



STATE LOAN PROGRAM REVENUE BONDS

**ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2015 and 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Oklahoma Water Resources Board

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds Program (the "Program") as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Program as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.



Edmond, Oklahoma
October 26, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Oklahoma Water Resources Board State Loan Program Revenue Bonds (the "Program") financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2015 and June 30, 2014. Please read it in conjunction with the financial statements, which begin on page 12. This report covers the Bond Programs administered by the Oklahoma Water Resources Board (the "Board") for the Series 1989, 1994A, 1995, 1997, 1999, 2001, 2003A, 2004A, 2006B, 2007, 2009, 2010A, 2010B, 2011, 2012, 2012A, 2012B, 2012C, 2013A, 2013B, 2014A, 2014B and 2014C Bond Programs and the reserve fund related to the bond accounts.

Financial Highlights

- Total Assets increased 1.74% from \$319,575,800 to \$325,151,453 between FY 2014 and FY 2015. Total Assets decreased 3.97% from \$332,783,493 to \$319,575,800 between FY 2013 and FY 2014.
- Total Net Position increased 4.75% from \$28,079,820 to \$29,414,339 between FY 2014 and FY 2015. Total Net Position increased 3.39% from \$27,158,258 to \$28,079,820 between FY 2013 and FY 2014.
- Total Liabilities increased 1.45% from \$291,495,980 to \$295,737,114 between FY 2014 and FY 2015. Issuance of the 2014B and 2014C series totaling \$29,595,000 were major factors in the increase. Total Liabilities decreased 4.62% from \$305,625,235 to \$291,495,980 between FY 2013 and FY 2014. The maturity of \$30,425,000 in principal on outstanding bonds contributed to the decrease.
- During fiscal year 2015 the program issued the Series 2014B and 2014C bonds totaling \$9,595,000 and \$20,000,000, respectively.

Using This Annual Report

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

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

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

(Unaudited. See accompanying auditor's report.)

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Footnotes – that elaborate on the accounting principles used in the preparation of the financial statements and further explain financial statement elements.

- Supplemental Information – Combining Financial Statements of all Program Bond Issues for the year ended June 30, 2015
 - Statements of Net Position
 - Statements of Revenues, Expenses and Changes in Net Position
 - Statements of Cash Flows

A Financial Analysis of the Program

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

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

	Business-Type Activities		
	<u>June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>Restated, 2013</u>
Current assets	\$ 42,679,981	\$ 45,721,187	\$ 47,815,658
Non-current assets	282,471,472	273,854,613	284,967,835
Total assets	<u>325,151,453</u>	<u>319,575,800</u>	<u>332,783,493</u>
Current liabilities	23,929,958	28,573,636	33,017,432
Non-current liabilities	271,807,156	262,922,344	272,607,803
Total liabilities	<u>295,737,114</u>	<u>291,495,980</u>	<u>305,625,235</u>
Net position			
Restricted for debt service	26,218,875	24,895,552	23,589,441
Unrestricted	3,195,464	3,184,268	3,568,817
Total net position	<u>\$ 29,414,339</u>	<u>\$ 28,079,820</u>	<u>\$ 27,158,258</u>

The increase in total assets and total liabilities in 2015 is due to the issuance of \$29,595,000 in notes receivable in FY 2015 and the related debt to fund the notes. The decrease in assets and liabilities in FY 2014 is due to the repayment of \$30,425,000 of notes and related debt in 2014.

(Unaudited. See accompanying auditor’s report.)

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

	Business-Type Activities		
	Years Ended June 30,		
	<u>2015</u>	<u>2014</u>	Restated, <u>2013</u>
Revenues			
Loan program income	\$ 11,360,645	\$ 11,068,846	\$ 10,867,374
Gross production tax	1,313,855	1,301,612	-
Investment interest income	63,129	65,586	143,602
Other income	1,401	774	-
Total revenues	<u>12,739,030</u>	<u>12,436,818</u>	<u>11,010,976</u>
Expenses			
Trustee fees	44,419	42,056	42,544
Administration expenses	594,891	573,095	567,292
Interest expense	10,621,978	10,714,395	9,729,344
Standby bond purchase agreement fees	84,882	103,670	112,044
Remarketing fees	11,494	11,081	16,645
Other fees	-	-	11,263
Total expenses	<u>11,357,664</u>	<u>11,444,297</u>	<u>10,479,132</u>
Net Income before transfers	1,381,366	992,521	531,844
Transfers to other programs	(46,847)	(70,959)	(165,627)
Increase in net position	<u>1,334,519</u>	<u>921,562</u>	<u>366,217</u>
Total net position- beginning, restated for 2013	28,079,820	27,158,258	26,792,041
Total net position - ending	<u>\$ 29,414,339</u>	<u>\$ 28,079,820</u>	<u>\$ 27,158,258</u>

(Unaudited. See accompanying auditor's report.)

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Long-Term Debt

At year-end, the Program had \$290,435,000 in long-term debt outstanding which represents a \$4,340,000 or 1.52% increase from the prior year. At June 30, 2014, the long-term debt outstanding had decreased by \$14,785,000 or 4.91%. The Program's long-term debt by bond issues are as follows:

Series:	2015	2014
1989	\$ 115,000	\$ 135,000
1994A	2,155,000	2,830,000
1995	2,500,000	2,720,000
1997	335,000	385,000
1999	5,090,000	5,805,000
2001	6,395,000	11,705,000
2003A	7,450,000	10,080,000
2003B	-	-
2004A	555,000	3,620,000
2006B	35,430,000	37,875,000
2007	7,455,000	7,870,000
2009	2,280,000	2,400,000
2010A	25,430,000	26,625,000
2010B	24,890,000	25,700,000
2011	12,750,000	13,270,000
2012	30,095,000	30,485,000
2012A	27,685,000	30,005,000
2012B	8,050,000	8,360,000
2012C	7,245,000	8,415,000
2013A	39,845,000	42,245,000
2013B	5,135,000	5,385,000
2014A	9,955,000	10,180,000
2014B	9,595,000	-
2014C	20,000,000	-
Total Bonds	<u>\$ 290,435,000</u>	<u>\$ 286,095,000</u>

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

Economic Factors and Next Year's Outlook

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

Contacting the Program's Financial Management

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

(Unaudited. See accompanying auditor's report.)

