

State of Oklahoma



**STATE LOAN PROGRAM REVENUE BONDS  
SERIES 2009**

**ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011  
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
Oklahoma Water Resources Board

We have audited the accompanying statements of net assets of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2009 (the "Program") as of June 30, 2012 and 2011 and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2009 as of June 30, 2012 and 2011, and the changes in financial position and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012, 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.

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
October 12, 2012

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OKLAHOMA WATER RESOURCES BOARD  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2009 (the "Program") financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2012 and 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 2009 Bond Program.

**Financial Highlights**

- Total Assets decreased 3.7% from \$2,759,453 to \$2,656,734 between 2012 and 2011. Total Assets decreased 3.2% from \$2,851,946 to \$2,759,453 between FY 2010 and 2011.
- Total Net Assets decreased 477.5% from \$258 to (\$974) from FY 2011 to 2012. Total Net Assets decreased 77.7% from \$1,155 to \$258 between FY 2010 and 2011.
- Other accrued liabilities increased 56.5% in FY 2012. Other accrued liabilities were increased 148.7% in FY 2011. Administrative fees assessed but not used during the fiscal year are "banked" for future administrative costs. No administrative fees have been drawn from this Bond Series.

**Using This Annual Report**

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

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

- Management’s Discussion and Analysis – that provides useful analysis that facilitates a better understanding of the Program’s financial condition and changes therein.
- Basic Financial Statements
  - Statements of Net Assets
  - Statements of Revenues, Expenses and Changes in Net Assets
  - Statements of Cash Flows
- 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, 2012
  - Statements of Net Assets
  - Statements of Revenues, Expenses and Changes in Net Assets
  - Statements of Cash Flows

(Unaudited. See accompanying auditor’s report.)

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**A Financial Analysis of the Program**

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

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

	<b>Business-Type Activities</b>		
	June 30,		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 141,734	\$ 134,453	\$ 121,946
Non-current Assets	2,515,000	2,625,000	2,730,000
<b>Total assets</b>	<b>2,656,734</b>	<b>2,759,453</b>	<b>2,851,946</b>
Current liabilities	142,708	134,195	120,791
Non-current liabilities	2,515,000	2,625,000	2,730,000
<b>Total liabilities</b>	<b>2,657,708</b>	<b>2,759,195</b>	<b>2,850,791</b>
Net assets			
Unrestricted	(974)	258	1,155
<b>Total net assets</b>	<b>\$ (974)</b>	<b>\$ 258</b>	<b>\$ 1,155</b>

(Unaudited. See accompanying auditor’s report.)

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

	<b>Business-Type Activities</b>		
	Years Ended June 30.		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>			
Loan program income	\$ 96,058	\$ 97,389	\$ 59,196
Investment interest income	2	3	5
<b>Total revenues</b>	<u>96,060</u>	<u>97,392</u>	<u>59,201</u>
<b>Expenses</b>			
Trustee fees	1,250	1,313	691
Administration expenses	3,513	3,657	866
Interest expense	92,529	93,319	56,489
<b>Total expenses</b>	<u>97,292</u>	<u>98,289</u>	<u>58,046</u>
<b>Increase (decrease) in net assets</b>	(1,232)	(897)	1,155
<b>Total net assets - beginning</b>	258	1,155	-
<b>Total net assets - ending</b>	<u>\$ (974)</u>	<u>\$ 258</u>	<u>\$ 1,155</u>

**Long-Term Debt**

Long-term debt decreased \$105,000 or 3.8% from FY 2011 to 2012. At year-end, the Program had \$2,625,000 in long-term debt outstanding. The Program's changes in long-term debt by type of debt are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Serial and term bonds due October 1, 2012 to October 1, 2031, interest rates at 1.55% to 4.25%	\$ 2,730,000	\$ 2,825,000	\$ -
Less: debt principal repayments	(105,000)	(95,000)	-
Plus: debt issued	-	-	2,825,000
Ending balances	<u>\$ 2,625,000</u>	<u>\$ 2,730,000</u>	<u>\$ 2,825,000</u>
Amounts due in one year	\$ 110,000	\$ 105,000	\$ 95,000

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.)

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**Economic Factors and Next Year's Outlook**

Due to the nature of the Series 2009 Bond Program, the Board expects a decrease in net assets and liabilities as the loans continue to make principal repayments and bonds are redeemed. As the net assets and liabilities decrease, so will the revenues and operating expenses. However, the Board expects to have sufficient income to sustain the Series 2009 Bond Program throughout the life of the bonds.

