

State of Oklahoma



**STATE LOAN PROGRAM REVENUE BONDS
SERIES 2010B**

**FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012 AND
FOR THE INITIAL PERIOD FROM NOVEMBER 3, 2010 (DATE OF
INCEPTION) TO JUNE 30, 2011
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2010B
ANNUAL FINANCIAL REPORT**
As of and for the Year Ended June 30, 2012 and the Initial Period November 3, 2010 (date of
inception) to June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Oklahoma Water Resources Board

We have audited the accompanying statement of net assets of the Oklahoma Water Resources Board State Loan Program Revenue Bonds - Series 2010B (the "Program") as of June 30, 2012 and 2011, and the related statement of revenues, expenses, and changes in net assets and cash flows for the year ended June 30, 2012 and the initial period from November 3, 2010 (date of inception) to June 30, 2011. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our 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 2010B as of June 30, 2012 and 2011, and the changes in financial position and cash flows for the year ended June 30, 2012 and the initial period from November 3, 2010 (date of inception) to June 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

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

Arlidge & Associates, P.C.

Edmond, Oklahoma
October 12, 2012

**OKLAHOMA WATER RESOURCES BOARD
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inception) to June 30, 2011**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2010B
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inception) to June 30, 2011**

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Oklahoma Water Resources Board State Loan Program Revenue Bonds – Series 2010B (the "Program") financial performance for the 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 2010B Bond Program.

Financial Highlights

- The Board issued a \$27,955,000 bond issue in November 2010 for the purpose of making a loan to a Local Entity to purchase water storage rights and make water system improvements.
- Total Assets decreased 2.35% from \$28,242,035 to \$27,577,416 between June 30, 2011 and June 30, 2012.
- Total Net Assets decreased 27.85% from \$8,074 to \$5,825 between June 30, 2012 and June 30, 2011.
- Other accrued liabilities increased 189.36% from \$19,186 in FY 2011 to \$55,516 in FY 2012. Administrative fees assessed but not used during the fiscal year are "banked" for future administrative costs. No administrative fees have been drawn from this Bond Series, although the administrative fees have been incurred.

Using This Annual Report

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

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

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

(Unaudited. See accompanying auditor’s report.)

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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 – Grouped Financial Statements of all Program Bond Issues for the period ended June 30, 2012
 - Statements of Net Assets
 - Statements of Revenues, Expenses and Changes in Net Assets
 - Statements of Cash Flows

A Financial Analysis of the Program

One of the most frequently asked questions about the Program’s finances is, “Has the overall financial condition improved, declined or remained steady over the past period?” 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 2010 B
Net Assets**

	Business-Type Activities	
	June 30,	
	<u>2012</u>	<u>2011</u>
Current Assets	\$ 1,092,416	\$ 987,035
Non-current Assets	26,485,000	27,255,000
Total assets	<u>27,577,416</u>	<u>28,242,035</u>
Current liabilities	1,086,591	978,961
Non-current liabilities	26,485,000	27,255,000
Total liabilities	<u>27,571,591</u>	<u>28,233,961</u>
Net assets		
Unrestricted	5,825	8,074
Total net assets	<u>\$ 5,825</u>	<u>\$ 8,074</u>

(Unaudited. See accompanying auditor’s report.)

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Oklahoma Water Resources Board
Revenue Bonds - Series 2010 B
Revenues, Expenses, and Changes in Net Assets

	Business-Type	
	Activities	
	Period Ended June 30,	
	<u>2012</u>	<u>2011</u>
Revenues		
Loan program income	\$ 1,084,774	\$ 719,047
Investment interest income	5	2
Total revenues	<u>1,084,779</u>	<u>719,049</u>
Expenses		
Trustee fees	3,683	2,164
Administration expenses	36,345	18,562
Interest expense	1,047,000	690,249
Total expenses	<u>1,087,028</u>	<u>710,975</u>
Increase in net assets	(2,249)	8,074
Total net assets - beginning	8,074	-
Total net assets - ending	<u>\$ 5,825</u>	<u>\$ 8,074</u>