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BASIC FINANCIAL STATEMENTS

**OKLAHOMA WATER RESOURCES BOARD
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Statements of Net Position – June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$3,194,086	\$6,571,586
Restricted investment	18,436,250	20,368,723
Current portion of notes receivable	18,095,355	16,053,987
Interest receivable:		
Notes receivable	2,939,992	2,713,201
Other	14,298	13,690
Total current assets	<u>42,679,981</u>	<u>45,721,187</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	3,808,108	7,552,542
Restricted investment	3,980,873	735,000
Notes receivable net of current portion	274,682,491	265,567,071
Total noncurrent assets	<u>282,471,472</u>	<u>273,854,613</u>
Total assets	<u>325,151,453</u>	<u>319,575,800</u>
LIABILITIES:		
Current Liabilities:		
Accrued interest payable	2,726,587	2,749,031
Current maturities of long-term debt	18,360,000	22,880,000
Due to OWRB	20,629	20,629
Other accrued liabilities	2,822,742	2,923,976
Total current liabilities	<u>23,929,958</u>	<u>28,573,636</u>
Noncurrent liabilities:		
Long-term debt, less current maturities and net unamortized discount of \$267,844 and \$292,656 in 2015 and 2014, respectively	271,807,156	262,922,344
Total noncurrent liabilities	<u>271,807,156</u>	<u>262,922,344</u>
Total liabilities	<u>295,737,114</u>	<u>291,495,980</u>
NET POSITION:		
Restricted for debt service	26,218,875	24,895,552
Unrestricted	3,195,464	3,184,268
Total net position	<u>\$29,414,339</u>	<u>\$28,079,820</u>

See accompanying notes to the basic financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position – Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Loan program income	\$11,360,645	\$11,068,846
Total operating revenues	<u>11,360,645</u>	<u>11,068,846</u>
Operating Expenses:		
Trustee fees	44,419	42,056
Administration fees	594,891	573,095
Interest expense	10,621,978	10,714,395
Standby bond purchase agreement fees	84,882	103,670
Remarketing fees	11,494	11,081
Total operating expenses	<u>11,357,664</u>	<u>11,444,297</u>
Operating income (loss)	2,981	(375,451)
Non-Operating Revenues (Expenses):		
Other income	1,401	774
Interest income	63,129	65,586
Gross Production Tax	<u>1,313,855</u>	<u>1,301,612</u>
Total non-operating revenues	<u>1,378,385</u>	<u>1,367,972</u>
Net income before transfers	1,381,366	992,521
Transfers out - Oklahoma Water Resources Board	<u>(46,847)</u>	<u>(70,959)</u>
Change in net position	1,334,519	921,562
Total net position - beginning	28,079,820	27,158,258
Total net position - ending	<u><u>\$29,414,339</u></u>	<u><u>\$28,079,820</u></u>

See accompanying notes to the basic financial statements.

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Statements of Cash Flows – Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections of interest on loans to local governments	\$ 11,133,854	\$ 10,992,230
Payments to other suppliers	(836,920)	(250,903)
Interest paid on debt	(10,619,610)	(10,558,278)
Due from (to) other funds	-	25,804
Net Cash Provided by (Used in) Operating Activities	<u>(322,676)</u>	<u>208,853</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out - Oklahoma Water Resources Board	(46,847)	(70,959)
Gross production tax	1,313,855	1,301,612
Issuance of long-term debt	29,595,000	15,640,000
Repayments of Long-term Debt	<u>(25,255,000)</u>	<u>(30,425,000)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>5,607,008</u>	<u>(13,554,347)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections of principal on loans to local governmental units	18,438,212	26,447,493
Purchase of investments	(1,313,400)	(958,516)
Loans to local governments	(29,595,000)	(15,640,000)
Miscellaneous revenue	1,401	774
Interest income	<u>62,521</u>	<u>63,678</u>
Net Cash Provided by (Used in) Investing Activities	<u>(12,406,266)</u>	<u>9,913,429</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,121,934)	(3,432,065)
Balances - beginning of the year	<u>14,124,128</u>	<u>17,556,193</u>
Balances - end of the year	<u><u>\$7,002,194</u></u>	<u><u>\$14,124,128</u></u>
Reconciliation of Statement of Net Position:		
Cash and Cash Equivalents	\$3,194,086	\$6,571,586
Restricted Cash and cash equivalents	3,808,108	7,552,542
Total Cash and cash equivalents	<u><u>\$7,002,194</u></u>	<u><u>\$14,124,128</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$2,981	(\$375,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Amortization of bond issuance discounts/premiums	24,812	24,541
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	(226,791)	(76,616)
Decrease (Increase) in due from other funds	-	25,804
Increase (Decrease) in accrued interest payable	(22,444)	131,576
Increase (Decrease) in other accrued liabilities	<u>(101,234)</u>	<u>478,999</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>(\$322,676)</u></u>	<u><u>\$208,853</u></u>

See accompanying notes to the basic financial statements.

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Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

Reporting Entity

The Oklahoma Water Resources Board (the "Board") State Loan Program Revenue Bonds (the "Program") was established to provide statewide financial assistance to local governments by making loans to be utilized to provide for the acquisition, development, and utilization of storage and control facilities for water and sewage systems and to be used to refund a portion of the Board's outstanding State Loan Program Revenue Bonds originally issued by the Board. As part of the program, the following bonds were issued:

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

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

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

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

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

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

Basis of Accounting and Measurement Focus

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

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

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

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

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

Bond Issue Discount and Premium

Some of the Program's bonds were initially sold at a discount or premium. The bond discount/premium is being amortized over the remaining life of the bonds and is included in interest expense in the accompanying Statement of Revenues, Expenses and Changes in Net Position. The original discounts/premiums by bond and the amortization expense recorded for fiscal years 2015 and 2014 were as follows:

Issue	Original Discount/Premium	Amortization	
		2015	2014
1989	\$ 287,000	\$ 3,582	\$ 3,582
1994A	313,052	10,735	10,735
1995	166,500	5,762	5,762
1997	123,000	4,214	4,214
1999	82,500	1,029	1,029
2001	136,400	3,058	3,058
2003A	124,000	1,728	1,728
2003B	(780)	-	(271)
2004A	(102,582)	(5,296)	(5,296)

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

Cash and Cash Equivalents

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

Operating Revenues and Expenses

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

Use of Estimates

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

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2. Cash Deposits and Investment Risk

Cash and cash equivalents of \$7,002,194 and \$14,124,128 at June 30, 2015 and 2014 respectively, were on deposit with the Program's trustee.

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

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

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

At June 30, 2015, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	\$ 6,776,537
Goldman Sachs Financial Sq Treasury Obligation	16 days	AAAm	225,657
Certificates of deposit	6 mo. to 16 mo.	N/A	22,417,123
Total			<u>\$ 29,419,317</u>

Concentration of Investment Credit Risk – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk 23% is invested in Federated Treasury Obligations Fund and 76.2% in certificates of deposit.

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

<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAAm	\$ 13,956,605
Goldman Sachs Financial Sq Treasury Obligation	16 days	AAAm	\$ 166,690
Certificates of Deposit	6 mo. To 16 mo.	N/A	\$ 17,350,000
Total			<u>\$ 31,473,295</u>

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

Concentration of Investment Credit Risk – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk: 44.3% is invested in Federated Treasury Obligations Fund and 55.1% in certificates of deposit.