**Contacting the Program's Financial Management**

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

(Unaudited. See accompanying auditor's report.)

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**BASIC FINANCIAL STATEMENTS**

**OKLAHOMA WATER RESOURCES BOARD**  
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**Statements of Net Assets – June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$7,808	\$5,174
Current portions of notes receivable	110,000	105,000
Interest receivable:		
Notes receivable	23,926	24,279
 Total current assets	<u>141,734</u>	<u>134,453</u>
Noncurrent Assets:		
Notes receivable net of current portion	2,515,000	2,625,000
 Total noncurrent assets	<u>2,515,000</u>	<u>2,625,000</u>
 Total assets	<u>2,656,734</u>	<u>2,759,453</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
Accrued interest payable	22,975	22,975
Current maturities of long-term debt	110,000	105,000
Other accrued liabilities	9,733	6,220
 Total current liabilities	<u>142,708</u>	<u>134,195</u>
Noncurrent liabilities:		
Long-term debt, less current maturities	2,515,000	2,625,000
 Total noncurrent liabilities	<u>2,515,000</u>	<u>2,625,000</u>
 Total liabilities	<u>2,657,708</u>	<u>2,759,195</u>
 <b>NET ASSETS:</b>		
Unrestricted	(974)	258
 Total net assets	<u><u>(\$974)</u></u>	<u><u>\$258</u></u>

See accompanying notes to the basic financial statements.

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**Statements of Revenues, Expenses, and Changes in Net Assets – Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating Revenues:</b>		
Loan program income	\$96,058	\$97,389
Total operating revenues	<u>96,058</u>	<u>97,389</u>
<b>Operating Expenses:</b>		
Trustee fees	1,250	1,313
Administration expenses	3,513	3,657
Interest expense	92,529	93,319
Total operating expenses	<u>97,292</u>	<u>98,289</u>
<b>Operating income (loss)</b>	(1,234)	(900)
<b>Non-Operating Revenues:</b>		
Other interest income	2	3
Total non-operating revenues	<u>2</u>	<u>3</u>
<b>Change in net assets</b>	(1,232)	(897)
<b>Total net assets - beginning</b>	258	1,155
<b>Total net assets - ending</b>	<u>(\$974)</u>	<u>\$258</u>

See accompanying notes to the basic financial statements.

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**Statements of Cash Flows – Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections of interest on loans to local governments	\$96,411	\$97,661
Payments (to) from other suppliers	(1,250)	(1,251)
Interest paid on debt	(92,529)	(93,634)
	<u>2,632</u>	<u>2,776</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayments of Long-term Debt	(105,000)	(95,000)
	<u>(105,000)</u>	<u>(95,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Collections of principal on loans to local governmental units	105,000	95,000
Interest income	2	3
	<u>105,002</u>	<u>95,003</u>
<b>Net Increase in Cash and Cash Equivalents</b>	2,634	2,779
<b>Balances - beginning of the year</b>	<u>5,174</u>	<u>2,395</u>
<b>Balances - end of the year</b>	<u>\$7,808</u>	<u>\$5,174</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	(\$1,234)	(\$900)
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	353	272
Increase (Decrease) in accrued interest payable	-	(315)
Increase (Decrease) in other accrued liabilities	3,513	3,719
	<u>\$2,632</u>	<u>\$2,776</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$2,632</u>	<u>\$2,776</u>

See accompanying notes to the basic financial statements.

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**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

Reporting Entity

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

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

Basis of Accounting and Measurement Focus

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

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

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

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

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

Bond Issuance Cost

Bond issuance costs were paid by the borrowers.

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

Bond Issue Discount

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

Cash Equivalents

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

Operating Revenues and Expenses

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

Use of Estimates

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

**2. Cash Deposits and Investment Risk**

Cash of \$7,808 and \$5,174 at June 30, 2012 and 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.

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

At June 30, 2012, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAA-m	\$ 7,808
Total			<u>\$ 7,808</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 \$7,808 is invested in *Federated Treasury Obligations Fund*.

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

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Federated Treasury Obligations Fund	16 days	AAA-m	\$ 5,174
Total			<u>\$ 5,174</u>

*Concentration of Investment Credit Risk* – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk: 100% or \$5,174 is invested in *Federated Treasury Obligations Fund*.