Long-Term Debt

At year-end, the Program had \$27,255,000 in long-term debt outstanding which represents a \$700,000 or 2.5% decrease from the prior year. The Program's changes in long-term debt by type of debt are as follows:

	<u>2012</u>	<u>2011</u>
Serial and term bonds due October 1, 2012 to October 1, 2035, interest rates at 2.00% to 5.00%	\$ 27,955,000	-
Less: debt principal repayments	(700,000)	-
Plus: debt issued	-	\$ 27,955,000
Ending balances	<u>\$ 27,255,000</u>	<u>\$ 27,955,000</u>
Amounts due in one year	<u>\$ 770,000</u>	<u>\$ 700,000</u>

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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inception) to June 30, 2011**

Economic Factors and Next Year's Outlook

Due to the nature of the Series 2010B Bond Program, the Board expects a decrease in net assets and liabilities as the loan continues to make principal repayments and bonds are redeemed. As the net assets and liabilities decrease, so will the revenues and operating expenses. However, the Board expects to have sufficient income to sustain the Series 2010B 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
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2010B
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As of and for the Year Ended June 30, 2012 and the Initial Period November 3, 2010 (date of inception) to June 30, 2011

Statements of Net Assets – June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$51,461	\$15,126
Current portions of note receivable	770,000	700,000
Interest receivable:		
Note receivable	270,955	271,909
	<u>1,092,416</u>	<u>987,035</u>
Total current assets		
Noncurrent Assets:		
Note receivable	26,485,000	27,255,000
	<u>26,485,000</u>	<u>27,255,000</u>
Total noncurrent assets		
Total assets	<u>27,577,416</u>	<u>28,242,035</u>
 LIABILITIES:		
Current Liabilities:		
Accrued interest payable	261,075	259,775
Current maturities of long-term debt	770,000	700,000
Other accrued liabilities	55,516	19,186
	<u>1,086,591</u>	<u>978,961</u>
Total current liabilities		
Noncurrent liabilities:		
Long-term debt, less current maturities	26,485,000	27,255,000
	<u>26,485,000</u>	<u>27,255,000</u>
Total noncurrent liabilities		
Total liabilities	<u>27,571,591</u>	<u>28,233,961</u>
 NET ASSETS:		
Unrestricted	5,825	8,074
Total net assets	<u>\$5,825</u>	<u>\$8,074</u>

See accompanying notes to the basic financial statements.

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Statements of Revenues, Expenses, and Changes in Net Assets – Year Ended June 30, 2012 and the Initial Period from November 3, 2010 (date of inception) to June 30, 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Loan program income	\$1,084,774	\$719,047
Total operating revenues	<u>1,084,774</u>	<u>719,047</u>
Operating Expenses:		
Trustee fees	3,683	2,164
Administration expenses	36,345	18,562
Interest expense	1,047,000	690,249
Total operating expenses	<u>1,087,028</u>	<u>710,975</u>
Operating income (loss)	<u>(2,254)</u>	<u>8,072</u>
Non-Operating Revenues:		
Other interest income	5	2
Total non-operating revenues	<u>5</u>	<u>2</u>
Net income (loss)	<u>(2,249)</u>	<u>8,074</u>
Total net assets - beginning	8,074	-
Total net assets - ending	<u><u>\$5,825</u></u>	<u><u>\$8,074</u></u>

See accompanying notes to the basic financial statements.