3. Notes Receivable

Notes receivable represents loans made by the Program which were made to local governmental entities for the purposes of acquisition, development, and utilization of storage and control facilities for water and sewage systems. Payments on the notes are due in semiannual installments for fixed rate notes and quarterly for variable rate notes with various maturity dates based upon the bond issue; however, the local entities have the option to pay the notes earlier than the scheduled maturities. The current portion of notes receivable contains scheduled maturities and any prepayments made subsequent to year-end through September 30, 2015. The notes are collateralized by various revenue sources including, but not limited to user charges and sales taxes of the borrowers and mortgages on the water and/or sewer systems. Outstanding notes receivable at June 30, 2015 and 2014 and maturity dates are as follows:

Issue	Maturity Date	Note Receivable		FY 2015
		2015	2014	Current Maturities
1989	2019	\$ 130,000	\$ 150,000	\$ 20,000
1994A	2023	3,053,100	3,708,875	1,265,500
1995	2025	3,136,800	3,339,300	716,900
1997	2026	482,500	531,350	34,200
1999	2031	5,166,400	5,930,550	679,100
2001	2033	7,050,600	8,065,600	517,300
2003A	2036	7,442,400	9,959,950	722,800
2004A	2023	315,000	955,000	25,000
2006B	2025	35,430,000	37,875,000	2,545,000
2007	2036	7,616,046	8,035,433	434,555
2009	2031	2,280,000	2,400,000	125,000
2010A	2030	25,430,000	26,625,000	1,230,000
2010B	2035	24,890,000	25,700,000	830,000
2011	2031	12,750,000	13,270,000	535,000
2012	2040	30,095,000	30,485,000	395,000
2012A	2032	27,685,000	30,005,000	2,635,000
2012B	2035	8,050,000	8,360,000	320,000
2012C	2042	7,245,000	8,415,000	1,205,000
2013A	2038	39,845,000	42,245,000	2,500,000
2013B	2033	5,135,000	5,385,000	260,000
2014A	2033	9,955,000	10,180,000	415,000
2014B	2039	9,595,000	-	115,000
2014C	2036	20,000,000	-	570,000
		<u>\$292,777,846</u>	<u>\$ 281,621,058</u>	<u>\$ 18,095,355</u>

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4. Program Funding and Fees

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

On May 10, 2011, the Board approved a resolution authorizing an amendment to the General Bond Resolution creating a General Debt Service Reserve Fund for the purpose of further securing the Board's State Loan Program Bonds. In January of 2014, the Board received approval from the bondholders to move reserve funds from the 1989 and 1994A Series to the General Reserve account that will hold all reserve monies. In addition, State appropriated gross production tax revenues have been deposited into the General Reserve as additional security. The General Reserve is held by the Board's trustee bank.

For the year ended June 30, 2015 and 2014, \$46,847 and \$60,275, respectively, were transferred to the Emergency Grant Account.

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

- During the year, an annual program administration fee of 0.1328%, 0.1316%, or 0.3866% of fixed rate notes receivable outstanding during the period was charged to operations of the Bond Programs. An annual program administration fee of 0.4000% of variable rate notes receivable outstanding was charged to operations for the year for the variable Bond Programs. These fees are payable to the Oklahoma Water Resources Board for providing clerical, management and administrative services.
- Standby purchase agreement fees are to be paid to a bank that has guaranteed, under certain conditions, to purchase outstanding bonds that cannot otherwise be sold.
- Remarketing fees are payable to an investment banker for services related to determining the interest rate adjustment and attempting to remarket bonds when necessary.
- During the year, a trustee fee of 0.0122% of bonds outstanding was charged to operations of the 1989, 1994A, 1995, 1997, 2001, 2003A, and 2004A. A trustee fee of 0.0134% of bonds outstanding was charged to operations of the 2006B, 2007, 2009, 2010A, 2010B, 2011, 2012, 2012A, 2012B, 2012C, 2013A, 2013B, 2014A, 2014B, and 2014C. Fees are calculated twice a year using the balance of bonds outstanding at February 28 and August 31, or March 31 and September 30.

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5. Restricted Cash and Investments

A description of the cash and investment as of June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents - Federated Treasury Obligations	\$ 3,808,108	\$ 7,552,542
Investments - Long-term certificates of deposit with principal amounts for \$60,000 to \$245,000, maturing in July 2015 to November 2016, with interest rates from .15% to .50%	22,417,123	17,350,000
Investment - State and Local Government Series Notes principal amount of \$3,753,723 maturing in October 2014, with interest at .27%	-	3,753,723
	<u>\$ 26,225,231</u>	<u>\$ 28,656,265</u>

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

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

6. Arbitrage Rebate Due Federal Government

In order for the interest on the Program's bonds to be tax exempt, the Board must comply with certain provisions of the Internal Revenue Code, as amended. One provision requires that arbitrage earnings (defined as the excess of the amount earned on all nonpurpose investments over the amount which would have been earned if the nonpurpose investments were invested at a rate equal to the bond yield) be rebated to the Internal Revenue Service. This rebate is payable at the end of each five years during the term of the issue. Management has estimated the arbitrage rebate liability to be zero at June 30, 2015 and 2014.

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7. Long-term Debt

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

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

Outstanding Bonds at June 30, 2015:

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

\$ 115,000

Series 1994A variable rate bonds, initially set at 2.3% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 14% per year. At June 30, 2015, the interest rate was .25%. Bonds have a final maturity of September 1, 2023 and are subject to a mandatory sinking fund redemption

2,155,000

Series 1995 variable rate bonds, initially set at 3.8% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2015, the interest rate was .25%. Bonds have a final maturity of September 1, 2022 and are subject to a mandatory sinking fund redemption

2,500,000

Series 1997 variable rate bonds, initially set at 3.7% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2015, the interest rate was .25%. Bonds have a final maturity of September 1, 2025 and are subject to a mandatory sinking fund redemption

335,000

Series 1999 serial and term bonds due in annual installments of \$125,000 to \$715,000 interest rate from 2.85% to 4.13%, final maturity September 1, 2021

3,645,000

Series 1999 variable rate bonds, initially set at 2.9% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2015, the interest rate was .25%. Bonds have a final maturity of September 1, 2025 and are subject to a mandatory sinking fund redemption

1,445,000

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

Outstanding Bonds, (continued):

Series 2001 serial and term bonds due in annual installments of \$160,000 to \$200,000 interest from 3.80% to 4.10%, final maturity September 1, 2021	1,245,000
Series 2001 variable rate bonds, initially set at 2.53% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2015, the interest rate was .25%. Bonds have a final maturity of September 1, 2033 and are subject to a mandatory sinking fund redemption	5,150,000
Series 2003A serial and term bonds due in annual installments of \$340,000 to \$440,000 interest from 2.85% to 4.38%, final maturity October 1, 2023	3,425,000
Series 2003A variable rate bonds, initially set at 0.87% and periodically adjusted pursuant to the provisions of the bond indenture, to a maximum rate of 12% per year. At June 30, 2015, the interest rate was .25%. Bonds have a final maturity of September 1, 2035 and are subject to a mandatory sinking fund redemption	4,025,000
Series 2004A serial and term bonds due in annual installments of \$30,000 to \$265,000 interest from 4.50% to 5.00%, final maturity September 1, 2023	555,000
Series 2006B serial and term bonds due in annual installments of \$100,000 to \$4,040,000 interest from 4.00% to 5.00%, final maturity October 1, 2025	35,430,000
Series 2007 serial and term bonds due in annual installments of \$75,000 to \$430,000 interest from 3.875% to 4.50%, final maturity October 1, 2036	7,455,000
Series 2009 serial and term bonds due in annual installments of \$80,000 to \$200,000 interest from 2.8% to 4.25%, final maturity October 1, 2031	2,280,000
Series 2010A serial and term bonds due in annual installments of \$100,000 to \$2,040,000 interest from 3.00% to 5.00%, final maturity October 1, 2030	25,430,000
Series 2010B serial and term bonds due in annual installments of \$830,000 to \$1,725,000 interest from 2.00% to 5.00%, final maturity October 1, 2035	24,890,000
Series 2011 serial and term bonds due in annual installments of \$115,000 to \$1,060,000 interest from 2.0% to 5.00%, final maturity October 1, 2031	12,750,000
Series 2012 serial and term bonds due in annual installments of \$65,000 to \$3,540,000 interest from 2.00% to 4.00%, final maturity October 1, 2040	30,095,000
Series 2012A serial and term bonds due in annual installments of \$740,000 to \$2,685,000 interest from 2.00% to 3.25%, final maturity October 1, 2032	27,685,000
Series 2012B serial and term bonds due in annual installments of \$320,000 to \$470,000 interest from 2.00% to 4.00%, final maturity October 1, 2035	8,050,000