**3. Notes Receivable**

Notes receivable of \$2,625,000 and \$2,730,000 at June 30, 2012 and 2011, respectively, represents loans made by the Program to local governmental entities for the purposes of acquisition, development, utilization of storage and control facilities for water and sewage systems. Payments on the notes are due in semiannual installments with various maturity dates through 2031, including interest at various fixed rates; however, the local entities have the option to pay the note earlier than the scheduled maturity. The current portion of the note receivables contains scheduled maturity and any prepayments made subsequent to year-end through September 30, 2012. The notes are collateralized by various revenue sources including, but not limited to user charges and sales taxes of the borrower and mortgages on the water and/or sewer systems.

**4. Program Fees**

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

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**4. Program Fees (cont'd)**

- During the year, an annual program administration fee of .1316% 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, 2012 or June 30, 2011.

**6. Long-term Debt**

Long-term debt at June 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Serial and term bonds due October 1, 2012 to October 1, 2031, interest rates at 1.55% to 4.25%	\$ 2,730,000	\$ 2,825,000
Less: debt principal repayments	(105,000)	(95,000)
Plus: debt issued	-	-
Ending balances	<u>\$ 2,625,000</u>	<u>\$ 2,730,000</u>
Amounts due in one year	<u>\$ 110,000</u>	<u>\$ 105,000</u>

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**6. Long-term Debt (cont'd)**

Future debt service payments required by the Program's serial and term bonds as of June 30, 2012, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$110,000	\$91,046	\$201,046
2014	115,000	89,044	204,044
2015	120,000	86,454	206,454
2016	125,000	83,264	208,264
2017	135,000	79,489	214,489
2018-2022	810,000	322,984	1,132,984
2023-2027	685,000	168,321	853,321
2028-2032	<u>525,000</u>	<u>56,631</u>	<u>581,631</u>
Total	<u>\$2,625,000</u>	<u>\$977,233</u>	<u>\$3,602,233</u>

In addition to their normal scheduled maturity dates as shown above, the bonds may also be redeemed at the option of the Board, in whole or in part, on such dates and for such prices, plus accrued interest as are set forth in the bond indenture.

The 2009 Bonds share in an aggregate debt service reserve along with all the other Board bond programs. At June 30, 2012, the aggregate debt service reserves totaled \$17,766,508. The debt service reserves are reflected in the Board bond programs Series 1989 and 1994A.

On May 10, 2011, the Board approved a resolution authorizing an amendment to the General Bond Resolution creating a General Debt Service Reserve Fund for the purpose of further securing the Board's State Loan Program Bonds. The Reserve has been funded with State appropriated gross production tax revenues in the amount of \$4,509,081 as of June 30, 2012 and is held by the Board's trustee bank.

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**SUPPLEMENTAL INFORMATION**



INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

To the Members of the  
Oklahoma Water Resources Board

Our report on our audit of the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2009 for June 30, 2012 appears on page three. The audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Grouped Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements of each bond issue and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each bond issue as a whole.

A handwritten signature in cursive script that reads 'Arledge &amp; Associates, P.C.'.

Edmond, Oklahoma  
October 12, 2012



OMI ALABAMA WATER RESOURCES BOARD STATE LOAN PROGRAM REVENUE BONDS

SUPPLEMENTAL INFORMATION GROUPED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS For the Year Ended June 30, 2012