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Statements of Cash Flows – Year Ended June 30, 2012 and the Initial Period from November 3, 2010 (date of inception) to June 30, 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of interest on loan to local government	\$1,085,728	\$447,138
Payments (to) from other suppliers	(3,698)	(1,540)
Interest paid on debt	(1,045,700)	(430,474)
	<u>36,330</u>	<u>\$15,124</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Issuance of long-term debt	-	\$27,955,000
Repayments of Long-term Debt	(\$700,000)	-
	<u>(\$700,000)</u>	<u>\$27,955,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections of principal on loans to local governmental units	\$700,000	-
Loan to local governmental unit	-	(\$27,955,000)
Interest income	5	2
	<u>\$700,005</u>	<u>(\$27,954,998)</u>
Net Increase in Cash and Cash Equivalents	\$36,335	\$15,126
Balances - beginning of the year	<u>15,126</u>	<u>-</u>
Balances - end of the year	<u>\$51,461</u>	<u>\$15,126</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	(\$2,254)	\$8,072
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	954	(271,909)
Increase (Decrease) in accrued interest payable	1,300	259,775
Increase (Decrease) in other accrued liabilities	<u>36,330</u>	<u>19,186</u>
Net Cash Provided by Operating Activities	<u>\$36,330</u>	<u>\$15,124</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 2010B (the "Program") commenced operations in November 2010. 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 2010B issue was used to fund one new loan to a Local Entity to purchase water storage rights and make water system improvements.

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

Basis of Accounting and Measurement Focus

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

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

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

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

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

Bond Issuance Cost

Bond issuance costs were paid by the borrower.

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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 borrower.

Cash Equivalents

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

Operating Revenues and Expenses

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

Use of Estimates

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

2. Cash Deposits and Investment Risk

Cash of \$51,461 and \$15,126 at June 30, 2012 and 2011 was on deposit with the Program's trustee. The deposits are invested in the *Goldman Sachs Financial Square 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>
Goldman Sachs Financial Square Treasury Obligations	N/A	AAA _m	\$ 51,461
Total			<u>\$ 51,461</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 \$51,461 is invested in *Goldman Sachs Financial Square Treasury Obligations*.

At June 30, 2011 the Program's investments in obligations not directly guaranteed to 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>
Goldman Sachs Financial Square Treasury Obligations	N/A	AAA _m	\$ 15,126
Total			<u>\$ 15,126</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 \$15,126 is invested in *Goldman Sachs Financial Square Treasury Obligations*.

3. Note Receivable

Note receivable of \$27,255,000 and \$27,955,000 at June 30, 2012 and 2011 represents a loan made by the Program to a local governmental entity for the purpose of acquisition, development, and utilization of storage and control facilities for water and sewage systems. Payments on the note are due in semiannual installments with various maturity dates through 2035, including interest at various fixed rates; however, the local entity has the option to pay the note earlier than the scheduled maturity. The current portion of notes receivable contains scheduled maturities and any prepayments made subsequent to year-end through September 30, 2012. The note is collateralized by various revenue sources including, but not limited to user charges and sales taxes of the borrower and mortgages on the water and/or sewer systems.

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4. Program Fees

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

- During the year, an annual program administration fee of .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 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, 2035, interest rates at 2.00% to 5.00%	\$ 27,955,000	-
Less: debt principal repayments	(700,000)	-
Plus: debt issued	-	\$ 27,955,000
Ending balances	<u>\$ 27,255,000</u>	<u>\$ 27,955,000</u>
Amounts due in one year	<u>\$ 770,000</u>	<u>\$ 700,000</u>

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

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6. Long-term Debt (continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$770,000	\$1,036,600	\$1,806,600
2014	785,000	1,017,125	1,802,125
2015	810,000	993,250	1,803,250
2016	830,000	972,850	1,802,850
2017	850,000	956,050	1,806,050
2018-2022	4,615,000	4,372,975	8,987,975
2023-2027	5,535,000	3,417,888	8,952,888
2028-2032	6,635,000	2,298,413	8,933,413
2033-2036	6,425,000	662,125	7,087,125
Total	<u>\$27,255,000</u>	<u>\$15,727,276</u>	<u>\$42,982,276</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 2010B 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 2010B 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.