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

Outstanding Bonds, (continued):

Series 2012C serial and term bonds due in annual installments of \$30,000 to \$1,205,000 interest from 1.00% to 4.00%, final maturity September 1, 2042	7,245,000
Series 2013A serial and term bonds due in annual installments of \$165,000 to \$2,660,000 interest from 2.00% to 5.00%, final maturity October 1, 2038	39,845,000
Series 2013B serial and term bonds due in annual installments of \$80,000 to \$475,000 interest from 2.00% to 4.375%, final maturity October 1, 2033	5,135,000
Series 2014A serial and term bonds due in annual installments of \$190,000 to \$575,000 interest from 2.00% to 4.00%, final maturity October 1, 2033	9,955,000
Series 2014B serial and term bonds due in annual installments of \$115,000 to \$645,000 interest from 2.00% to 4.00%, final maturity October 1, 2039	9,595,000
Series 2014C serial and term bonds due in annual installments of \$160,000 to \$1,475,000 interest from 2.00% to 5.00%, final maturity October 1, 2036	20,000,000
 Total Bonds Outstanding	 <u><u>\$ 290,435,000</u></u>

For variable rate bonds, at the option of the Board and subject to applicable provisions of the bond indenture, which require, among other things, that all bonds be successfully remarketed, the variable interest rate bonds may be converted to a term rate that would stay fixed until maturity of the bonds. During fiscal year 2015, the variable bonds were remarketed semi-annually. There were no fixed rate conversions in 2015 and 2014. Variable interest rates were reset on September 1st and March 1st, by the Program's remarketing agent for the 1994A, 1995, 1997 and 1999 variable rate bonds. Variable interest rates were reset quarterly on July 1st and semi-annually on October 1st and April 1st by the Program's remarketing agent for the 2001 and 2003A.

Future debt service payments required by the serial and term bonds as of June 30, 2015, 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, 2015 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 18,360,000	\$ 10,663,535	\$ 29,023,535
2017	17,300,000	10,204,636	27,504,636
2018	17,010,000	9,658,660	26,668,660
2019	16,650,000	8,962,951	25,612,951
2020	17,020,000	8,324,888	25,344,888
2021-2025	77,545,000	33,479,638	111,024,638
2026-2030	60,170,000	19,873,078	80,043,078
2031-2035	41,665,000	9,363,836	51,028,836
2036-2040	21,025,000	2,599,631	23,624,631
2041-2043	3,690,000	78,956	3,768,956
Total	<u><u>\$ 290,435,000</u></u>	<u><u>\$113,209,809</u></u>	<u><u>\$ 403,644,809</u></u>

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

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

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

The Bonds share in an aggregate debt service reserve. At June 30, 2015, the aggregate debt service reserves totaled \$26,218,875 which is reflected in the General Debt Service Reserve Fund.

8. Transfers

The Bond Accounts transferred \$46,847 to the Emergency Grant Account and \$685,000 to OWRB for administrative purposes.

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SUPPLEMENTAL INFORMATION

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**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
All Program Bond Issues
June 30, 2015**

<u>ASSETS</u>	<u>1989 Series</u>	<u>1994A Series</u>	<u>1995 Series</u>	<u>1997 Series</u>	<u>1999 Series</u>	<u>2001 Series</u>	<u>2003A Series</u>
Current Assets:							
Cash and cash equivalents	\$ 40,588	402,166	124,093	86,842	240,190	137,273	155,220
Restricted investments	-	-	-	-	-	-	-
Current portion of notes receivable	20,000	1,265,500	716,900	34,200	679,100	517,300	722,800
Interest receivable:							
Notes receivable	2,793	15,367	15,161	2,332	57,657	34,685	48,056
Other	-	3	1	1	2	2	3
Total current assets	<u>63,381</u>	<u>1,683,036</u>	<u>856,155</u>	<u>123,375</u>	<u>976,949</u>	<u>689,260</u>	<u>926,079</u>
Noncurrent Assets:							
Notes receivable, net of current portion	110,000	1,787,600	2,419,900	448,300	4,487,300	6,533,300	6,719,600
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-	-
Total noncurrent assets	<u>110,000</u>	<u>1,787,600</u>	<u>2,419,900</u>	<u>448,300</u>	<u>4,487,300</u>	<u>6,533,300</u>	<u>6,719,600</u>
Total assets	<u>173,381</u>	<u>3,470,636</u>	<u>3,276,055</u>	<u>571,675</u>	<u>5,464,249</u>	<u>7,222,560</u>	<u>7,645,679</u>
<u>LIABILITIES</u>							
Current Liabilities:							
Accrued interest payable	2,415	1,796	2,083	279	42,018	15,572	34,192
Current maturities of long-term debt	20,000	1,260,000	710,000	30,000	730,000	515,000	720,000
Due to OWRB	-	-	-	-	-	-	-
Other accrued liabilities	14,003	153,258	140,785	104,249	210,341	198,800	182,590
Total current liabilities	<u>36,418</u>	<u>1,415,054</u>	<u>852,868</u>	<u>134,528</u>	<u>982,359</u>	<u>729,372</u>	<u>936,782</u>
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	80,075	807,336	1,737,031	257,834	4,343,769	5,822,202	6,695,292
Total noncurrent liabilities	<u>80,075</u>	<u>807,336</u>	<u>1,737,031</u>	<u>257,834</u>	<u>4,343,769</u>	<u>5,822,202</u>	<u>6,695,292</u>
Total liabilities	<u>116,493</u>	<u>2,222,390</u>	<u>2,589,899</u>	<u>392,362</u>	<u>5,326,128</u>	<u>6,551,574</u>	<u>7,632,074</u>
<u>NET POSITION</u>							
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted (deficit)	56,888	1,248,246	686,156	179,313	138,121	670,986	13,605
Total net position	<u>\$ 56,888</u>	<u>1,248,246</u>	<u>686,156</u>	<u>179,313</u>	<u>138,121</u>	<u>670,986</u>	<u>13,605</u>

(continued)

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**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
All Program Bond Issues
June 30, 2015**