	1989 Series	1994 Series	1995 Series	1997 Series	1999 Series	2001 Series	2003 Series	2004 Series	2006 Series	2007 Series	2010 Series	2011 Series	2012 Series	2013 Series	Totals (Memorandum Only)
<b>REVENUES</b>															
Operating revenues	\$ 15,341	\$ 314,643	\$ 137,581	\$ 211,123	\$ 32,804	\$ 1,437,471	\$ 627,121	\$ 2,039,662	\$ 2,039,668	\$ 376,818	\$ 1,246,462	\$ 642,765	\$ 433,869	\$ 241,655	\$ 9,587,943
1-yr program income	15,341	314,643	137,581	211,123	32,804	1,437,471	627,121	2,039,662	2,039,668	376,818	1,246,462	642,765	433,869	241,655	9,587,943
Total operating revenues	1,000	1,000	601	1,000	1,205	4,442	2,510	1,000	5,699	1,250	3,917	2,434	1,865	1,145	35,545
<b>EXPENSES</b>															
Operating expenses	27,858	13,760	41,556	42,119	7,221	57,070	16,604	16,345	16,345	16,345	16,345	16,345	16,345	16,345	477,262
1-yr program income	27,858	13,760	41,556	42,119	7,221	57,070	16,604	16,345	16,345	16,345	16,345	16,345	16,345	16,345	477,262
Administrative fees	18,121	48,841	63,249	183,428	266,106	1,296,844	410,936	246,052	1,977,560	351,026	1,204,129	621,766	511,984	217,262	8,877,297
Interest expense	2,187	52,895	5,776	5,776	6,117	6,117	1,462	6,015	6,015	6,015	6,015	6,015	6,015	6,015	55,838
Amortization of bond issuance cost	-	6,871	8,536	3,466	9,155	8,549	10,271	-	-	-	-	-	-	-	7,547
State's bond purchase agreement fees	-	4,018	3,793	81	1,165	5,755	5,755	-	-	-	-	-	-	-	21,777
Renewal of fees	21,617	101,543	121,140	205,854	322,972	1,397,880	609,552	261,742	2,040,287	368,101	1,082,028	642,546	533,875	340,901	9,527,151
1-yr program income	21,617	101,543	121,140	205,854	322,972	1,397,880	609,552	261,742	2,040,287	368,101	1,082,028	642,546	533,875	340,901	9,527,151
Total operating expenses	(6,477)	15,920	9,212	5,469	(20,188)	59,601	10,599	(20,009)	(319)	10,217	(1,235)	(521)	14	(2,379)	62,608
Operating income (loss)	144,818	29,689	94	28	20	152	99	11	44	15	2	2	2	291	1,529
<b>NONOPERATING REVENUES (EXPENSES)</b>															
Capital (revenues) for debt/lease/cont	144,818	29,689	94	28	20	152	99	11	44	15	2	2	2	291	1,529
Other interest income	144,818	29,689	94	28	20	152	99	11	44	15	2	2	2	291	1,529
Net operating revenues	138,346	43,138	9,306	5,497	(20,148)	39,553	10,698	(20,190)	(271)	10,232	(1,232)	(520)	14	(2,088)	206,501
Income (loss) before transfers	(144,817)	(29,689)	(94)	(28)	(20)	(152)	(99)	(11)	(44)	(15)	(2)	(2)	(2)	(291)	(1,529)
Transfers (to) from (Alabama Water Resources Board)	6,471	10,995	9,306	5,497	(20,148)	59,554	10,698	(20,087)	(271)	10,232	(1,232)	(519)	14	(2,088)	61,560
Change in net assets	3,658,877	15,651,771	7,541,446	2,714,697	2,714,697	7,541,446	16,911	29,730	12,472	2,714,697	94	8,074	(1)	21,678,795	
Net assets, beginning of year	\$ 3,610,480	\$ 15,664,538	\$ 7,533,905	\$ 2,709,200	\$ 2,709,200	\$ 7,533,905	\$ 26,711	\$ 29,729	\$ 12,459	\$ 2,709,200	\$ 94	\$ 8,073	\$ (1)	\$ 21,657,116	
Net assets (liabilities), end of year	\$ 3,614,138	\$ 15,680,189	\$ 7,543,211	\$ 2,714,722	\$ 2,734,348	\$ 7,541,446	\$ 26,725	\$ 29,758	\$ 12,583	\$ 2,714,722	\$ 94	\$ 8,073	\$ (1)	\$ 21,678,795	

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

DAKOTA WATER RESOURCES BOARD STATE LOAN PROGRAM REVENUE BONDS

STATEMENT OF FINANCIAL INFORMATION  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Year Ended June 30, 2012

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>																										
Net income (loss) from operations	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	1,004,521	
Changes in:																										
Accounts receivable	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	
Accounts payable	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Prepaid expenses	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Accrued liabilities	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Net cash provided (used) by operating activities	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521	1,154,521
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>																										
Proceeds from sale of investments	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Proceeds from sale of property, plant, and equipment	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Proceeds from sale of investments	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Proceeds from sale of investments	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Net cash provided (used) by non-capital financing activities	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>																										
Capital expenditures	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	
Acquisition of investments	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Acquisition of investments	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Net cash provided (used) by investing activities	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
<b>Net change in cash and cash equivalents</b>	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)	(405,479)
<b>Cash and cash equivalents at beginning of year</b>	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Cash and cash equivalents at end of year</b>	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521	594,521

See each month for and how much is reported for additional information and original disclosures.

**OKLAHOMA WATER RESOURCES BOARD  
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2009  
ANNUAL FINANCIAL REPORT  
As of and for the Years Ended June 30, 2012 and 2011**

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**INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE**



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

To the Members of the  
Oklahoma Water Resources Board

We have audited the financial statements of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2009 (the "Program") as of and for the year ended June 30, 2012, and have issued our report thereon dated October 12, 2012. 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.

*W. H. Associates, P.C.*

Edmond, Oklahoma  
October 12, 2012