240	38,516	19,186	7,646
Net cash provided (used) by operating activities	(68)	4,370	83,489	64,359	35,885	23,945	(95,527)	56,807	9,338	9,270	17,586	30,139	15,124	317,458

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 2011 (the "Program") as of and for the initial period June 23, 2011 (date of inception) to 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 7, 2011