<u>ASSETS</u>	<u>2004A Series</u>	<u>2006B Series</u>	<u>2007 Series</u>	<u>2009 Series</u>	<u>2010A Series</u>	<u>2010B Series</u>	<u>2011 Series</u>
Current Assets:							
Cash and cash equivalents	\$ 335,864	251,681	171,481	14,746	178,736	154,480	67,909
Restricted investments	-	-	-	-	-	-	-
Current portion of notes receivable	25,000	2,545,000	434,555	125,000	1,230,000	830,000	535,000
Interest receivable:							
Notes receivable	5,039	431,812	80,720	22,080	283,763	254,310	147,998
Other	3	2	1	-	1	1	-
Total current assets	365,906	3,228,495	686,757	161,826	1,692,500	1,238,791	750,907
Noncurrent Assets:							
Notes receivable, net of current portion	290,000	32,885,000	7,181,491	2,155,000	24,200,000	24,060,000	12,215,000
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-	-
Total noncurrent assets	290,000	32,885,000	7,181,491	2,155,000	24,200,000	24,060,000	12,215,000
Total assets	655,906	36,113,495	7,868,248	2,316,826	25,892,500	25,298,791	12,965,907
 <u>LIABILITIES</u>							
Current Liabilities:							
Accrued interest payable	8,887	418,969	76,330	21,253	274,545	245,288	143,375
Current maturities of long-term debt	265,000	2,545,000	430,000	125,000	1,230,000	830,000	535,000
Due to OWRB	-	-	-	-	-	-	-
Other accrued liabilities	83,386	268,683	102,566	19,285	186,857	157,628	77,492
Total current liabilities	357,273	3,232,652	608,896	165,538	1,691,402	1,232,916	755,867
Noncurrent Liabilities:							
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	333,617	32,885,000	7,025,000	2,155,000	24,200,000	24,060,000	12,215,000
Total noncurrent liabilities	333,617	32,885,000	7,025,000	2,155,000	24,200,000	24,060,000	12,215,000
Total liabilities	690,890	36,117,652	7,633,896	2,320,538	25,891,402	25,292,916	12,970,867
 <u>NET POSITION</u>							
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted (deficit)	(34,984)	(4,157)	234,352	(3,712)	1,098	5,875	(4,960)
Total net position	\$ (34,984)	(4,157)	234,352	(3,712)	1,098	5,875	(4,960)

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
All Program Bond Issues
June 30, 2015**

<u>ASSETS</u>	<u>2012 Series</u>	<u>2012A Series</u>	<u>2012B Series</u>	<u>2012C Series</u>	<u>2013A Series</u>	<u>2013B Series</u>
Current Assets:						
Cash and cash equivalents	\$ 128,348	277,046	89,602	71,177	180,213	34,890
Restricted investments	-	-	-	-	-	-
Current portion of notes receivable	395,000	2,635,000	320,000	1,205,000	2,500,000	260,000
Interest receivable:						
Notes receivable	295,730	216,726	73,595	71,293	440,286	50,694
Other	1	2	1	-	1	-
Total current assets	<u>819,079</u>	<u>3,128,774</u>	<u>483,198</u>	<u>1,347,470</u>	<u>3,120,500</u>	<u>345,584</u>
Noncurrent Assets:						
Notes receivable, net of current portion	29,700,000	25,050,000	7,730,000	6,040,000	37,345,000	4,875,000
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investment	-	-	-	-	-	-
Total noncurrent assets	<u>29,700,000</u>	<u>25,050,000</u>	<u>7,730,000</u>	<u>6,040,000</u>	<u>37,345,000</u>	<u>4,875,000</u>
Total assets	<u>30,519,079</u>	<u>28,178,774</u>	<u>8,213,198</u>	<u>7,387,470</u>	<u>40,465,500</u>	<u>5,220,584</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accrued interest payable	284,820	195,581	65,545	62,900	417,183	45,559
Current maturities of long-term debt	395,000	2,635,000	320,000	1,205,000	2,500,000	260,000
Due to OWRB	-	-	-	-	-	-
Other accrued liabilities	139,141	297,793	97,831	80,404	202,922	40,285
Total current liabilities	<u>818,961</u>	<u>3,128,374</u>	<u>483,376</u>	<u>1,348,304</u>	<u>3,120,105</u>	<u>345,844</u>
Noncurrent Liabilities:						
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	29,700,000	25,050,000	7,730,000	6,040,000	37,345,000	4,875,000
Total noncurrent liabilities	<u>29,700,000</u>	<u>25,050,000</u>	<u>7,730,000</u>	<u>6,040,000</u>	<u>37,345,000</u>	<u>4,875,000</u>
Total liabilities	<u>30,518,961</u>	<u>28,178,374</u>	<u>8,213,376</u>	<u>7,388,304</u>	<u>40,465,105</u>	<u>5,220,844</u>
<u>NET POSITION</u>						
Restricted for debt service	-	-	-	-	-	-
Unrestricted (deficit)	118	400	(178)	(834)	395	(260)
Total net position	<u>\$ 118</u>	<u>400</u>	<u>(178)</u>	<u>(834)</u>	<u>395</u>	<u>(260)</u>

(continued)

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
All Program Bond Issues
June 30, 2015**

<u>ASSETS</u>	2014A Series	2014B Series	2014C Series	General Debt Service Reserve Fund	Totals
Current Assets:					
Cash and cash equivalents	\$ 14,762	26,347	10,432	-	3,194,086
Restricted investments	-	-	-	18,436,250	18,436,250
Current portion of notes receivable	415,000	115,000	570,000	-	18,095,355
Interest receivable:					
Notes receivable	80,137	86,483	223,275	-	2,939,992
Other	-	-	-	14,273	14,298
Total current assets	<u>509,899</u>	<u>227,830</u>	<u>803,707</u>	<u>18,450,523</u>	<u>42,679,981</u>
Noncurrent Assets:					
Notes receivable, net of current portion	9,540,000	9,480,000	19,430,000	-	274,682,491
Restricted cash and cash equivalents	-	-	-	3,808,108	3,808,108
Restricted investment	-	-	-	3,980,873	3,980,873
Total noncurrent assets	<u>9,540,000</u>	<u>9,480,000</u>	<u>19,430,000</u>	<u>7,788,981</u>	<u>282,471,472</u>
Total assets	<u>10,049,899</u>	<u>9,707,830</u>	<u>20,233,707</u>	<u>26,239,504</u>	<u>325,151,453</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accrued interest payable	76,528	76,888	214,581	-	2,726,587
Current maturities of long-term debt	415,000	115,000	570,000	-	18,360,000
Due to OWRB	-	-	-	20,629	20,629
Other accrued liabilities	16,827	28,490	19,126	-	2,822,742
Total current liabilities	<u>508,355</u>	<u>220,378</u>	<u>803,707</u>	<u>20,629</u>	<u>23,929,958</u>
Noncurrent Liabilities:					
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	9,540,000	9,480,000	19,430,000	-	271,807,156
Total noncurrent liabilities	<u>9,540,000</u>	<u>9,480,000</u>	<u>19,430,000</u>	<u>-</u>	<u>271,807,156</u>
Total liabilities	<u>10,048,355</u>	<u>9,700,378</u>	<u>20,233,707</u>	<u>20,629</u>	<u>295,737,114</u>
<u>NET POSITION</u>					
Restricted for debt service	-	-	-	26,218,875	26,218,875
Unrestricted (deficit)	1,544	7,452	-	-	3,195,464
Total net position	<u>\$ 1,544</u>	<u>7,452</u>	<u>-</u>	<u>26,218,875</u>	<u>29,414,339</u>