Edmond, Oklahoma
October 12, 2012

GRAND TOTALS OF VET ADRESSES
from 10/1/81

1980 Range	1981 Range	1982 Range	1983 Range	1984 Range	1985 Range	1986 Range	1987 Range	1988 Range	1989 Range	1990 Range	1991 Range	1992 Range	1993 Range	1994 Range	1995 Range	1996 Range	1997 Range	1998 Range	1999 Range	2000 Range	2001 Range	2002 Range	2003 Range	2004 Range	2005 Range	2006 Range	2007 Range	2008 Range	2009 Range	2010 Range	2011 Range	2012 Range	2013 Range	2014 Range	2015 Range	2016 Range	2017 Range	2018 Range	2019 Range	2020 Range	2021 Range	2022 Range	2023 Range	2024 Range	2025 Range	2026 Range	2027 Range	2028 Range	2029 Range	2030 Range	2031 Range	2032 Range	2033 Range	2034 Range	2035 Range	2036 Range	2037 Range	2038 Range	2039 Range	2040 Range	2041 Range	2042 Range	2043 Range	2044 Range	2045 Range	2046 Range	2047 Range	2048 Range	2049 Range	2050 Range	2051 Range	2052 Range	2053 Range	2054 Range	2055 Range	2056 Range	2057 Range	2058 Range	2059 Range	2060 Range	2061 Range	2062 Range	2063 Range	2064 Range	2065 Range	2066 Range	2067 Range	2068 Range	2069 Range	2070 Range	2071 Range	2072 Range	2073 Range	2074 Range	2075 Range	2076 Range	2077 Range	2078 Range	2079 Range	2080 Range	2081 Range	2082 Range	2083 Range	2084 Range	2085 Range	2086 Range	2087 Range	2088 Range	2089 Range	2090 Range	2091 Range	2092 Range	2093 Range	2094 Range	2095 Range	2096 Range	2097 Range	2098 Range	2099 Range	2100 Range																																																																																																																																															
1	5,738	5,739	5,740	5,741	5,742	5,743	5,744	5,745	5,746	5,747	5,748	5,749	5,750	5,751	5,752	5,753	5,754	5,755	5,756	5,757	5,758	5,759	5,760	5,761	5,762	5,763	5,764	5,765	5,766	5,767	5,768	5,769	5,770	5,771	5,772	5,773	5,774	5,775	5,776	5,777	5,778	5,779	5,780	5,781	5,782	5,783	5,784	5,785	5,786	5,787	5,788	5,789	5,790	5,791	5,792	5,793	5,794	5,795	5,796	5,797	5,798	5,799	5,800	5,801	5,802	5,803	5,804	5,805	5,806	5,807	5,808	5,809	5,810	5,811	5,812	5,813	5,814	5,815	5,816	5,817	5,818	5,819	5,820	5,821	5,822	5,823	5,824	5,825	5,826	5,827	5,828	5,829	5,830	5,831	5,832	5,833	5,834	5,835	5,836	5,837	5,838	5,839	5,840	5,841	5,842	5,843	5,844	5,845	5,846	5,847	5,848	5,849	5,850	5,851	5,852	5,853	5,854	5,855	5,856	5,857	5,858	5,859	5,860	5,861	5,862	5,863	5,864	5,865	5,866	5,867	5,868	5,869	5,870	5,871	5,872	5,873	5,874	5,875	5,876	5,877	5,878	5,879	5,880	5,881	5,882	5,883	5,884	5,885	5,886	5,887	5,888	5,889	5,890	5,891	5,892	5,893	5,894	5,895	5,896	5,897	5,898	5,899	5,900	5,901	5,902	5,903	5,904	5,905	5,906	5,907	5,908	5,909	5,910	5,911	5,912	5,913	5,914	5,915	5,916	5,917	5,918	5,919	5,920	5,921	5,922	5,923	5,924	5,925	5,926	5,927	5,928	5,929	5,930	5,931	5,932	5,933	5,934	5,935	5,936	5,937	5,938	5,939	5,940	5,941	5,942	5,943	5,944	5,945	5,946	5,947	5,948	5,949	5,950	5,951	5,952	5,953	5,954	5,955	5,956	5,957	5,958	5,959	5,960	5,961	5,962	5,963	5,964	5,965	5,966	5,967	5,968	5,969	5,970	5,971	5,972	5,973	5,974	5,975	5,976	5,977	5,978	5,979	5,980	5,981	5,982	5,983	5,984	5,985	5,986	5,987	5,988	5,989	5,990	5,991	5,992	5,993	5,994	5,995	5,996	5,997	5,998	5,999	6,000

See next judgmental bond issue report for additional information and related attachments.