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
All Program Bond Issues
For the Year Ended June 30, 2015**

	<u>1989 Series</u>	<u>1994A Series</u>	<u>1995 Series</u>	<u>1997 Series</u>	<u>1999 Series</u>	<u>2001 Series</u>	<u>2003A Series</u>
REVENUES							
Operating revenues:							
Loan program income	\$ 8,593	50,083	46,964	7,412	162,637	175,554	231,090
Total operating revenues	<u>8,593</u>	<u>50,083</u>	<u>46,964</u>	<u>7,412</u>	<u>162,637</u>	<u>175,554</u>	<u>231,090</u>
EXPENSES							
Operating Expenses:							
Trustee fees	1,000	1,000	1,223	500	1,000	1,000	1,044
Administration fees	177	14,500	15,320	3,477	12,715	29,277	24,824
Interest expense	11,037	16,866	12,354	5,137	130,061	121,791	175,382
Other expense	-	-	-	-	-	-	-
Standby bond purchase agreement fees	-	12,549	13,489	1,888	7,588	27,491	21,877
Remarketing fees	-	1,738	1,340	215	1,170	3,941	3,090
Total operating expenses	<u>12,214</u>	<u>46,653</u>	<u>43,726</u>	<u>11,217</u>	<u>152,534</u>	<u>183,500</u>	<u>226,217</u>
Operating income (loss)	<u>(3,621)</u>	<u>3,430</u>	<u>3,238</u>	<u>(3,805)</u>	<u>10,103</u>	<u>(7,946)</u>	<u>4,873</u>
NONOPERATING REVENUES (EXPENSES)							
Other income	-	-	-	-	-	-	-
Other interest income	7	44	15	12	24	5,112	1,307
Gross production tax from state	-	-	-	-	-	-	-
Net nonoperating revenues	<u>7</u>	<u>44</u>	<u>15</u>	<u>12</u>	<u>24</u>	<u>5,112</u>	<u>1,307</u>
Income (loss) before transfers	<u>(3,614)</u>	<u>3,474</u>	<u>3,253</u>	<u>(3,793)</u>	<u>10,127</u>	<u>(2,834)</u>	<u>6,180</u>
Transfers (to) from Oklahoma Water Resources Board			-	-	-	-	-
Change in net position	(3,614)	3,474	3,253	(3,793)	10,127	(2,834)	6,180
NET POSITION							
Net position (deficit), beginning of year	<u>60,502</u>	<u>1,244,772</u>	<u>682,903</u>	<u>183,106</u>	<u>127,994</u>	<u>673,820</u>	<u>7,425</u>
Net position (deficit), end of year	\$ <u>56,888</u>	<u>1,248,246</u>	<u>686,156</u>	<u>179,313</u>	<u>138,121</u>	<u>670,986</u>	<u>13,605</u>

(continued)

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
All Program Bond Issues
For the Year Ended June 30, 2015**

	2004A Series	2006B Series	2007 Series	2009 Series	2010A Series	2010B Series	2011 Series
REVENUES							
Operating revenues:							
Loan program income	\$ 32,953	1,752,890	326,911	89,083	1,144,448	1,023,584	596,687
Total operating revenues	<u>32,953</u>	<u>1,752,890</u>	<u>326,911</u>	<u>89,083</u>	<u>1,144,448</u>	<u>1,023,584</u>	<u>596,687</u>
EXPENSES							
Operating Expenses:							
Trustee fees	1,000	4,830	1,250	1,250	3,448	3,362	1,726
Administration fees	2,595	47,430	10,138	3,033	33,783	32,947	16,909
Interest expense	45,360	1,700,631	309,158	85,734	1,107,141	987,200	578,000
Other expense	-	-	-	-	-	-	-
Standby bond purchase agreement fees	-	-	-	-	-	-	-
Remarketing fees	-	-	-	-	-	-	-
Total operating expenses	<u>48,955</u>	<u>1,752,891</u>	<u>320,546</u>	<u>90,017</u>	<u>1,144,372</u>	<u>1,023,509</u>	<u>596,635</u>
Operating income (loss)	<u>(16,002)</u>	<u>(1)</u>	<u>6,365</u>	<u>(934)</u>	<u>76</u>	<u>75</u>	<u>52</u>
NONOPERATING REVENUES (EXPENSES)							
Other income	-	-	-	-	-	-	-
Other interest income	71	43	21	3	26	12	-
Gross production tax from state	-	-	-	-	-	-	-
Net nonoperating revenues	<u>71</u>	<u>43</u>	<u>21</u>	<u>3</u>	<u>26</u>	<u>12</u>	<u>-</u>
Income (loss) before transfers	<u>(15,931)</u>	<u>42</u>	<u>6,386</u>	<u>(931)</u>	<u>102</u>	<u>87</u>	<u>52</u>
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Change in net position	<u>(15,931)</u>	<u>42</u>	<u>6,386</u>	<u>(931)</u>	<u>102</u>	<u>87</u>	<u>52</u>
NET POSITION							
Net position (deficit), beginning of year	<u>(19,053)</u>	<u>(4,199)</u>	<u>227,966</u>	<u>(2,781)</u>	<u>996</u>	<u>5,788</u>	<u>(5,012)</u>
Net position (deficit), end of year	\$ <u><u>(34,984)</u></u>	<u><u>(4,157)</u></u>	<u><u>234,352</u></u>	<u><u>(3,712)</u></u>	<u><u>1,098</u></u>	<u><u>5,875</u></u>	<u><u>(4,960)</u></u>

(continued)

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
All Program Bond Issues
For the Year Ended June 30, 2015**

	<u>2012 Series</u>	<u>2012A Series</u>	<u>2012B Series</u>	<u>2012C Series</u>	<u>2013A Series</u>	<u>2013B Series</u>
REVENUES						
Operating revenues:						
Loan program income	\$ <u>1,185,010</u>	<u>880,542</u>	<u>296,241</u>	<u>218,356</u>	<u>1,774,941</u>	<u>204,278</u>
Total operating revenues	<u>1,185,010</u>	<u>880,542</u>	<u>296,241</u>	<u>218,356</u>	<u>1,774,941</u>	<u>204,278</u>
EXPENSES						
Operating Expenses:						
Trustee fees	4,059	3,786	1,250	1,250	5,420	1,250
Administration fees	39,643	82,777	31,397	26,026	88,820	20,078
Interest expense	1,141,231	793,925	263,731	192,600	1,680,731	183,488
Other expense	-	-	-	-	-	-
Standby bond purchase agreement fees	-	-	-	-	-	-
Remarketing fees	-	-	-	-	-	-
Total operating expenses	<u>1,184,933</u>	<u>880,488</u>	<u>296,378</u>	<u>219,876</u>	<u>1,774,971</u>	<u>204,816</u>
Operating income (loss)	<u>77</u>	<u>54</u>	<u>(137)</u>	<u>(1,520)</u>	<u>(30)</u>	<u>(538)</u>
NONOPERATING REVENUES (EXPENSES)						
Other income	-	-	-	-	-	-
Other interest income	19	38	11	7	31	4
Gross production tax from state	-	-	-	-	-	-
Net nonoperating revenues	<u>19</u>	<u>38</u>	<u>11</u>	<u>7</u>	<u>31</u>	<u>4</u>
Income (loss) before transfers	<u>96</u>	<u>92</u>	<u>(126)</u>	<u>(1,513)</u>	<u>1</u>	<u>(534)</u>
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	-
Change in net position	<u>96</u>	<u>92</u>	<u>(126)</u>	<u>(1,513)</u>	<u>1</u>	<u>(534)</u>
NET POSITION						
Net position (deficit), beginning of year	<u>22</u>	<u>308</u>	<u>(52)</u>	<u>679</u>	<u>394</u>	<u>274</u>
Net position (deficit), end of year	\$ <u><u>118</u></u>	<u><u>400</u></u>	<u><u>(178)</u></u>	<u><u>(834)</u></u>	<u><u>395</u></u>	<u><u>(260)</u></u>

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
All Program Bond Issues
For the Year Ended June 30, 2015**

	<u>2014A Series</u>	<u>2014B Series</u>	<u>2014C Series</u>	<u>General Debt Service Reserve Fund</u>	<u>Totals</u>
REVENUES					
Operating revenues:					
Loan program income	\$ 321,752	317,104	513,532	-	11,360,645
Total operating revenues	<u>321,752</u>	<u>317,104</u>	<u>513,532</u>	<u>-</u>	<u>11,360,645</u>
EXPENSES					
Operating Expenses:					
Trustee fees	1,266	964	1,541	-	44,419
Administration fees	12,401	28,169	18,455	-	594,891
Interest expense	304,962	281,921	493,537	-	10,621,978
Other expense	-	-	-	-	-
Standby bond purchase agreement fees	-	-	-	-	84,882
Remarketing fees	-	-	-	-	11,494
Total operating expenses	<u>318,629</u>	<u>311,054</u>	<u>513,533</u>	<u>-</u>	<u>11,357,664</u>
Operating income (loss)	<u>3,123</u>	<u>6,050</u>	<u>(1)</u>	<u>-</u>	<u>2,981</u>
NONOPERATING REVENUES (EXPENSES)					
Other income	-	1,401	-	-	1,401
Other interest income	5	1	1	56,315	63,129
Gross production tax from state	-	-	-	1,313,855	1,313,855
Net nonoperating revenues	<u>5</u>	<u>1,402</u>	<u>1</u>	<u>1,370,170</u>	<u>1,378,385</u>
Income (loss) before transfers	<u>3,128</u>	<u>7,452</u>	<u>-</u>	<u>1,370,170</u>	<u>1,381,366</u>
Transfers (to) from Oklahoma Water Resources Board	-	-	-	(46,847)	(46,847)
Change in net position	3,128	7,452	-	1,323,323	1,334,519
NET POSITION					
Net position (deficit), beginning of year	<u>(1,584)</u>	<u>-</u>	<u>-</u>	<u>24,895,552</u>	<u>28,079,820</u>
Net position (deficit), end of year	<u>\$ 1,544</u>	<u>7,452</u>	<u>-</u>	<u>26,218,875</u>	<u>29,414,339</u>

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
All Program Bond Issues
For the Year Ended June 30, 2015**

	1989 Series	1994A Series	1995 Series	1997 Series	1999 Series	2001 Series	2003A Series
CASH FLOWS FROM OPERATING ACTIVITIES:							
Collections of interest on loans to local governmental units	\$ 9,022	39,381	35,838	5,722	155,649	162,392	237,381
Payments (to) from other suppliers	(1,000)	(16,537)	(17,080)	(3,853)	(11,008)	(510,953)	(239,421)
Interest paid on debt	(7,875)	(4,926)	(5,075)	(724)	(133,904)	(258,540)	(194,730)
Net cash provided by (used in) operating activities	147	17,918	13,683	1,145	10,737	(607,101)	(196,770)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-
Repayments of long-term debt	(20,000)	(675,000)	(220,000)	(50,000)	(715,000)	(5,310,000)	(2,630,000)
Net cash provided by (used in) noncapital financing activities	(20,000)	(675,000)	(220,000)	(50,000)	(715,000)	(5,310,000)	(2,630,000)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Collections of principal on loans to local governmental units	20,000	655,775	202,500	48,850	764,150	1,015,000	2,517,550
Sales (purchase) of investments	-	-	-	-	-	3,753,723	-
Loans to local governments	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-
Interest income	7	44	15	12	23	5,120	1,307
Net cash provided by (used in) investing activities	20,007	655,819	202,515	48,862	764,173	4,773,843	2,518,857
Net increase (decrease) in cash and cash equivalents	154	(1,263)	(3,802)	7	59,910	(1,143,258)	(307,913)
Cash and cash equivalents, beginning of year	40,434	403,429	127,895	86,835	180,280	1,280,531	463,133
Cash and cash equivalents, end of year	\$ 40,588	402,166	124,093	86,842	240,190	137,273	155,220
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss)	\$ (3,621)	3,430	3,238	(3,805)	10,103	(7,946)	4,873
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Amortization of bond discount/premium	3,582	10,734	5,763	4,214	1,028	3,059	1,727
Decrease (Increase) Interest receivable	429	(10,702)	(11,126)	(1,690)	(6,988)	(13,162)	6,291
Increase (Decrease) Accrued interest payable	(420)	1,206	1,516	199	(4,871)	(139,808)	(21,075)
Increase (Decrease) Other accrued liabilities	177	13,250	14,292	2,227	11,465	(449,244)	(188,586)
Net cash provided by (used in) operating activities	\$ 147	17,918	13,683	1,145	10,737	(607,101)	(196,770)

(continued)