OKLAHOMA WATER RESOURCES BOARD STATE FUND PROGRAM REVENUE BONDS

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

	1789 Series	1924A Series	1924B Series	1927 Series	1928 Series	2001 Series	2003A Series	2003B Series	2004A Series	2004B Series	2007 Series	2008 Series	2010 Series	2011 Series	2012 Series	2013 Series	2013A Series	2013B Series	Totals (All Series)
REVENUES																			
Operating revenues	\$ 15,114	\$ 114,403	\$ 114,403	\$ 211,372	\$ 202,824	\$ 1,447,491	\$ 690,121	\$ 216,715	\$ 249,662	\$ 2,019,908	\$ 376,818	\$ 96,038	\$ 1,246,462	\$ 1,044,774	\$ 627,065	\$ 533,802	\$ 241,655	\$ 1,586,749	
Loan program revenue																			
1-601 operating revenues																			
EXPENSES																			
Operating Expenses																			
Interest	1,000	1,000	1,000	1,000	1,204	4,442	2,510	1,311	1,000	5,607	1,280	1,280	1,012	3,687	2,124	1,845	1,115	18,525	
Trustees fees	37,250	37,250	37,250	37,250	41,556	73,183	52,114	1,221	7,775	57,036	11,028	3,513	38,484	36,545	18,786	18,008	22,644	43,292	
Administration fees	48,551	48,551	48,551	48,551	56,106	1,299,844	509,038	208,789	246,052	1,977,860	353,028	92,529	1,204,129	1,047,980	621,366	512,984	217,212	987,292	
Interest expense	12,866	12,866	12,866	12,866	13,104	6,117	1,462	9,618	6,913									98,838	
Amortization of bond issuance cost	6,830	6,830	6,830	6,830	9,385	8,349	36,711											4,517	
Variable bond purchase agreement fees	4,048	4,048	4,048	4,048	1,645	5,758	8,769											21,355	
Renewing fees																			
1-601 operating expenses																			
Operating income (loss)	10,474	12,923	12,923	9,222	5,469	1,207,049	687,611	215,404	242,662	2,014,301	365,538	94,758	1,245,450	1,008,229	624,941	520,857	223,540	1,468,224	
NONOPERATING REVENUES (EXPENSES)																			
Grant (provision) for debt forgiveness	3,529				20	182	99	16	13	48	15	2	17	5	2		291	3,529	
Other interest income	20,889																		20,889
Gross production tax income state																			
Net nonoperating revenues	24,418				20	182	99	16	13	48	15	2	17	5	2		291	24,418	
Income (loss) before interest	138,166	43,348	43,348	9,242	5,489	1,207,231	687,710	215,420	242,675	2,014,349	365,553	94,770	1,245,467	1,008,234	624,943	520,859	223,569	1,492,642	
Transfers (to) from Oklahoma Water Resources Board	(144,877)	(32,353)	(32,353)																(177,230)
Change in net assets	6,471	10,995	10,995	9,242	5,489	1,207,231	687,710	215,420	242,675	2,014,349	365,553	94,770	1,245,467	1,008,234	624,943	520,859	223,569	1,315,412	
NET ASSETS																			
Net assets beginning of year	3,610,827	15,652,723	15,652,723	270,543	209,467	743,491	1,601,3	82,222	28,370	12,322	207,629	248	146	81,24	131			21,608,785	
Net assets (deficit) at end of year	\$ 3,610,827	\$ 15,664,718	\$ 15,664,718	\$ 279,785	\$ 214,956	\$ 744,732	\$ 1,601,313	\$ 83,542	\$ 28,612	\$ 12,322	\$ 207,629	\$ 248	\$ 146	\$ 81,24	\$ 131			\$ 21,620,346	

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

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS – SERIES 2010B
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2012 and the Initial Period November 3, 2010 (date of
inception) to June 30, 2011**

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 2010B (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.

Arledge & Associates, P.C.

Edmond, Oklahoma
October 12, 2012