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS**

All Program Bond Issues
For the Year Ended June 30, 2015

	2004A Series	2006B Series	2007 Series	2009 Series	2010A Series	2010B Series	2011 Series
CASH FLOWS FROM OPERATING ACTIVITIES:							
Collections of interest on loans to local governmental units	\$ 43,929	1,778,532	330,942	89,846	1,153,844	1,029,928	601,374
Payments (to) from other suppliers	(999)	(4,912)	(1,250)	(1,250)	(3,488)	(3,389)	(1,742)
Interest paid on debt	(98,646)	(1,725,386)	(312,996)	(86,454)	(1,116,103)	(993,250)	(582,500)
Net cash provided by (used in) operating activities	(55,716)	48,234	16,696	2,142	34,253	33,289	17,132
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-
Repayments of long-term debt	(3,065,000)	(2,445,000)	(415,000)	(120,000)	(1,195,000)	(810,000)	(520,000)
Net cash provided by (used in) noncapital financing activities	(3,065,000)	(2,445,000)	(415,000)	(120,000)	(1,195,000)	(810,000)	(520,000)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Collections of principal on loans to local governmental units	640,000	2,445,000	419,387	120,000	1,195,000	810,000	520,000
Sales (purchase) of investments	-	-	-	-	-	-	-
Loans to local governments	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-
Interest income	91	43	21	3	26	12	-
Net cash provided by (used in) investing activities	640,091	2,445,043	419,408	120,003	1,195,026	810,012	520,000
Net increase (decrease) in cash and cash equivalents	(2,480,625)	48,277	21,104	2,145	34,279	33,301	17,132
Cash and cash equivalents, beginning of year	2,816,489	203,404	150,377	12,601	144,457	121,179	50,777
Cash and cash equivalents, end of year	\$ 335,864	251,681	171,481	14,746	178,736	154,480	67,909
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss)	\$ (16,002)	(1)	6,365	(934)	76	75	52
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Amortization of bond discount/premium	(5,295)	-	-	-	-	-	-
Decrease (Increase) Interest receivable	10,976	25,642	4,031	763	9,396	6,344	4,687
Increase (Decrease) Accrued interest payable	(47,991)	(24,755)	(3,838)	(720)	(8,962)	(6,050)	(4,500)
Increase (Decrease) Other accrued liabilities	2,596	47,348	10,138	3,033	33,743	32,920	16,893
Net cash provided by (used in) operating activities	\$ (55,716)	48,234	16,696	2,142	34,253	33,289	17,132

(continued)

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
All Program Bond Issues
For the Year Ended June 30, 2015**

	2012 Series	2012A Series	2012B Series	2012C Series	2013A Series	2013B Series
CASH FLOWS FROM OPERATING ACTIVITIES:						
Collections of interest on loans to local governmental units	\$ 1,187,101	894,181	298,101	227,308	1,788,738	205,778
Payments (to) from other suppliers	(4,059)	(3,866)	(1,250)	(1,250)	(5,500)	(1,250)
Interest paid on debt	(1,143,181)	(805,525)	(265,281)	(200,400)	(1,692,731)	(184,738)
Net cash provided by (used in) operating activities	<u>39,861</u>	<u>84,790</u>	<u>31,570</u>	<u>25,658</u>	<u>90,507</u>	<u>19,790</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Repayments of long-term debt	(390,000)	(2,320,000)	(310,000)	(1,170,000)	(2,400,000)	(250,000)
Net cash provided by (used in) noncapital financing activities	<u>(390,000)</u>	<u>(2,320,000)</u>	<u>(310,000)</u>	<u>(1,170,000)</u>	<u>(2,400,000)</u>	<u>(250,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Collections of principal on loans to local governmental units	390,000	2,320,000	310,000	1,170,000	2,400,000	250,000
Sales (purchase) of investments	-	-	-	-	-	-
Loans to local governments	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Interest income	19	38	10	7	31	4
Net cash provided by (used in) investing activities	<u>390,019</u>	<u>2,320,038</u>	<u>310,010</u>	<u>1,170,007</u>	<u>2,400,031</u>	<u>250,004</u>
Net increase (decrease) in cash and cash equivalents	39,880	84,828	31,580	25,665	90,538	19,794
Cash and cash equivalents, beginning of year	88,468	192,218	58,022	45,512	89,675	15,096
Cash and cash equivalents, end of year	<u>\$ 128,348</u>	<u>277,046</u>	<u>89,602</u>	<u>71,177</u>	<u>180,213</u>	<u>34,890</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 77	54	(137)	(1,520)	(30)	(538)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Amortization of bond discount/premium	-	-	-	-	-	-
Decrease (Increase) Interest receivable	2,091	13,639	1,860	8,952	13,797	1,500
Increase (Decrease) Accrued interest payable	(1,950)	(11,600)	(1,550)	(7,800)	(12,000)	(1,250)
Increase (Decrease) Other accrued liabilities	39,643	82,697	31,397	26,026	88,740	20,078
Net cash provided by (used in) operating activities	<u>\$ 39,861</u>	<u>84,790</u>	<u>31,570</u>	<u>25,658</u>	<u>90,507</u>	<u>19,790</u>

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

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
All Program Bond Issues
For the Year Ended June 30, 2015**

	2014A Series	2014B Series	2014C Series	General Debt Service Reserve Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Collections of interest on loans to local governmental units	\$ 337,989	230,621	290,257	-	11,133,854
Payments (to) from other suppliers	(1,350)	(643)	(870)	-	(836,920)
Interest paid on debt	(322,656)	(205,033)	(278,956)	-	(10,619,610)
Net cash provided by (used in) operating activities	<u>13,983</u>	<u>24,945</u>	<u>10,431</u>	<u>-</u>	<u>(322,676)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer (to) from Oklahoma Water Resources Board	-	-	-	(46,847)	(46,847)
Transfer (to) from Oklahoma Water Resources Board	-	-	-	1,313,855	1,313,855
Issuance of long-term debt	-	9,595,000	20,000,000	-	29,595,000
Repayments of long-term debt	(225,000)	-	-	-	(25,255,000)
Net cash provided by (used in) noncapital financing activities	<u>(225,000)</u>	<u>9,595,000</u>	<u>20,000,000</u>	<u>1,267,008</u>	<u>5,607,008</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Collections of principal on loans to local governmental units	225,000	-	-	-	18,438,212
Sales (purchase) of investments	-	-	-	(5,067,123)	(1,313,400)
Loans to local governments	-	(9,595,000)	(20,000,000)	-	(29,595,000)
Miscellaneous Income	-	1,401	-	-	1,401
Interest income	5	1	1	55,681	62,521
Net cash provided by (used in) investing activities	<u>225,005</u>	<u>(9,593,598)</u>	<u>(19,999,999)</u>	<u>(5,011,442)</u>	<u>(12,406,266)</u>
Net increase (decrease) in cash and cash equivalents	13,988	26,347	10,432	(3,744,434)	(7,121,934)
Cash and cash equivalents, beginning of year	<u>774</u>	<u>-</u>	<u>-</u>	<u>7,552,542</u>	<u>14,124,128</u>
Cash and cash equivalents, end of year	<u>\$ 14,762</u>	<u>26,347</u>	<u>10,432</u>	<u>3,808,108</u>	<u>7,002,194</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 3,123	6,050	(1)	-	2,981
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Amortization of bond discount/premium	-	-	-	-	24,812
Decrease (Increase) Interest receivable	16,237	(86,483)	(223,275)	-	(226,791)
Increase (Decrease) Accrued interest payable	(17,694)	76,888	214,581	-	(22,444)
Increase (Decrease) Other accrued liabilities	12,317	28,490	19,126	-	(101,234)
Net cash provided by (used in) operating activities	<u>\$ 13,983</u>	<u>24,945</u>	<u>10,431</u>	<u>-</u>	<u>(322,676)</u>

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2015 and 2014**

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2015 and 2014**

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

To the Members of the
Oklahoma Water Resources Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds Program (the "Program") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated October 26, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Arledge & Associates, P.C.

Edmond, Oklahoma
October 26, 2015